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G20 Reach Global Tax Deal in Venice

G20 Finance Minsters reached a historic agreement to establish a minimum global corporate tax rate of at least 15%, building on momentum from the recent G7 deal and the global agreement on international tax reform reached based on a two-pillar solution which allows multinational companies to pay more tax in the countries where they operate as well as establishing a global minimum tax rate.

The global minimum corporate income tax under Pillar Two set at 15% will generate USD 150 billion in additional global tax revenues annually. The OECD also estimates additional revenue due to the stabilisation of the international tax system after years of uncertainty and patchwork of newly introduced rules concerning the digitalising economy. Commenting on the agreement, the European Commissioner for Economy, Paolo Gentiloni, *"The G20 has today endorsed the unprecedented global agreement on corporate tax reform reached last week and now supported by 132 jurisdictions. A bold step has been taken, one that few would have thought possible just a few months ago. This is a victory for tax fairness, for social justice and for the multilateral system. But our work is not done. We have until October to finalise this agreement. I am optimistic that we will be able in that time also to reach a consensus among all European Union Member States on this crucial issue."*

The technical details of the agreement are expected to be finalised and agreed by all 139 members of the Inclusive Framework by October.

EU Delays Digital Levy Plans

Latest reports indicate that the EU has delayed the release of its digital levy proposal until at least autumn, pending further discussion with the US. It was anticipated that the draft proposal for the EU digital levy would be published in the coming week.

In January, the EU Commission's DG TAXUD published an inception impact assessment roadmap revealing that a proposal for a digital levy would be introduced later in 2021, intended to sit alongside any multilateral digital tax measures agreed at OECD level, in order to introduce an EU-own revenue source to aid in the recovery from the economic impact of the COVID-19 virus. Speaking after the March ECOFIN meeting on behalf of the Commission, Executive Vice-President Dombrovskis stated *"…as mandated by the European Council, we are continuing preparations for proposing an EU digital levy, to serve as an EU own resource by 2023. We will ensure that this will complement* *the OECD process and be WTO-compatible. The crisis makes it even more important to agree on the taxation of digital businesses and other issues such a minimum tax rate. This is both in order to secure much-needed tax revenues and to make sure that everyone pays their fair share of tax."*

However, as negotiations on the OECD's two-pillar plan progress closer to final agreement, the EU has come under increasing pressure from the US to abandon its digital levy plans in order for a multilateral solution to be agreed at a global level. Pascal Saint-Amans commented on the delay in the plan, saying: *"The postponing of the EU digital levy is good news. It is wiser indeed to wait for the deal to be finalised and not risk any disruption with ongoing complicated legislative processes."*

U.S. Treasury Secretary Janet Yellen travelled to Europe this week, in order to attend the G20 meeting in Venice on 9 July, and today held a series of bilateral meetings with European Commission officials, at which it was expected this issue would be discussed.

OECD: International Tax Update Report Published

OECD published its July 2021 OECD Secretary-General Tax Report to G20 Finance Ministers and Central Bank Governors last week ahead of the G20 meeting in Vienna on 9 July. The report sets out all developments in relation to tax challenges arising from the digitalisation of the economy, a statement on the Two-Pillar Solution, as well as an update on tax and climate change and other tax work at OECD.

The report is available to read here.

EU to Create Pan-European Anti-Money Laundering Authority

In the coming week, the European Commission is expected to publish a legislative proposal to establish an EU Anti-Money Laundering supervisory body, the Anti-Money Laundering Authority, or AMLA, which would commence operating in 2024 and is envisaged to employ around 350 people. It is expected that under the proposal the AMLA will be given direct supervisory powers at EU level, coordinate national supervisory bodies, as well as be given the ability to give fines and directly supervise cross-border financial companies.

Speaking concerning the developments, Greens MEP Sven Giegold, said: *"The package is certainly a big deal, the years of pressure are paying off. The new architecture against money laundering is a big step forward for the EU and the common market."*

The Council of the European Union, sitting as ECOFIN, will tomorrow discuss the 2021 package intended to upgrade the existing EU anti-money laundering legislative (AML) framework.

Registration: CFE Academy Webinar on Tax and Technology

CFE's July 2021 webinar in the CFE Tax Academy Series is the second in a planned series of webinars examining issues relating to tax and technology. The next webinar will take place on 29 July 2021 at 16:00 CEST on the topic of the use of central bank backed digital currency and current taxation practices relation to e-money. More information concerning registration for this event is available here.

The first webinar in the series examined the topic of “Cryptocurrency & Digital Regulation Developments for Tax Advisers”, discussing notable developments in the cryptocurrency and e-assets sphere for tax advisers to be aware of, the Digital Transformation process in the UK, Europe and in Italy, as well as Sustainable Transition and how technology can be of help to it. Speakers’ presentation slides are available at the following link.

The selection of the remitted material has been prepared by:

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