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European Commission Approval Scheduled For Parliament Vote

The European Commission College of Commissioners approval has been scheduled to take place on 27 November at a session of the European Parliament in Strasbourg. The European Parliament respective Committees have approved 19 of the 26 Commissioner nominees on proposal of President Ursula von der Leyen. Currently, the second Von der Leyen Cabinet is scheduled to take office and begin its term on 1 December 2024. However, key approval decisions remain for the six executive vice presidents, including Teresa Ribera Rodriguez. These pending confirmations highlight the intense negotiations and scrutiny surrounding von der Leyen's proposed team, in particular the refusal of the European Conservatives (EPP) to [support Teresa Ribera](#) (PSOE, Spain) in relation to her alleged role in the Valencia flooding response. The President of the Spanish Government Pedro Sanchez has made it clear that Tereza Ribera should be confirmed for the post of Von der Leyen's second-in-command, after Spain's opposition Conservatives (PP) called on the Prime Minister to propose a different candidate in Brussels, namely Agriculture Minister Luis Planas. Spanish public broadcaster *RTVE* [reported](#) Planas' comment that PP's (and EPP's) boycott of Ribera “does not reflect well on the image of Spain in Europe.”

Commission's spokesperson Eric Mammer has said that von der Leyen "strongly supports" Ribera and the other candidates: “The president has given her confidence to all the candidates for the post of Commissioner, and the process of their confirmation is underway. Obviously, nothing has changed from that initial position,” Mamer said. As tensions rise, the Socialists & Democrats have stated they will not support Fitto (Italy) or Várhelyi (Hungary), making a package deal across political groups seem increasingly difficult.

For the remaining nominees, there are two potential paths to approval. The first, and more straightforward option, requires a 2/3 majority in each of the committees that

evaluated the commissioners between 4 and 12 November, as a standard method of approval for most nominees so far. The second route involves risky secret ballots in which nominees must secure a simple majority of MEPs. If the secret vote scenario unfolds, it will add another layer of uncertainty to the already difficult confirmation process.

Even if all EVP nominees are eventually approved, the European Parliament's plenary vote on the full College of Commissioners is required and is currently scheduled for 28 November. If the current College proposal is not approved on 27 November, this could potentially mean pushing the new Commission's start date into 2025. With the stakes high and political divisions sharpening, all eyes will be on Brussels and Strasbourg in the coming two weeks.

New EU Tax Priorities: EU Tax Commissioner-Designate Confirmation Hearing

During his [hearing](#) before the European Parliament on 7 November 2024, Wopke Hoekstra, the Commissioner-designate with taxation in his portfolio, laid out an ambitious climate and tax reform agenda while addressing questions from Members of the European Parliament (MEPs). Hoekstra proposed enshrining a net 90% emissions reduction target for 2040 into European climate law. He underscored the importance of a fair, cost-effective, and predictable transition beyond 2030, including a comprehensive European climate adaptation plan aimed at enhancing resilience. In his first 100 days, Hoekstra promised to introduce a “clean industrial deal” to support industrial decarbonisation, facilitate access to affordable energy, promote clean technologies, and enhance workforce skills—all with an eye to bolstering Europe's competitiveness on the global stage.

On the tax front, Hoekstra proposed “greening” taxation to align with the EU's clean transition goals. He prioritised closing negotiations on the Energy Taxation Directive and exploring further VAT reforms. Viewing taxation as a key tool for climate goals, he also committed to addressing the tax gap, tackling tax fraud, and reducing administrative burden. Hoekstra voiced strong support for international tax cooperation, advocating for wider Pillar 2 implementation, further and enhanced digital tax negotiations, and engagement with Global South countries to foster a globally equitable tax framework. Hoekstra confirmed that should the Pillar 1 negotiation fail in due course, he will convene with the Member state finance

ministers to discuss a European Digital Services Tax, even though this would not be his preferred option.

Central to Hoekstra's strategy is a "clean industrial deal," which aims to enable affordable energy and stimulate clean investments. Within this plan, he detailed support for industrial decarbonisation by providing industries with accessible energy and clean technology, creating incentives for investment and strengthening skills. Internationally, Hoekstra stressed that the EU alone cannot solve the climate crisis, as it accounts for just 6% of global emissions. He called for assertive global leadership, targeting significant emitters such as China and the U.S., and advocated for global carbon pricing as a diplomatic priority. With the COP summit in mind, Hoekstra pledged to contribute to global climate and energy goals, supporting carbon border adjustment to prevent carbon leakage and encouraging global standards in carbon pricing.

