BRUSSELS | 1 FEBRUARY 2021

OECD BEPS Action 14 Public Consultation

The OECD held an online public consultation on 1 February on the 2020 review of BEPS Action 14 on dispute resolution minimum standards and improving the mutual agreement procedure (MAP). Public comments received concerning the consultation were addressed by way of panel discussions covering input topics.

Speakers discussed issues surrounding preventing disputes, access to MAP, resolution of MAP cases, implementation of MAP agreements, statistics concerning the use of MAP and suggestions for its improvement.

The consultation is available to replay via the OECD website.

EU Court of Auditors Assesses 70 Billion Lost Annually Through Corporate Tax Avoidance

The European Court of Auditors have released a report on the exchange of tax information in the EU, assessing the effectiveness of the system for the period 2014 to 2019, examining the framework proposed and put in place, the monitoring of implementation and the performance of the system of exchange.

The Court of Auditors estimates in its report that due to issues with the system of exchange and incomplete/inefficiencies in reporting that between €50 to 70 billion Euros tax revenue is lost per year.

The report highlights issues with lack of guidance and insufficient measurement of outcomes of the system, and the Court of Auditors recommends in its report that the EU Commission should expand monitoring activities and introduce legislative proposals that all relevant income information is exchanged.

EU Commission Extends Scope of Temporary State Aid Framework

The EU Commission has now extended the duration and scope of the Temporary State Aid Framework, adopted in March 2020 to assist Member States in dealing with the economic impact of the COVID-19 outbreak. The Commission consulted with Member States on extending the Framework over the past week.

The Framework allows Member States to provide aid by: providing grants, selective tax advantages and advance payments; providing State guarantees for loans taken by businesses; subsidising public loans to companies, putting in place safeguards for banks providing State aid to the economy; and providing short-term export credit insurance.

The Commission has now extended the Framework to apply until 31 December 2021, and increased the amounts of aid that can be granted to companies. The extended scope also now enables Member States to convert repayable loans provided into grants at a later stage, and the Commission has temporarily removed all countries from the “marketable risk” countries list under the short-term export-credit Insurance Communication.

Chair of EU Business Taxation Working Group Reappointed

Lyudmila Petkova, tax policy director of the Bulgarian Ministry of Finance, has been re-appointed as Chair of the Council of the EU’s Code of Conduct (Business Taxation) Working Group. The group is responsible for implementing the code of conduct on business taxation, and reviewing the EU list of non-cooperative jurisdictions for tax purposes.

The Code of Conduct Group held an informal video conference today, on 1 February. Other matters discussed during the meeting included preparation of the update of the EU list of non-cooperative jurisdictions for tax purposes, including a draft report on amendments to the EU list, country by country reporting (CbCR) criterion, defensive measures and an exchange on specific risk issues.

The Group next meets on 9 February 2021.

OECD Publish Report on Taxing Energy Use for Sustainable Development

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The OECD has published a report entitled Taxing Energy Use for Sustainable Development, examining the opportunities for energy tax and subsidy reform in selected developing and emerging economies through the analysis of energy taxation in 15 countries, namely: Côte d'Ivoire, Egypt, Ghana, Kenya, Morocco, Nigeria and Uganda in Africa; the Philippines and Sri Lanka in Asia; and Costa Rica, Dominican Republic, Ecuador, Guatemala, Jamaica and Uruguay in Latin America and the Caribbean.

The report finds that although 83% of the countries do not tax carbon emissions, that the equivalent of 1% in GDP could be raised if the countries set carbon rates on emissions equivalent to 30 Euro per tonne of CO_2 and that given 13 of the 15 countries have fuel excise tax experience, the implementation of such a tax would be administratively achievable.

A report on effective carbon rates will be published in the coming months analysing the price of carbon emission as compared with climate costs.

The selection of the remitted material has been prepared by:
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