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OECD Secretary-General Tax Report to G20

The Taxation Report of the Secretary-General of OECD was presented to Finance Ministers and Central Bank Governors at the G20 meeting held in Rio de Janeiro in Brazil from 25 to 26 July 2024, setting out key developments in international tax since February 2024.

The report was presented together with other specific reports requested by the G20, among them three reports on priorities expressed in the inauguration of the G20 Financial Track for 2024 in relation to strengthening tax transparency:

- Taxation and Inequality with regard to progressivity and the taxation of high-net-worth individuals (HNWIs);
- Strengthening International Tax Transparency on Real Estate;
- Beneficial Ownership and Tax Transparency – Implementation and Remaining Challenges;
- Bringing Tax Transparency to Crypto-Assets – An Update;

In the introduction of the Taxation Report to the G20, an update on progress on the Two-Pillar Solution is provided, setting out that:

- *On Pillar Two, around 40 jurisdictions have already implemented or are planning to implement the global minimum tax with effect from January 2024 or 2025, with more jurisdictions taking steps towards implementation. This is already helping to stabilise the global tax landscape, reduce profit shifting and curb harmful tax competition by limiting the possibility of a race to the bottom on corporate tax rates. There has also been important progress on the Subject-to-Tax Rule (STTR). A first high-level signing ceremony of the Multilateral Convention to facilitate the implementation of the STTR will be held in Paris on 19 September 2024.*

- *On Pillar One, members of the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework) have secured near full consensus on the Multilateral Convention to implement Amount A (MLC) and are working to resolve remaining gaps on a framework for Amount B. The level of consensus achieved is another significant milestone towards achieving the goal of agreeing a comprehensive Pillar One package.*

The report also covers implementation of the BEPS minimum standards, progress made in tax transparency and on tax and development, tax administration and consumption taxes, as well as dedicated segments on tax and inequality and tax policy developments.

UN Tax Committee Publishes Transfer Pricing Compliance Assurance Toolkit

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The Transfer Pricing Subcommittee of the United Nations Committee of Experts on International Cooperation in Tax Matters has made available the unedited advanced version of the Transfer Pricing Assurance Toolkit.

According to the Committee: *"This Toolkit aims to provide guidance, examples, and options tailored to the priorities and needs of developing country tax administrations to develop their own end-to-end processes for compliance assurance on transfer pricing. Starting with a discussion of transfer pricing compliance assurance programmes overall, it includes (in Sections 4 and 5) roadmaps which set out, in detail, the processes for individual taxpayer transfer pricing risk assessments and comprehensive transfer pricing audits or examinations. These are intended to be a tool or template from which countries can develop their own processes, manuals, or standard operating procedures, tailored to their specific priorities, needs, and capacities. These sections also include references to processes developed by a number of tax administrations around the world, as well as recommendations or suggested approaches developed by international or regional organisations".*

EU Commission July Infringement Package

As part of its July infringement package, the Commission has taken the following infringement decisions:

Anti-Money Laundering Directive - The Commission sent a letter of formal notice to Hungary (INFR(2023)2098) for incorrectly transposing the Anti-Money

Laundering Directive, the second concerning the Directive issued to the Member state. This letter concerns the Commission's view that Hungary's legal framework does not ensure the completeness of the National Beneficial Ownership Register by not including in its scope private equity funds. Hungary has two months to respond to the notice.

Internal Market Freedoms - The Commission has sent a letter of formal notice to Spain (INFR(2024)4009) concerning restrictions in national rules concerning pension schemes, whereby it allows domestic but not cross-border individual transfers of pension rights in supplementary pension schemes and prohibits contributing to occupational and personal pension schemes beyond the maximum deductible amounts for tax purposes, on the basis these restrictions conflict with the free movement of workers, services, capital and the right of establishment under the Treaties. Spain has two months to respond to the letter.

