

A banner image with a blue and yellow color scheme. The text 'CFE's Tax Top 5' is in a large, white, sans-serif font, and 'KEY TAX NEWS OF THE WEEK' is in a smaller, white, sans-serif font below it. The background shows a person's hands holding a document and a European Union flag.

CFE's Tax Top 5

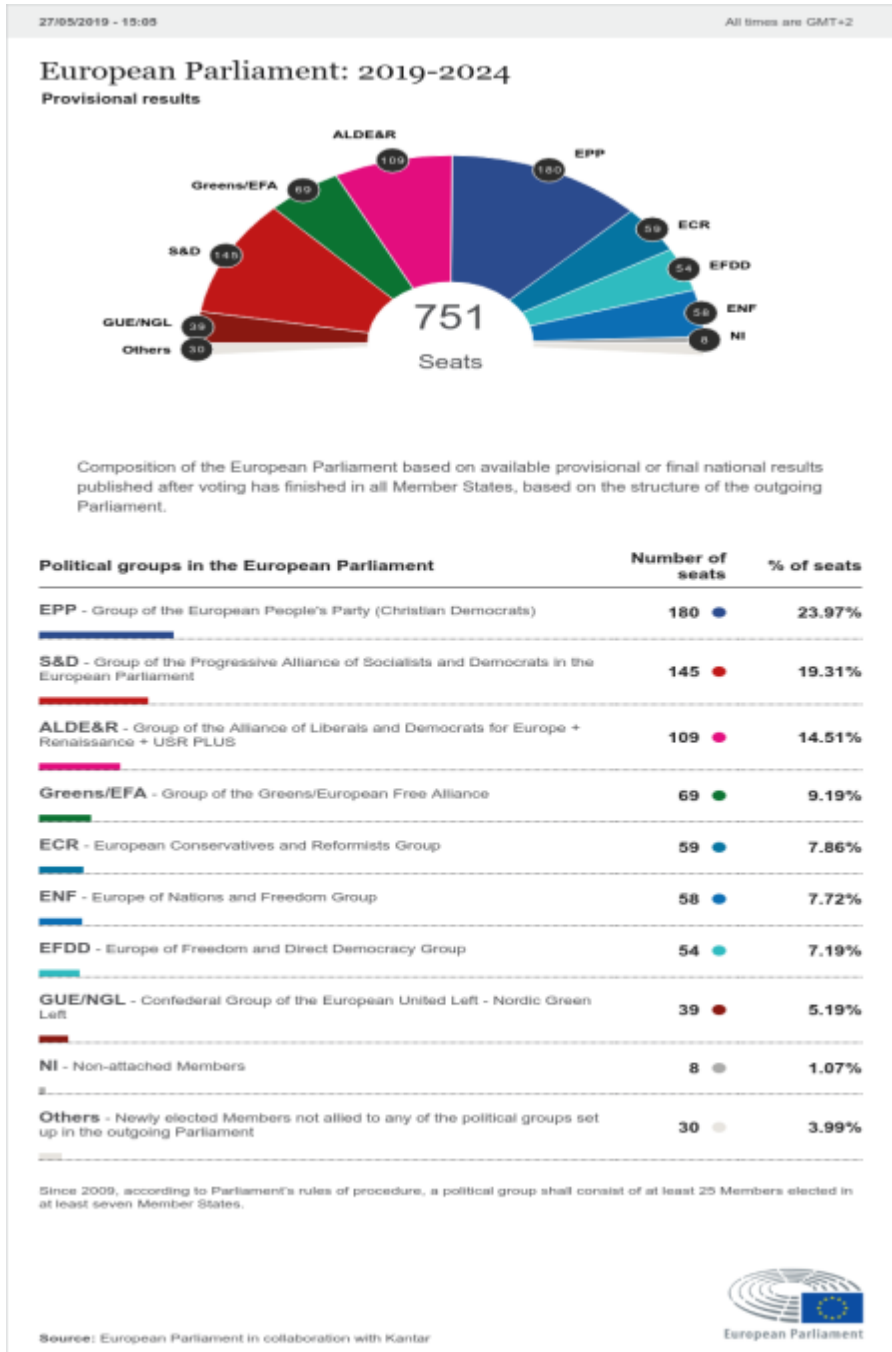
KEY TAX NEWS OF THE WEEK

BRUSSELS | 27 MAY 2019



EU Election Provisional Results

The European Parliament has published the provisional results of the EU elections held across the European Union Member states from 23 – 26 May 2019:



With the turnout at historic highs, approximately 51% of the registered EU citizens voted, making European democracy the single winner of this election. The above composition of the European Parliament is based on provisional or final national results in all Member States, based on the structure of the outgoing Parliament. Since 2009, according to Parliament's rules of procedure, a parliamentary political group consists of at least 25 Members elected in at least seven Member States.

