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Professional Regulation of Tax Advisers in the EU: Commission Consultation to be Launched in July

The European Commission will not propose amendments to the existing rules on professional regulation of tax advisers, according to reports from various events and meetings held last week. Due to the complexity and diversity of the professional regulation among EU Member states, the EU will most likely opt for addressing issues only with enablers who are involved in tax avoidance schemes with third countries. The public consultation, which is scheduled to be published in July, will clarify the proposed solutions for addressing any outstanding issues with 'enablers of tax avoidance', but it is very likely the proposed measures would not affect the majority of tax advisers.

As highlighted at CFE's [address to the European Parliament](#) on 25 April 2022, a 'one-size-fits-all' approach in regulating tax professionals is difficult to achieve in Europe, given the regulatory culture differs significantly among European states. It is important to recognise the significant differences between tax intermediaries. Policymakers therefore need to ensure that all intermediaries operate to high standards, which calls for a holistic policy approach.

EU Fails to Reach Agreement on Minimum Tax Directive

The European Union Member states have failed to reach a political agreement on the EU Commission proposal for a directive on minimum tax, which intends to implement OECD-backed Pillar 2 into the EU legal order. The last ECOFIN Council of 17 June saw the lifting of Poland's veto, however Hungary then reversed its support for the proposal last-minute. According to the Finance Minister, Mihaly Varga, Hungary was no longer able to support the deal due to the changed economic and fiscal climate arising from the war in Ukraine as well as inflation. This justification was disputed by Bruno Le Maire, the French Finance Minister, who said that Pillar 2 would on the contrary be helpful for the EU economy. France, as Presidency of the Council, maintain that they are hopeful of a last-minute deal in the final weeks of their Presidency. The Czech Republic takes over the EU rotating Presidency on 1 July.

Adoption of Pillar 2 is also stalled across the Atlantic, where President Biden is struggling to pass the legislation through the US Congress. Despite the House adoption of the Build Back Better Act in December 2021, the Senate remains divided on this matter. It is therefore unclear whether the bill will be passed before the November US midterm elections.

OECD Publishes Public Comments on Tax Certainty Under Pillar One

The OECD has published the [public input](#) received on the consultation process conducted concerning [tax certainty aspects](#) under Amount A of Pillar One from the Pillar 1 solution to address the tax challenges arising from digitalisation and globalisation of the economy.

As set out in the consultation document:

*A central element of Amount A is an innovative **Tax Certainty Framework for Amount A** which guarantees certainty for in-scope groups over all aspects of the new rules, including the elimination of double taxation. This eliminates the risk of uncoordinated compliance activity in potentially every jurisdiction where a group has revenues, as well as a complex and time-consuming process to eliminate the resulting double taxation. The Tax Certainty Framework incorporates a number of elements designed to address different potential risks posed by the new rules:*

- A Scope Certainty Review, to provide an out-of-scope Group with certainty that it is not in-scope of rules for Amount A for a Period, removing the risk of unilateral compliance actions.*
- An Advance Certainty Review, to provide certainty over a Group's methodology for applying specific aspects of the new rules that are specific to Amount A, which will apply for a number of future Periods.*
- A Comprehensive Certainty Review to provide an in-scope Group with binding multilateral certainty over its application of all aspects of the new rules for a Period that has ended, building on the outcomes of any advance certainty applicable for the Period.*

Furthermore, a **tax certainty process for issues related to Amount A** will ensure that in-scope Groups will benefit from dispute prevention and resolution mechanisms to avoid double taxation due to issues related to Amount A (e.g. transfer pricing and business profits disputes), in a mandatory and binding manner. An elective binding dispute resolution mechanism will be available only for issues related to Amount A for developing economies that are eligible for deferral of their BEPS Action 14 peer review and have no or low levels of MAP disputes."

Further details of the consultations conducted in the recent months on the 14 building blocks which make up Pillar 1 and the public responses received is available [here](#).

EU Parliament's FISC: Study on Regulation of Intermediaries

The European Parliament's Permanent Subcommittee on Tax Matters, FISC, will meet on 27 June 2022. At the [meeting](#), MEPs who make up the members of FISC will discuss a study conducted by Prof. Dr. Emer Mulligan from the National University of Ireland Galway on "*The regulation of intermediaries, including tax advisors, in the EU/Member States and best practices from inside and outside the EU*".

The Subcommittee will also have an exchange of views with Commissioner Paolo Gentiloni, Commissioner responsible for Economy, on the political and legislative follow-up to the work of the FISC Subcommittee, and additionally give consideration to a report of removal of taxation-based obstacles and distortions in the Single Market in order to encourage cross border investment.

Tax Transparency in Africa 2022: Africa Initiative Progress Report

Launched as part of the [Africa Initiative](#) established in 2014 to address tax evasion, illicit finance flows and equip African nations to adhere to improvements in global tax transparency, the progress report for 2022 on [Tax Transparency in Africa](#) has now been published. The report analyses progress in Africa in addressing tax evasion and illicit flows through exchange of information, setting out information collected from 38 countries, and the impact of capacity building efforts by the Global Forum. The report is produced by the Global Forum on Transparency and Exchange of Information for Tax Purposes, the African Union Commission and the African Tax Administration Forum.

The new report sets out that 22 African countries are party to the multilateral [Convention on Mutual Administrative Assistance in Tax Matters](#), that effective infrastructures for information exchange are being set up, and that 10 African countries have committed to [automatic exchange of financial account information](#) (AEOI) by a specific date. It is estimated that since 2014 over EUR 223 million has been collected in tax revenue due to exchange of information.

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