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OECD Updates COVID-19 Tax Policy Database

The OECD has published an updated version of the database containing the details of taxation and financial measures taken by governments around the world in response to the COVID-19 outbreak.

The OECD also has a dedicated webpage concerning the COVID-19 outbreak, providing information and country profiles on the spread of the virus, and recommended responses concerning a variety of policy areas.

EU Takes Further Steps to Contend the Coronavirus Economic Impact

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German Chancellor Angela Merkel as Chair of EU Presidency, President of the EU Commission Ursula von der Leyen and President of the European Parliament David Sassoli discussed next steps in the adoption of the EU's recovery package "Next Generation EU" as well as the Multiannual Financial Framework, following the agreement reached by leaders of the EU Member states and the EU Parliament resolution of 23 July. The EU leaders and Mrs Merkel agreed that all procedures must be completed in order for the recovery package to become available on 1 January 2021.

Separately, the European Parliament Committee of Economic Affairs (ECON) published a report containing steps (legislative and non-legislative) that were accomplished or planned by the European Parliament to contend the economic impact of the COVID-19 pandemic. In addition to amendments of certain EU Directives which allow for deferral of deadlines, the European Parliament has set out policy options for the post-crisis economic recovery of the Single Market concerning in particular regarding the general budget of the European Union for the financial year 2021, the Capital Markets Union (CMU), improving access to capital market finance, in particular by SMEs, further enabling of retail investor participation, and Sustainable Europe Investment Plan on how to finance the European Green Deal.

UK Reportedly Set to Abandon Digital Tax

The UK Treasury is reportedly planning to abandon the digital services tax which was introduced this year in order to further trade negotiations for a post-Brexit free trade agreement with the United States.

The UK's digital tax applies to businesses making search engines, social media platforms or online marketplaces available to UK users, including any associated online advertising of that business, which have a global annual turnover over £500 million pounds and over £25 million pounds of turnover attributable to revenue derived from UK users. The tax will apply at a rate of 2% to revenue over £25 million pounds.

In late 2019, US President Trump's administration reportedly advised the UK government at multiple levels that no free trade deal will be agreed should the tax be passed into law. However, the UK government has reportedly denied the tax would be abandoned in order to secure a trade deal, and instead pointed to international digital tax negotiations as the reason the tax may be abandoned, with a spokesperson from the Treasury stating *"We've been clear it's a temporary tax that will be removed once an appropriate global solution is in place – and we continue to work with our international partners to reach that goal."*

UN Committee of Tax Experts to Consider Digital Services Tax Treaty Provision

The UN Committee of Experts on International Cooperation on Tax Matters has published session papers ahead of their 21th Session meeting, to be held virtually between 20 October and 6 November 2020.

In particular, the Committee of Experts will consider a draft treaty provision concerning tax on digital services, intended to be inserted into the UN Model Tax Convention. The session will also address progress on updating the Model Double Taxation Convention Between Developed and Developing Countries, as well as environmental taxation and taxation of the extractive industries.

Comments on the session papers can be submitted via e-mail to taxcommittee@un.org.

Netherlands Progress Exit Tax on Multinationals

The Netherlands' Council of State is expected to deliver advice in the coming month concerning the legality of a proposed exit tax on multinational entities which relocate to low tax jurisdictions. If the advice is positive, the proposed tax is expected to gain political support, notwithstanding significant concerns for its impact on foreign investment.

The tax could potentially bring in revenue in the order of billions, and would target multinational countries with annual revenues of 750 million Euro and above. The British-Dutch multinational company Unilever has stated that if the tax is passed it would abandon plans to relocate solely to the UK, as it estimates it would be hit with an 11 billion Euro penalty.

CFE's EU Tax Policy Report - Semester I 2020

The COVID-19 pandemic conditions that developed in the first six months of 2020 led to extreme public health and economic challenges, shifting the focus of the wider community into contending the impact of COVID-19. The first semester of 2020 has therefore proved to be extraordinary by any standard. In the EU, Croatia, who held its first ever Presidency of the Council of the European Union from 1 January 2020 to 30 June, was successful in managing to achieve progress on multiple taxation files despite the extreme challenges posed by the COVID-19 outbreak.

Detailing those developments, CFE Tax Advisers Europe has published its signature EU Tax Policy Report for the first semester of 2020, covering the period of January to June 2020. The report contains analysis of significant primary law and tax policy developments at both EU and international level and an overview of selected case-law of the Court of Justice and relevant European Commission decisions.

OECD Report on Tax Administrations' Response to COVID-19

The OECD has published a report aimed at improving tax administrations' response to the COVID-19 crisis. This document analyses the transformed role of tax administrations in particular with respect to providing financial assistance and support to citizens and businesses using tax administration staff or services to support wider government COVID-19 responses and information assistance by using tax administration's data analytics capabilities.

Commenting, Pascal Saint- Amans, Director of the OECD Centre for Tax Policy and Administration said of the report: "In addition to the support that tax administrations have been giving to taxpayers under their own powers, many administrations have also played a critical role in the provision of wider government support, including financial support. These new roles bring significant challenges in terms of rapid IT systems developments and redeployment of staff, and the lessons learned will help ensure that tax administrations emerge stronger and more agile from the crisis", Pascal Saint-Amans stated.

OECD Invites Input on Joint Transfer Pricing Project

The OECD Secretariat and Brazilian tax administration have invited input on a survey launched as part of a joint transfer pricing project being carried out by the OECD and Brazil. The survey seeks input on *"the development of safe harbours as well as other simplification measures and measures that can contribute to enhanced tax certainty".*

The survey is directed in particular at taxpayers with business interests in Brazil and businesses interested in investing in Brazil, and their experience with safe harbour or other tax certainty measures in Brazil.

Input can be submitted until 18 September 2020 via e-mail at TP.Brazil@oecd.org, copying Cotin.df.cosit@rfb.gov.br.

EU Commission Proposes Special VAT Numbers for Northern Ireland

The European Commission has proposed to amend EU VAT rules to introduce special VAT registration numbers for businesses in Northern Ireland to ensure that trade can continue at the end of the transition period in line with EU VAT provisions and the Protocol on Ireland/Northern Ireland. Goods will remain treated as cross-border supplies of goods within the EU, whereas goods supplied elsewhere in the UK and all services will be subject to UK VAT rules after the end of the transition period.

The Commission has urged Member States to adopt the proposal as a matter of urgency to ensure the change can be implemented well in advance of the end of the transition period.

OECD's Global Forum Toolkit on the Mutual Assistance Convention

The OECD Secretariat has published a toolkit to facilitate countries' decisions concerning becoming a party to the Mutual Administrative Assistance Convention and to provide guidance on the steps to be taken and how to better prepare for joining. The OECD hopes that strengthening the administrative cooperation framework by facilitating exchange of financial information (EOI) between countries will lead to increased tax transparency, combating tax evasion and helping domestic revenue mobilisation.

The Convention on Mutual Administrative Assistance in Tax Matters was developed by the OECD and the Council of Europe in 1988 and amended in 2010, as the most comprehensive multilateral instrument to facilitate tax co-operation and to address tax evasion and avoidance.

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