



BRUSSELS | 21 OCTOBER 2024

EU Experts Call for Tax Simplification & Competitiveness at FISC Hearing

At a [hearing](#) held by the EU Parliament's Permanent Tax Subcommittee (FISC) on Wednesday, 16 October, tax experts Dr. Eva Eberhartinger (Professor of Taxation at Vienna University of Economics and Business), Dr. Christiana HJI Panayi (Professor of Tax Law at Queen Mary University of London), and Dr. Panayiotis Nicolaides (Director of Research at the EU Tax Observatory, Paris School of Economics) highlighted the increasing complexity of the European tax environment. They emphasised that this complexity has led to higher compliance costs, discouraged entrepreneurship, and reduced foreign direct investment, with small and medium-sized enterprises (SMEs) disproportionately impacted compared to larger multinationals.

The panel recommended a strategic approach to simplifying tax processes while maintaining essential anti-avoidance measures. Key suggestions included the digitalisation of tax administration processes, the review of recent anti-avoidance directives (e.g., DAC6 and ATAD), and focusing on "good tax citizens" by easing compliance burdens for compliant companies. Dr. Nicolaides further stressed the importance of information sharing between tax authorities and the need for real-time data transfer to support early tax certainty, particularly for SMEs.

During the hearing, a debate emerged on the balance between EU-wide tax harmonisation and Member state sovereignty. The experts discussed the challenges and potential benefits of implementing a common corporate tax base across the EU, as well as aligning tax policy with broader economic goals. Dr. Nicolaides advocated for closer coordination between Member States to streamline tax policy, while others, like Dr. Panayi, warned that excessive disclosure requirements might deter companies from investing in Europe.

Looking ahead, the panel emphasised the need to address tax complexity, particularly for SMEs, and create a more business-friendly EU tax policy. Recommendations included advancing digitalisation within tax administrations, refining anti-avoidance measures, and establishing clearer substance requirements. Together with targeted R&D incentives, the experts argued that these measures would improve both the competitiveness and fairness of the EU tax system.

UN Tax Committee Addresses Digitalisation, Double Taxation and Capacity Building at 29th Session

The [29th Session](#) of the UN Committee of Experts on International Cooperation in Tax Matters took place from October 15-18, 2024, in Geneva. The Session's agenda focused on key topics related to tax transparency, digitalisation, and sustainable development. The Committee continued discussions on tax-related issues emerging from the global digital economy, with particular emphasis on promoting fairness and equity in international tax systems. The event attracted participation from experts and representatives of tax authorities, international organisations, and civil society.

One of the session's highlights was the progress made on the UN Model Double Taxation Convention and its guidelines for tax dispute resolution through Mutual Agreement Procedures (MAP). The experts explored enhancing cooperation between jurisdictions to reduce instances of double taxation, which can create obstacles to trade and investment. Additionally, efforts to prevent base erosion and profit shifting (BEPS) were a significant focus, with ongoing discussions aimed at curbing aggressive tax avoidance practices that undermine the global tax base.

The Committee also addressed capacity-building initiatives, especially for developing countries, to strengthen tax administration and improve domestic resource mobilisation. Participants emphasised the need for greater technical support and sharing of best practices to ensure that developing nations can participate effectively in international tax cooperation frameworks. These discussions are critical as countries seek to align tax policies with broader goals of sustainable development and economic fairness.

Executive Vice-President Vestager Highlights Digital Economy Challenges & Need for Future Reforms

During an [exchange of views](#) meeting with the EU Parliament's Permanent Tax Subcommittee (FISC) on 16 October, Executive Vice-President Margrethe Vestager outlined key developments in EU tax policy. She emphasised the EU's commitment to fair taxation through high-profile cases like the [Apple](#) tax ruling and state aid investigations. Vestager also addressed the growing challenges in taxing the digital economy, stressing the need for policy reform to ensure fairness and sustainability in a rapidly changing global landscape.

One of the main challenges discussed was how to define and capture digital value, especially in the context of AI and automation, which are reshaping traditional taxation models. Looking ahead, Vestager proposed future policy directions, including implementing OECD's Pillar One framework, creating a common EU corporate tax base, and ensuring fair taxation for small and medium-sized enterprises (SMEs). She stressed the importance of simplifying the tax system to increase transparency and curtail aggressive tax planning, all while maintaining the European social contract.

Vestager emphasised that the status quo is unsustainable and that reforms must continue, that the EU needs to adapt its tax policies to remain competitive globally while ensuring that all economic actors contribute fairly to maintaining public services and social welfare.

[OECD Releases Online Manual on Effective Mutual Agreement Procedures \(MEMAP\)](#)

The OECD has made the [Manual on Effective Mutual Agreement Procedures](#) (MEMAP) available online as part of its ongoing efforts to enhance international tax dispute resolution. Originally published in 2007, MEMAP is a central component of a larger initiative to refine existing tax dispute procedures and develop supplementary dispute resolution mechanisms. It serves as a guide to raise awareness about the Mutual Agreement Procedure (MAP) and provides tax administrations and taxpayers with a comprehensive overview of how the process should function. MEMAP also outlines best practices for navigating the MAP process without imposing binding rules on member countries.

MEMAP complements existing OECD guidance, including the OECD Model Tax Convention and Transfer Pricing Guidelines, ensuring coherence with established international tax frameworks. It does not modify or expand the legal rights and obligations found in tax treaties but offers valuable insights into handling MAP

effectively. Tax professionals and tax administrations are encouraged to consider MEMAP's best practices when addressing tax disputes, although its recommendations are flexible and may not always apply universally. The online availability of MEMAP provides an accessible resource for those involved in cross-border tax issues.

EU Council Conclusions Focus on Economic Competitiveness

In [conclusions](#) adopted following its meeting on 17 October 2024, the European Council reiterated the urgency of enhancing the EU's competitiveness, highlighting its central role in securing economic resilience and industrial renewal.

As part of its strategic agenda, the Council emphasised that EU institutions, Member States, and stakeholders must work collectively to address structural challenges, particularly those outlined in reports by Enrico Letta and Mario Draghi on European competitiveness. The conclusions underline: the critical importance of maintaining a globally competitive economy, with the Single Market at its core; ensuring that the EU remains competitive internally and externally; and, the necessity for a harmonised fiscal environment to support competitiveness, ensure a level playing field, foster fair taxation and prevent tax avoidance.

Tax policy will play a pivotal role in this context, especially in addressing disparities across Member States that could lead to uneven economic growth. The Council's discussion on financial strategies to support long-term competitiveness hinted at the integration of taxation within broader EU economic policies, as well as promoting effective tax measures to secure sustainable investment in green and digital technologies. These shifts in fiscal policy are aimed to attract investment while also addressing global tax challenges such as evasion and profit-shifting, which could impact the Union's competitiveness on a global scale.

The selection of the remitted material has been prepared by:
Aleksandar Ivanovski & Brodie McIntosh