In his concluding remarks, Hoekstra emphasized Europe's collective duty to tackle climate change and ease the transition for both businesses and citizens. He stressed the importance of unity in advancing shared values, safeguarding prosperity, and setting an example for other nations in addressing global issues. Confident in Europe's resilience, he envisioned a stronger, more united future, grounded in peace, prosperity, and freedom.

In addition to the hearing, Hoekstra provided detailed responses in the [written Q&A exchange with the EU Parliament](#) held in preparation for his confirmation hearing before the European Parliament. Hoekstra emphasised the importance of tax policy as a key driver in the EU's twin transition to a green and digitally advanced economy. He proposed a streamlined corporate tax framework aimed at reducing compliance costs for small- and medium-sized enterprises (SMEs) and plans to address "tax obstacles" that currently hinder cross-border business operations within the EU. Hoekstra reaffirmed his commitment to simplifying EU tax directives, including Anti-Tax Avoidance and Administrative Cooperation rules, with an ambitious goal of reducing administrative reporting burdens by 25% overall and by 35% specifically for SMEs.

Hoekstra proposed decisive steps to prevent tax evasion, tax avoidance, and the use of shell companies within the EU and abroad, stressing the importance of implementing global tax reforms in line with OECD standards. In the context of climate goals, he is prioritising environmental tax measures to harmonise energy taxation across Member States. This would support the EU's 2040 and 2050 emissions targets by incentivising sustainable energy consumption and discouraging carbon-intensive production. Plans to revisit the Energy Taxation Directive (ETD) were highlighted, aiming to modernise tax rates for energy products

based on emissions profiles, in line with the EU's "polluter pays" principle. Additionally, Hoekstra proposed removing longstanding tax exemptions for aviation and maritime fuels, a move intended to foster the transition to sustainable fuels in these sectors.

Hoekstra stressed his commitment to international tax transparency and compliance with the OECD's Pillar II agreement on minimum corporate taxation. He advocated for a coordinated EU response to enforce minimum tax rates on multinationals and prevent harmful tax competition within the EU, acknowledging that the special legislative procedure requiring unanimity among Member States remains a challenge. He also addressed the urgency of addressing the tax implications of digital assets and cryptocurrencies, proposing collaborative EU action to ensure these assets do not facilitate tax evasion.

EU Reaches Landmark Agreement on Modernised VAT Rules

The ECOFIN Council of Ministers [reached political agreement](#) to finalise key VAT reforms under the EU's VAT in the Digital Age (VIDA) package. This legislative proposal will introduce new standardised digital reporting and e-invoicing for cross-border transactions, a digital platform policy to streamline VAT for short-term rentals and transport services offered via digital platforms, and a single VAT registration across EU Member States. After nearly two years of negotiations, the Council has agreed on the VIDA package. Hungarian Finance Minister Mihály Varga described the agreement as a "cornerstone for the digital transition," highlighting its role in enhancing the EU's competitiveness: "This is a cornerstone for the digital transition and a significant step in improving the competitiveness of the EU. The new rules will update our VAT systems to reflect the digitalisation of our economies, help combat VAT fraud, and ease administrative obligations for small companies and individual service providers. Today's decision was preceded by intense discussions led by the Hungarian presidency; thus, we are grateful to all delegations for their constructive approach and hard work.", Hungary's Finance Minister Varga said. Key reforms in the VAT package include:

1. Digital VAT Reporting:

The new measures will replace the current periodic reporting system with real-time digital reporting via e-invoices for cross-border business-to-business (B2B) transactions. By 2030, businesses will issue standardised electronic invoices, automatically transmitting data to national tax authorities. These authorities will share information through a unified EU IT system, providing real-time tools to

combat VAT fraud. Member states must ensure interoperability between national systems and the EU framework by 2035.

2. VAT Rules for the Platform Economy:

Platforms facilitating short-term accommodation rentals and passenger transport will now be responsible for collecting and remitting VAT when their service providers are not VAT-registered. This "deemed supplier" model addresses VAT gaps in the digital economy while fostering fair competition between traditional and platform-based services. The agreement also introduces flexibility for member states, such as exemptions for SMEs and an expanded definition of short-term rentals for tax purposes.

3. Expanded One-Stop Shop for VAT:

The one-stop shop (OSS), which simplifies VAT compliance for cross-border business-to-consumer (B2C) sales, will now cover sales conducted within a member state other than a business's home country. This change will allow businesses to declare VAT on local sales, such as goods stored in warehouses for later direct consumer sale, through a single portal. The reverse charge mechanism will also become mandatory in cases where a supplier is not established in the VAT-collecting member state.

