



BRUSSELS | 22 JULY 2024

## ECOFIN: Council Approves Position of the EU on UN Framework Convention on Tax Cooperation

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Economic and Finance Ministers met on 16 July 2024 in their ECOFIN configuration, the first under the Hungarian Presidency of the Council of the EU. Ministers agreed the [EU position](#) for the second substantive session to negotiate the terms of reference for the United Nations '[Zero-Draft](#)' for a United Nations Framework Convention on International Tax Cooperation.

The position emphasises *"that there is a need for greater clarity in the terms of reference on the procedures that will be followed by the intergovernmental negotiating committee"*, argues strongly in favour of transparent consensus decision making processes, stresses that no early protocol should be discussed until the negotiations on the Framework Convention are concluded and sets out the importance for *"work on the issues are as complementary and coordinated as possible with the ongoing work at other international fora. We should avoid inconsistencies or undermining that work, or inadvertently creating new issues and/or mismatches. Both the commitments in the Framework Convention including any commitments in respect of potential early protocols should avoid conflicting content with topics already under negotiation in other international fora, or those where there are already internationally agreed standards"*.

Also at the ECOFIN meeting, Hungary set out in its [Presidency Programme](#). Its high priority areas in relation to taxation are: fighting tax evasion, ensuring legal certainty for taxpayers, and supporting the international engagement of the European Taxation. The programme refers to use of information, digitalisation and simplification to enhance the competitiveness of European businesses.

On the first day of the Presidency, Hungarian Prime Minister, Viktor Orbán, wrote an opinion piece in the [Financial Times](#) opining that to improve competitiveness in the EU and encourage investment, EU Member States should follow the Hungarian competitiveness strategy of maintaining low corporate tax rates, diversifying trade and investment relationships, as well as implementing flat personal income tax and abolishing inheritance tax for close relatives. In the article, he labels the introduction of the OECD's global minimum corporate tax a "catastrophic failure", given that the US, China and India have not yet adopted the measure. He also raises concerns about European businesses facing increasingly heavy tax burdens, making Europe a less attractive investment destination and causing companies to relocate to other markets.

## [CFE Opinion Statement on Evaluation of the EU Directive on Administrative Cooperation in the Field of Taxation](#)

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CFE Tax Advisers Europe has published an [Opinion Statement](#) concerning the EU Commission evaluation of the Directive on Administrative Cooperation in the field of taxation in The European Union Union ("DAC" – Directive 2011/16/EU).

The EU Directive on Administrative Cooperation in the field of taxation (2016/16/EU), "DAC", is the key instrument of the European Union for exchange of tax-related information and cooperation among revenue administrations of

Member states in the area of direct taxation. The overall objective is to provide tools to better fight tax evasion and fraud, and to contribute to better assessment and overview of arrangements that fall within scope of the directive through exchange of relevant information among tax administrations.

CFE's comments focus on DAC6, the iteration of the Directive that introduces mandatory disclosure rules in the European Union. CFE Tax Advisers Europe participated in the European Commission high-level consultation in 2023 focusing on interviews with various stakeholders. This submission aims to reinforce the assessment provided to the European Commission, with an aim to simplify and unify the DAC directive, evaluate the compliance burden, and identify effective and ineffective aspects of DAC.

We believe that the European Commission should use this opportunity to evaluate whether the rules are still fit for purpose and proportionate, and to explore policy options that could simplify the rules overall. Our overall aim is to support policy-makers in achieving the objectives above while ensuring that secondary EU law and reporting obligations are proportionate and do not overburden businesses or advisers, thereby undermining the policy goals of such initiatives and ultimately the competitiveness and the resilience of the Single Market.

CFE in its statement identifies issues and makes recommendations surrounding:

- General Simplification of the Directive & Recast of Consolidated Version;
- Transparency of Reporting;
- Pillar 2 Compatibility;
- Professional Privilege;
- Revision of Hallmarks – Broad Hallmarks & Commercially Valid Transactions;
- Penalties;

- Taxpayers Rights – Overall Balance of Rights and Obligations in the Single Market.

We invite you to read the [statement](#) and remain available for any queries you may have.

