



CFE Connect February 2026

CFE Connect provides our readers with monthly updates on European and international tax policy developments, CFE's technical work and engagement with key stakeholders. Read on to stay informed about CFE's latest activities & events!

CFE CONNECT

STAKEHOLDER ENGAGEMENT



★ Meeting with DG TAXUD on DAC Recast

CFE held a stakeholder meeting with DG TAXUD at the European Commission to discuss CFE's submission on the DAC Recast consultation for the legislative proposal expected in June 2026.

The exchange covered potential simplification of DAC6 hallmarks, proportionality considerations for SMEs, inconsistencies linked to legal professional privilege, and overlap between DAC4, DAC9 and other reporting frameworks. Broader discussion also addressed the role of implementation guidance and practical administrability in achieving simplification.

★ CFE Winter Technical Committee Meetings

CFE held its Winter round of Technical Committee meetings in February, bringing together delegates across the CFE committees.

The Direct Tax Committee discussed the Inclusive Framework's Side-by-Side announcement on Pillar Two, implementation pressures including interaction with domestic minimum taxes, and developments in the Commission's simplification agenda. The Indirect Tax Committee examined cross-border VAT administrative practices, recent CJEU case law and technical issues affecting goods and services in complex transactions.

The Tax Technology Committee focused on new secure data-query systems, internal digitalisation projects and preparations for a series of webinars in 2026. The Professional Affairs Committee approved the draft Code of Practice on AI and finalised CFE's DAC Recast position, while the New Tax Professionals Committee discussed training and digital skill development for early-career advisers.

★ EU Parliament FISC Committee Meeting

Brodie McIntosh, Tax Policy Analyst, attended the European Parliament's FISC Committee meeting of 24 February 2026 on debt-equity bias, financial sector taxation and the feasibility of a 28th optional regime. Discussions addressed distortions from preferential debt treatment, fragmentation linked to the VAT exemption for financial services and reform options including Allowance for Corporate Equity models. The hearing also examined whether a targeted EU regime for innovative companies could reduce cross-border barriers within existing Treaty constraints.

★ Bilateral Stakeholder Meetings

CFE also held numerous bilateral meetings with other professional bodies and international organisations throughout February to exchange views on policy developments.



CFE CONNECT

2026

CFE FORUM :

TAX POLICY UNDER PRESSURE: STRATEGY, COHERENCE & TRADE-OFFS

How trade tensions, cross-border tax coherence challenges, global mobility and evolving compliance expectations are reshaping modern tax systems.



Tax Policy Under Pressure: Strategy, Coherence & Trade-Offs

How trade tensions, cross-border coherence challenges, global mobility and evolving compliance expectations are reshaping modern tax systems

Tax policy today operates under multiple and simultaneous pressures. Geopolitical tensions and renewed trade measures are reshaping economic relationships and competitiveness dynamics. Increased cross-border mobility of both individuals and businesses is testing traditional concepts of nexus and tax residence.

Efforts to align direct and indirect taxation are revealing structural frictions that translate into uncertainty, litigation risk and administrative burden. At the same time, digitalisation and expanding reporting and AML frameworks are rapidly redefining compliance expectations and professional responsibilities.

The CFE Forum 2026 will bring together senior policymakers, international organisations, tax administrations, academics and practitioners to examine how tax systems adapt when strategy, coherence and compliance must be balanced at once.

Through three focused panels, the CFE Forum will explore where trade-offs arise in practice, between simplification and safeguards, competitiveness and revenue protection, transparency and professional privilege, and what this means for the future design and governance of tax systems in Europe and beyond.

23 APRIL 2026
9:00 AM - 4:00 PM

RUE MONTOYER 47
1000 BRUXELLES

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HERE!**

CFE CONNECT

TAX POLICY DEVELOPMENTS



Key Global & EU Tax Developments

✦ EU List of Non-Cooperative Jurisdictions Updated

On 17 February 2026, ECOFIN updated the EU list of non-cooperative jurisdictions for tax purposes. Turks and Caicos Islands and Vietnam were added to Annex I following concerns regarding economic substance enforcement and exchange of information standards. Fiji, Samoa and Trinidad and Tobago were removed after reforms. The list now comprises ten jurisdictions and will next be reviewed in October 2026.

✦ UN Negotiations on International Tax Cooperation Advance

The 4th Session of the UN Intergovernmental Negotiating Committee progressed drafting of the Framework Convention and two early protocols on cross-border services taxation and dispute prevention and resolution. Discussions focused on nexus rules, scope of covered taxes and possible taxation methods, including gross withholding and net basis approaches. Delegates also examined dispute mechanisms such as MAP, mediation and arbitration. Work will continue ahead of the August 2026 session.

✦ OECD Releases Amount B FAQs and Updates MEMAP

The OECD published technical FAQs clarifying implementation of Amount B, including treatment of guardrails, working capital adjustments and application to start-ups. The 2026 revision of the Manual on Effective Mutual Agreement Procedures (MEMAP) was also released, introducing approximately 60 aspirational best practices reflecting developments since BEPS Action 14. The updated Manual expands guidance on dispute prevention, case management and arbitration.