The agreement includes a directive, a regulation, and an implementing regulation, all of which require Council unanimity. The European Parliament, which initially gave its opinion in November 2023, will need to be consulted again due to substantial changes in the directive. Formal adoption by the Council will follow before the rules are published in the EU's Official Journal and come into force. These reforms are part of the Commission's "VAT in the Digital Age" package proposed in December 2022. They aim to close VAT gaps, simplify administrative obligations for businesses, and adapt tax systems to the realities of the digital economy. The package reflects the EU's commitment to fostering a more integrated and fraud-resistant VAT system while reducing compliance burdens for businesses operating across borders.

OECD Tax Administration 2024 Report

The OECD has released the 12th edition of its [*Tax Administration Series*](#) (TAS), providing comprehensive data and insights from 58 jurisdictions. This latest report, aimed at analysts, tax officials, and policymakers, is a key resource for understanding the design and operation of tax systems worldwide, offering cross-border comparisons and practical lessons for improving tax administration. The

2024 edition incorporates performance-related data, trends through the end of fiscal year 2022, and insights into the organisational practices of tax administrations, examined in greater detail than any edition since 2019. It also introduces a special feature on tax gap estimations, exploring methodologies and trends in measuring non-compliance and the overall health of tax systems.

This year's edition reflects the ongoing transformation of tax administration in response to digitalisation, technological advancements, and shifting taxpayer expectations. One of the standout themes is the widespread adoption of e-administration. E-filing rates for major tax types have surged by up to 23 percentage points since 2014, and e-payment adoption has reached an impressive 90%. Tax administrations have embraced tools like artificial intelligence, virtual assistants, and advanced data analytics to enhance efficiency and better serve taxpayers.

The report also delves into the day-to-day operations of tax administrations. It examines how they manage compliance risks, address tax debts, and provide dispute prevention tools such as Advance Pricing Arrangements and cooperative compliance programs. Taxpayer services take centre-stage, with the report shedding light on how administrations handle billions of taxpayer interactions annually, from online accounts to phone calls and in-person visits. The increasing focus on tailored services, satisfaction surveys, and educational initiatives highlights efforts to meet the evolving needs of taxpayers. A significant feature of the report is its exploration of workforce management within tax administrations. Effective recruitment, training, and retention strategies are emphasised as critical for maintaining high-performing organisations. By fostering professional development and prioritising staff well-being, tax administrations aim to cultivate a culture of accountability and excellence.

Finally, *Tax Administration 2024* includes tax gap estimations. With an increasing number of jurisdictions adopting these analyses, the report examines methodologies and trends for measuring non-compliance and the overall health of tax systems. These insights offer a clearer understanding of revenue shortfalls and provide a basis for developing more effective tax administration and compliance strategies.

[EU Refers Germany to CJEU Over Discriminatory Taxation of Capital Gains](#)

The European Commission announced its [decision](#) to refer Germany to the Court of Justice of the European Union (CJEU) for violating the freedom of movement of capital (Article 63 TFEU and Article 40 of the EEA Agreement). The case arises from

Germany's discriminatory tax rules on the deferral of capital gains taxation for real estate transactions, which the Commission argues unfairly disadvantage corporations from other EU and EEA Member States.

Under German tax law, corporations can defer taxation on capital gains from the sale of real estate if the gains are reinvested in new assets within a specified period. However, this deferral is contingent on the property being attributed to the fixed assets of a permanent establishment (PE) located in Germany for at least six years.

- **Domestic corporations:** German companies automatically meet this PE requirement, even if they have no active business operations in Germany, as their place of management is deemed a permanent establishment.
- **Foreign corporations:** Comparable companies from other EU/EEA Member States cannot meet the PE requirement unless they maintain a permanent establishment in Germany. As a result, they are excluded from the tax deferral benefit on reinvested capital gain.

This unequal treatment creates a restriction on the free movement of capital, as foreign companies face higher tax burdens compared to their German counterparts when reinvesting proceeds from German real estate sales. The Commission initiated infringement proceedings against Germany by issuing a reasoned opinion in November 2019, urging the country to address the discriminatory tax rules. Despite discussions with German authorities, no resolution has been reached. Citing insufficient efforts to rectify the situation, the Commission is now escalating the matter to the CJEU. This is not the first time Germany's tax rules on reinvested capital gains have been scrutinised. In a previous case (*C-591/13, Commission v. Germany*), the CJEU found that a similar requirement for allocating assets to a German PE was incompatible with EU law. The current case mirrors these issues, with the Commission maintaining that Germany's approach lacks valid justification under EU law.

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