Free Movement of Capital - The Commission sent a letter of formal notice to the Netherlands (INFR(2024)4017) for failing to extend the Dutch tax levy reduction scheme to foreign investment funds, which are comparable to domestic investment funds. The Commission argues that the scheme thereby restricts the free movement of capital, prohibited by Article 63 of the Treaty on the Functioning of the European Union and Article 40 of the Agreement on the European Economic Area. The Netherlands have two months to respond.

Freedom to Provide Services - The Commission referred Belgium to the Court of Justice of the European Union (INFR(2015)4212) for maintaining discriminatory conditions for applying the tax exemption of remuneration received from savings deposits. The Commission is of the view that the Belgian system imposes discriminatory conditions on service providers established in other Member States of the European Union or the European Economic Area and is contrary to the freedom to provide services (Article 56 TFEU and Article 36 of the Agreement on the European Economic Area). The Court of Justice of the European Union confirmed the violation of the above freedom by the Belgian law on 8 June 2017 and 27 March 2023 following preliminary ruling procedures. The Commission sent a reasoned opinion in July 2023 to Belgium, and that efforts to address the matter have been insufficient and is has accordingly referred Belgium to the Court of Justice of the European Union.

EU Parliament's Subcommittee on Tax Matters: Chair & Bureau Elected

The EU Parliament's Subcommittee on Tax Matters (FISC) held its constitutive meeting on 23 July, following the appointment of their members which took place in the plenary sitting of 16-19 July. At the meeting, the Committee elected a Bureau consisting of: Chair of the FISC Subcommittee, Pasquale Tridico (The Left, IT), alongside four Vice-Chairs: 1st Vice-Chair Kira-Peter Hansen (Greens/EFA, DK), 2nd Vice-Chair Regina Doherty (EPP, IE), 3rd Vice-Chair Markus Ferber (EPP, DE), and 4th Vice-Chair Matthias Ecke (S&D, DE).

The new Bureau set out in a newsletter that their focus will be on *"fairer and more balanced taxation system while addressing tax evasion. It is essential to ensure that all businesses, regardless of size, contribute their fair share, while promoting healthy competition and economic stability across Member States"*. The Committee plans to prioritise a fairer and more progressive tax system to relieve unfair tax burdens on SMEs, combating organised tax fraud and striking the right balance between taxing labour and other income sources, in light of Artificial Intelligence and its potential power to transform the global economy, labour market and tax systems.

Chair Pasquale Tridico said of the new priorities: *"One of our key priorities should be to create a fairer and more progressive taxation system while addressing tax evasion through the integration of digital databases and payments. The European Union has a significant role to play in achieving this goal. Currently, citizens and SMEs bear disproportionately higher tax rates compared to multinational corporations, leading to unfair competition among companies and even tax avoidance across Member States. According to estimates from the Global Tax Evasion Report, rich multinationals and super-corporations could generate $4.8 trillion in profits by moving offshore over the next decade. This potential outcome poses a substantial risk to public budgets. Therefore, the EU must act decisively and courageously, otherwise it risks eroding citizens' trust and exacerbating global financial inequality."*

The next meeting of the Committee will take place on 17 October 2024, from 9:00am to 11:30am.

University of Silesia & Silesian Branch of Polish National Chamber of Tax Advisers' Second International Tax Conference: "Taxes of Tomorrow" - 20 September 2024

The Silesian Branch of the Polish National Chamber of Tax Advisers, in cooperation with the Faculty of Law and Administration of the University of Silesia in Katowice are hosting their Second International Tax Conference on the topic of "Taxes of

Tomorrow: Directions of tax law development in European countries". It will be held online on 20 September 2024.

The Conference will focus on identifying and delineating the development directions of tax law in EU countries, with the aim to develop model legislative solutions that these countries have implemented in response to current challenges and the evolving tax landscape. The primary objective is to assess the priorities of European legislators in shaping tax law, explore the legislative approaches taken by individual countries to address these issues, and evaluate the resultant effects. The conference will be conducted entirely in English.

Further information and registration for those wishing to participate is available here.

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