✦ Structured Dialogue with Commissioner Hoekstra on 2026 Tax Agenda

On 9 February 2026, Commissioner Hoekstra appeared before the European Parliament's ECON and FISC Committees to discuss the 2026 tax work programme. Several files, including FTT, DEBRA, Unshell and the Transfer Pricing proposal, were confirmed as withdrawn due to lack of unanimity in Council. The Commissioner indicated that relevant technical elements may be integrated into future initiatives, including the forthcoming tax simplification Omnibus. DAC reform, tobacco taxation and the Energy Taxation Directive were identified as priorities.

✦ OECD Action 5 Peer Review Update on Harmful Tax Practices

The OECD released its February 2026 update under BEPS Action 5. Since the BEPS Project began, 326 preferential regimes have been reviewed, with nearly 40% abolished. The update confirms continued monitoring of substantial activities requirements in no- or nominal-tax jurisdictions, with focused monitoring identified for Anguilla and Turks and Caicos Islands.

CFE CONNECT

TECHNICAL PUBLICATIONS

CFE Opinion Statement on the DAC Recast Consultation

CFE Tax Advisers Europe submitted an Opinion Statement in response to the European Commission's consultation on the recast of the Directive on Administrative Cooperation. CFE supports consolidation of DAC1–DAC9 into a single legislative instrument and recognises the objective of improving coherence and legal clarity. The Statement highlights structural complexity resulting from cumulative amendments and divergent national implementation, particularly in relation to DAC6 reporting obligations and the interaction between DAC4 (country-by-country reporting) and DAC9 (Pillar Two reporting).

The Opinion identifies duplication of reporting frameworks, inconsistent interpretation of certain DAC6 hallmarks and the administrative burden associated with the 30-day reporting deadline. Particular concern is raised regarding overlapping intermediary reporting obligations and asymmetries created by differing national approaches to legal professional privilege.

CFE recommends aligning DAC4 and DAC9 to eliminate duplication, extending the DAC6 reporting deadline to 90 days, reassessing unclear hallmarks to improve proportionality and introducing a taxpayer-only reporting model to address duplicative intermediary reporting.

The Statement also calls for strengthened safeguards and clearer codification of taxpayer rights recognised in CJEU case law.

CFE Opinion Statement ECJ 1/2026 on Discriminatory Gift Taxation (Case C-142/24)

The CFE's ECJ Task Force issued an Opinion Statement analysing the CJEU's judgment in Case C-142/24, *Familienstiftung v Finanzamt Köln-West*, concerning less favourable gift tax treatment of transfers to foreign family foundations. The Court confirmed that such rules constitute a restriction on the free movement of capital but accepted, in principle, that fiscal coherence may justify differential treatment where a tax advantage is directly linked to a corresponding tax burden.

The Statement examines the Court's reasoning on comparability and its flexible interpretation of the "direct link" requirement, noting the significance of accepting a connection between preferential domestic treatment and the substitute inheritance tax levied periodically on domestic foundations. At the same time, the Court emphasised that proportionality remains decisive.

CFE observes that the judgment reflects a development in jurisprudence while reaffirming that inheritance and gift taxation remains subject to free movement principles. The practical implications will depend on how national courts assess proportionality and comparative tax burdens in domestic and cross-border scenarios.

CFE CONNECT

TECHNICAL PUBLICATIONS

CFE Charter of Tax Advisers' Rights & Obligations in an AI-Influenced Tax Advisory Environment

CFE Tax Advisers Europe published a Charter of Tax Advisers' Rights and Obligations in an AI-Influenced Tax-Advisory Environment, setting out guiding principles for responsible use of artificial intelligence in tax practice. The Charter recognises the increasing integration of AI tools into tax research, compliance and advisory processes, alongside risks relating to opacity, bias and over-reliance on automated outputs.

The Charter sets out seven core principles: addressing professional autonomy, AI literacy, transparency toward clients, data protection and confidentiality, integrity of the profession, bias awareness and regulatory engagement. It emphasises that AI may assist analysis but does not displace the adviser's professional responsibility or accountability.

Issued in the context of the EU AI Act and emerging OECD guidance, the Charter seeks to ensure that technological innovation supports professional standards and public trust while preserving independence and proportionality.

We invite you to read the Charter and remain available for any queries.

STAKEHOLDER CONSULTATIONS

EU Call for Evidence on Corporate Tax "Omnibus" Simplification

The EU Commission has launched a Call for Evidence for the taxation Omnibus legislative proposal, expected to be published in June 2026. The initiative forms part of the EU's tax decluttering and competitiveness agenda.

The review covers targeted amendments to the Anti-Tax Avoidance Directive (ATAD), including the Interest Limitation Rule, Controlled Foreign Company rules and the General Anti-Abuse Rule, as well as the Parent-Subsidiary Directive, Interest and Royalties Directive, Merger Directive and Tax Dispute Resolution Directive. Feedback may be submitted via the Have Your Say portal until 16 March 2026.

AMLA Launches Consultations on Draft Technical Standards

The EU Anti-Money Laundering Authority (AMLA) launched consultations on draft Regulatory Technical Standards under the new EU AML framework applying from July 2027. The draft standards cover customer due diligence requirements, criteria for identifying business relationships and linked transactions, and indicators and methodology for pecuniary sanctions.

The measures will define detailed compliance obligations for non-financial obliged entities, including tax advisers, and aim to promote supervisory convergence across Member States. Consultation deadlines fall on 9 March 2026 (sanctions) and 8 May 2026 (CDD and business relationships).



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