



**BRUSSELS | 24 JUNE 2024**

## **ECOFIN: No Agreement on ViDA at Final Belgian Presidency Meeting**

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Economic and Finance Ministers met on 21 June 2024 for the final meeting in their ECOFIN configuration under the Belgian Presidency of the Council of the EU. Belgium hands over the Presidency to Hungary next Monday on 1 July 2024.

At the meeting, agreement was unable to be reached on the value added tax in the digital age (ViDA) package, despite progress in discussions between the Member States reportedly being made. The proposals have three main objectives: the introduction of Digital Reporting Requirements (DRR) and e-invoicing for cross-border transactions; updating the VAT treatment of the platform economy; and, a single EU VAT Registration. The proposals aim to tackle VAT fraud, support businesses and promote digitalisation. [Reports](#) indicate that Estonia blocked agreement on the suite of ViDA proposals on the basis of objections over liabilities that would be imposed on digital platforms for short-term accommodation and passenger transport companies, such as Airbnb and Bolt. Estonian Finance Minister [Mart Vorklaev](#) said to Bloomberg ahead of the meeting that Estonia's position was that: *"We are against taxing any service provider only because they provide their services via digital platforms"*.

The Council also approved a [draft report](#) to the European Council on tax issues, which provides an overview of progress achieved under the Belgian Presidency and an overview of the current status on the ongoing negotiation of tax files.

Also at last week's ECOFIN, the EU Commission presented to the Finance Ministers the results of the [2024 European Semester Spring Package](#), exchanged views on the state of play of the implementation of the [Recovery and Resilience Facility](#) and [adopted](#) an implementing decision approving the modified recovery and resilience plan, submitted by Ireland.

## **OECD Director of Centre for Tax Policy Discusses Future of Business Taxation at the Oxford University Summer Tax Conference**

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The Oxford University Centre for Business Taxation held its [Summer Tax Conference](#) on the topic of "*Business Taxation: Where are we and where are we going?*" on 21 June in Oxford.

Notably, Manal Corwin, Director of the Centre for Tax Policy at the OECD gave a keynote at the conference. The keynote highlighted that over the last two decades, multilateral cooperation on tax matters has accelerated through OECD initiatives, with 147 member countries in the Inclusive Framework on BEPS and 171 in the Global Forum on Transparency. Ms Corwin emphasised that the BEPS project introduced 15 action points with 4 minimum standards, benefiting developing countries, although challenges remain in accessing and using CbCR data effectively. She noted that Pillar Two (Global Minimum Tax) took effect on January 1, 2024, with 36 jurisdictions implementing it and 20+ planning for 2025 or later. She also discussed that Pillar One (Amount A) is progressing with a nearing completion package. Increasing revenues from various taxes was highlighted as critical for SDG financing needs, and ongoing collaborative international cooperation essential. She stated there are concerns about the current application and template of CbCR, which need further examination.

Panel discussions examined the context of international tax cooperation over the

past two decades, highlighting the substantial reforms brought about by OECD initiatives. These include ending bank secrecy, introducing standards to combat tax evasion and avoidance, and establishing global transfer pricing guidelines and the Global Minimum Tax. Grant Wardell Johnson, Global Tax Policy Leader, KPMG (Australia and U.K.) discussed that GLoBE rules aim to change multinational enterprises (MNEs) behaviour, with the top-up tax being the primary revenue raiser. Compliance costs are expected to decrease over time, though no permanent safe harbors exist. Marlene Parker, Deputy Commissioner General, Tax Administration Jamaica, discussed that developing countries worry they won't collect significant tax from the Income Inclusion Rule (IIR) or Under-Taxed Profits Rule (UTPR) but see the Qualified Domestic Minimum Top-up Tax (QDMTT) as vital to protect their taxing rights. Jamaica is working to implement QDMTT swiftly, alongside corporate tax reforms and strengthening anti-abuse provisions. The Subject to Tax Rule (STTR) was highlighted as being crucial for developing countries to enhance domestic resource mobilisation.

Paul Oosterhuis, Skadden Arps, discussed the U.S. perspective on the OECD Two-Pillar Solution that implementing OECD Pillar 1 and Pillar 2 projects through treaties and conventions in the U.S. is unlikely to occur due to political dynamics and the legislative process. The outcome of U.S. elections and resulting political control will influence the likelihood of tax legislation being passed. Key issues for Pillar 2 compliance in the U.S. from his perspective include the treatment of the R&D tax credit and adopting a per-country limit for the Global Intangible Low-Taxed Income (GILTI) provision. The U.S. opposes unilateral digital services taxes (DSTs) imposed by other countries and focuses on addressing inbound base erosion. There is potential tension between addressing inbound base erosion and providing certainty for U.S. multinationals through Amount B in Pillar 1.

The development of the UN Framework Convention on International Tax Cooperation was discussed by Michael Lennard, UN, Philip Baker QC, Oxford University; and, Chenai Mukumba, TJN Africa. They discussed that in 2022-2023 the African Group advocated for a UN Framework Convention on

International Tax Cooperation, leading to the creation of an Ad Hoc Committee to develop terms of reference by August 2024. Key issues include decision-making, avoiding duplication with OECD, scope, and simplicity. The speakers set out that the African countries seek an inclusive, democratic global platform through the UN Convention to contribute to international tax rules and address unfair taxing rights allocation, focusing on structural reforms rather than just capacity building.