## EU Elections : Ursula von der Leyen Reelected Commission President

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Ms Ursula von der Leyen, representing the European conservatives/European People's Party (EPP), will continue with a [second mandate as President of the European Commission](#), the most influential EU leadership position, after being re-elected via a secret ballot vote at the Parliament Plenary session on 18 July 2024, with 401 from 719 MEPs voting in favour, 284 against and 22 blank or invalid votes.

Roberta Metsola was also [re-elected](#) to serve a further term as President of the European Parliament for the legislative term of 2.5 years. Metsola, who is also a member of the Conservatives/EPP, was elected in the first round of voting, where she received an absolute majority of 562 votes cast out of 699 by secret paper ballot. Additionally, 16 MEPs were also elected on 16 July to serve as [Parliament's new Bureau](#), with 14 Vice-Presidents and five Quaestors appointed in a secret vote by paper ballot.

Immediately prior to the vote to elect a EU Commission President, Ursula von der Leyen presented and debated with MEPs her [plan](#) to create a stronger and more prosperous Europe. Under her vision, key planned initiatives will involve a new Clean Industrial Deal to drive decarbonisation and industrial growth, and a European Competitiveness Fund to boost innovation. The last mandate of Von der Leyen's Commission saw tax policy as a tool to ensure further fight against

tax avoidance, transparency and fair taxation of large companies, sustainability-related initiatives and green taxation as well as reform of EU's corporate taxation and VAT rules fit for the digital age.

The day prior to the Plenary, Ursula von der Leyen's re-election was brought into doubt by the General Court handing down its [ruling](#) concerning the decision of the Commission to grant only partial access to purchase agreements documents for COVID-19 vaccines, in which it held that *"the Commission did not give the public sufficiently wide access to the purchase agreements for Covid-19 vaccines"*. MEPs and private individuals brought actions before the General Court of the European Union for annulment of the Commission decision, arguing access to those agreements and to certain related documents was necessary so that they could understand their terms and conditions and satisfy themselves that the public interest was protected. The Court held that the infringement concerns, inter alia, those agreements' provisions on indemnification, and concerns the declarations that there was no conflict of interest on the part of the members of the team who negotiated the purchase of the vaccines.

[Register Now: CFE's 2024 Conference on Tax Advisers' Professional Affairs | Ljubljana | 19 September 2024](#)

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CFE Tax Advisers Europe will hold its 17th European Conference on Tax Advisers' Professional Affairs, co-hosted by Slovenian and Serbian Member Organisations DSZS - Davčno svetovalna zbornica Slovenija & UPSS - Udruzenje poreskih savetnika Srbije, on the topic of *"Global Policy Trends : AI & The Future of Tax Planning & New EU Rules on Anti-Money Laundering"*. The conference will take place on Thursday, 19 September 2024, from 10:00 am - 16:00 pm, at the Grand Plaza Hotel Ljubljana.

The conference will bring together experts and professionals at the forefront of these two important topics to address global critical policy trends: the future of tax planning with the advance of AI, the role of professional standards in safeguarding the integrity of the tax profession and the fiscal system in an era of extraordinary computational capabilities of AI. A separate panel will elaborate on the new EU rules on anti-money laundering and terrorist financing, and their impact for tax professionals, accountants, auditors.

Registration and further information is available [here](#).

## EU Parliament's Subcommittee on Tax Matters: Constitutive Meeting to Elect Chair & Vice-Chair on 23 July

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The EU Parliament's Subcommittee on Tax Matters (FISC) will hold its constitutive [meeting](#) tomorrow on 23 July, following the appointment of their [members](#) which took place in the plenary sitting of 16-19 July. At the meeting, FISC members will elect a bureau consisting of a Chair and Vice-Chair for a two-and-a-half year mandate.

FISC was established in September 2020 to investigate and address tax related matters for the Committee on Economic and Monetary Affairs (ECON), with a focus on tax fraud, tax evasion and tax avoidance, as well as financial transparency for taxation purposes. Ahead of the meeting, new members have been provided with [introductory information](#) on the workings of FISC, as well as the [2020 - 2024 Activity Report](#).

The next meeting of the Committee will then take place on Thursday, 26 September 2024, from 9:00am to 11:30am (to be confirmed at the meeting).

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