On basis of the above arithmetic, the political division of the European Parliament is as follows:

- EPP - European People's Party (Christian Democrats) 180 (23.97%)
- S&D - Progressive Alliance of Socialists and Democrats: 145 (19.31%)
- ALDE&R - Liberals and Democrats + Renaissance + USR PLUS: 109 (14.51%)

- Greens/EFA - Greens/European Free Alliance: 69 (9.19%)
- ECR - European Conservatives and Reformists Group: 59(7.86%)
- ENF - Europe of Nations and Freedom Group: 58 (7.72%)
- EFDD - Europe of Freedom and Direct Democracy Group: 54 (7.19%)
- GUE/NGL - European United Left - Nordic Green Left: 39(5.19%)
- NI - Non-affiliated Members: 8 (1.07%)
- Others - Newly elected Members not allied to any of the political groups set up in the outgoing Parliament: 30 (3.99%)

The EU Parliament in 2014 informally introduced the *Spitzenkandidat* system, a lead candidate for the EU Commission presidency, allowing the largest parliamentary group to nominate the Commission President. Considering that the two largest groups no longer benefit from clear majority in the new Parliament, and with the opposition to the *Spitzenkandidat* process from French President Macron, it remains to be seen how will the process evolve politically and what type of coalitions could be formed. EU leaders meet on Tuesday to discuss the top EU roles to be reappointed for the next mandate.

According to the Treaties, Member states formally nominate EU Commission presidency candidate, but in doing so, they must take account of the European election results. The European Parliament approves the Commission President with an absolute majority (half of the MEPs plus one).



General Report on the Practical Protection of Taxpayers' Rights

The IBFD Observatory for the Protection of Taxpayers' Rights published the second General Report on practical protection of taxpayers' rights. The report contains information on the relevant developments concerning effective mechanisms and safeguards for protection of fundamental rights of taxpayers.

The Observatory, established by Prof. Dr Philip Baker QC and Prof. Dr Pasquale Pistone as a platform for evaluation of global taxpayers' rights protection, launched the report at the 4th International Taxpayers' Rights conference in Minneapolis, United States, which was attended by CFE Tax Advisers Europe. The second report covers 42 countries, whereas in the first instance of such reports there were 25 countries.

Both the [Final Report](#) and the [National Reports](#) are available to download.



Key-Takeaways from the Global Tax Policy Conference of ITI & Harvard Kennedy School

The Irish Taxation Institute (ITI), a member organisation of CFE Tax Advisers Europe, and the Harvard Kennedy School of Governance organised ITI's third Global Tax Policy Conference, which took place in Dublin last week, with over 300 delegates in attendance. The conference was hosted by the ITI President Marie Bradley, with key-note opening speech from Ireland's Minister for Finance, Paschal Donohoe.

The minister set out Ireland's position on the current proposals on taxation of the digital economy, currently under discussion at the OECD, stating that the solution should follow the well-established principle of the transfer-pricing rules and cause as little disruption as possible to the long established international corporate tax framework. The minister highlighted that the solution should not disproportionately benefit large countries at the expense of smaller ones, whilst focusing on providing certainty into the medium term for governments and for taxpayers alike.

Regarding the fairness of tax competition, the Minister said: *"I believe that fair tax competition is a legitimate tool for small peripheral countries to balance against size, geographical location or resource advantages other countries enjoy, and this is supported by a wealth of economic research. Competitiveness is not just a prerogative of large countries."*, Mr Donohoe stated.

Over two days of high-level discussions, representatives of the OECD, EU Commission, practice, tax advisers, business and academia compared and contrasted the different proposals and possible outcomes. The representative of the OECD announced a new public consultation on taxation of the digital economy for either end-2019 or early 2020. The final report is expected in 2020.



CFE Forum - Limited Places Available

The CFE Tax Advisers Europe Forum will take place on 6 June 2019 in Brussels, this year entitled "Creating Tax Certainty in an Uncertain World: Double Taxation, Tax Rulings & Dispute Resolution Processes". There are a few places available, for the remaining interested attendees. More details about the Forum programme and registration process can be found [here](#).

An excellent line-up of speakers will discuss and analyse current means of avoiding tax disputes and examine the dispute resolution mechanisms. Tax certainty issues related to the State Aid challenges of tax rulings and advance pricing agreements (APAs) will also be discussed.

Interested attendees from the EU institutions, other public institutions, Member states' representations to the European Union and journalists can attend free of charge. Please contact the CFE Brussels office for more details at info@taxadviserseurope.org.



Germany Considering Unilateral FTT

Germany is considering unilateral introduction of a Financial Services Tax (FTT), in absence of a European or international agreement. According to an unnamed source for Der Spiegel, the German finance minister is ready to go ahead with the proposal, but the German Finance Ministry spokeswoman [was quoted](#) from a news conference in Berlin stating: "Work is continuing at the European level. Let's wait and see."

In the interim, European FTT, in a revised shape, is widely expected to be tabled for discussion at the next EU ECOFIN Council meeting in June.