## **25 June 2024: CFE - Accountancy Europe Members' Only Webinar: New EU AML Rules - What Changes for Practitioners?**

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In 2021 the European Commission put forward an ambitious package of legislative proposals to strengthen the EU's Anti-Money Laundering (AML) rules - "the AML Package". After more than two years of negotiations, the European Parliament adopted the AML package on 24 April 2024. Accountants, auditors and tax advisers play an important role in keeping European citizens safe from money laundering and terrorist financing. The new AML rules will bring significant changes for these professions.

CFE Tax Advisers Europe and Accountancy Europe have partnered to help member bodies, tax advisers, accountants and auditors better understand the changes. We will address how the new requirements will affect practitioners' day-to-day work, why it's important to start preparing now and where to start. **This is an invitation-only webinar for CFE Tax Advisers Europe and Accountancy Europe Member organisations and their members.**

The discussion will take the form of a virtual fireside chat between Angela Foyle, Accountancy Europe AML Working Party Chair, Aleksandra Vasilić, Director AML Office, EY, and Rolf Declerck, President of the Commission on Quality Performance Review, Belgian Institute of Tax Advisors and Accountants, CFE

Tax Advisers Europe.Registration for Members of CFE and Accountancy Europe is now open via the following [link](#).

## **EU Presidency Note on UN Zero-Draft Terms of Reference for a UN Framework Convention on International Tax Cooperation**

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The Presidency of the Council of the EU discussed the United Nations '[Zero-Draft](#)' terms of reference for a United Nations Framework Convention on International Tax Cooperation at the ECOFIN meeting on 21 June last week. The Presidency also published an [Information Note](#) summarising the developments and [EU Statement](#) and [EU Position](#) on the first substantive session held to negotiate the terms of reference. As stated in the Note, the Belgian Presidency made a proposal for the EU position after consulting with Member States, which was then approved on 25 April 2024.

The Note confirms that the EU position sets out that the EU: *“emphasises the importance of a rules-based international order, inclusive and equitable tax cooperation, and fostering global dialogue to create policy synergies. The EU supports aligning the proposed Convention with existing international tax initiatives to avoid duplication and ensure coherence. The EU and its Member States advocate for consensus-based decision-making to include all countries' perspectives and stress the importance of supporting the Sustainable Development Goals (SDGs) through effective tax policies”*.

In relation to the Session, the Presidency Note highlights that: *“the most controversial issues were the equitable taxation of income of multinational enterprises (MNEs) and the taxation of cross-border transactions. There also lies the risk of overlap with the OECD's two-pillar solution. Another divisive issue was the possible development of early protocols, specifically whether to first develop the framework convention (FC) and only then the protocols, or to develop simultaneous protocols on urgent issues. Possible issues for early protocols*

*raised by delegations included: illicit financial flows, taxation of cross-border services, taxation of the digital economy, dispute prevention and resolution, taxation of high-net-worth individuals, environmental challenges, exchange of information and tax incentives.”*

As mandated by the UN General Assembly in November 2023, following a positive vote on the resolution filed by the Nigeria, the zero draft terms of reference set out the basic parameters and mechanisms of a United Nations Framework Convention on International Tax Cooperation and provide guidance to the negotiation of the framework convention. The draft has not been formally approved by all members.

The intergovernmental negotiation committee will meet for a set number of sessions, supported by a bureau. The second session and update to the terms of reference is currently scheduled for 15 July.

## **CFE Opinion Statement on Evidence to Support Transport Organised by the Customer Under Article 138 of the VAT Directive**

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CFE Tax Advisers Europe has issued an [Opinion Statement](#) on evidence to support transport organised by the customer under Article 138 of the VAT Directive, specifically, on the term “the Supplied Goods Dispatched or Transported to a Destination Outside the Respective Territory but within the Community, by or on behalf of vendor or the Person Acquiring the Goods” for the Purpose of Article 138(1) of the VAT Directive.

Article 138 of the Principal VAT Directive exempts the supply of goods dispatched or transported to a destination outside a respective territory but within the Community, by or on behalf of the vendor or the person acquiring the goods, for another taxable person, or for a non-taxable legal person acting as such in a Member State other than that in which dispatch or transport of the goods began.

It is important to note that this requires proof of two issues. The first is proof of

the transport of the goods and the second is proof of on whose behalf the transport has been organised. It is generally relatively easy for a supplier who organises for the goods to be transported to a different Member State to prove that fact. However, the exemption also extends to cases where the goods are dispatched or transported to a different Member State by or on behalf of the person acquiring the goods. Particularly when there are chain transactions, in these circumstances there is no clear and comprehensive guidance as to how a vendor is to establish his entitlement to exempt the supply and in practice it can be very difficult to establish what evidence is required.

We consider that it is unfortunate that no steps have so far been taken to provide guidance or clarification on this important issue. Given these difficulties we consider that it would be highly desirable to produce clear and transparent rules and guidance for suppliers in order:

- to secure greater legal certainty;
- avoid unduly complicating intra-EU trade in goods;
- to fight against VAT fraud.

In order to secure the unified cross-EU interpretation:

- the term “the transport on behalf” should be more clearly defined in either the part of the VAT Directive or the Implementing Regulation;
- the list of the potential evidence to provide to prove the term “the transport on behalf” should also be defined in the Implementing Regulation.

Please read our [Opinion Statement](#) for further comments on this issue. CFE hopes that the comments are of assistance and stand ready to assist the Commission in considering the issues raised above in our Statement in the course of policy dialogue.

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