



**BRUSSELS | 30 JANUARY 2023**

## **EU Consultation on VAT Package for Travel & Tourism**

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The European Commission will shortly launch a public consultation on amendments to VAT legislation on travel and tourism. The European Commission's public consultation webpage sets out that *"Following the 'action plan for fair and simple taxation to support the recovery strategy', the purpose of this initiative is to assess and revise:*

- *the special VAT scheme for travel agents*
- *VAT rules on passenger transport*
- *the VAT exemption regime for non-EU travellers."*

*Additional measures to support the travel and tourism sectors may be considered, given that they were hit hard by the COVID-19 restrictions."*

The consultation (previously scheduled for Q4 2022) will now take place in Q1

of 2023 and will be open for input via the [Have Your Say](#) website.

## OECD Appoints New Deputy Secretary-General

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The OECD has appointed Ms. Fabrizia Lapecorella as its new Deputy Secretary-General. Ms Lapecorella will commence in her new role on 3 April 2023.

Ms Lapecorella is an Italian national who presently serves as the Head of the Department for European Policies in the presidency of the Council of Ministers of Italy. Previously, Ms Lapecorella held the role of Director-General of Finance for the Ministry of Economy and Finance for Italy from 2008 to 2022. In that role, she led on matters related to tax policy, domestic European and international finance policy, governance of the Italian tax agencies, coordination of the information technology infrastructure serving the Italian Tax Administration and the administrative services for the Italian tax judicial system. Prior to this, she held various positions in the Italian Ministry of Economy and Finance.

In addition, Ms Lapecorella has held various leadership positions within the OECD, serving as Chair of the OECD's Committee on Fiscal Affairs in 2022, Deputy Chair of the Committee between 2017 and 2021, and as a member of the Committee Bureau since 2012. She was also a member of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Steering Group from 2016 to 2022.

## CFE Opinion Statement on EU Corporation Taxation System (BEFIT) Consultation

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The CFE has issued an [Opinion Statement](#) on the European Commission Public Consultation on the Introduction of a New Corporate Taxation System in Europe (BEFIT). The European Commission's plans to overhaul Europe's business taxation rules by introducing a single corporate tax rulebook, known as the Business in Europe: Framework for Income Taxation ("BEFIT"), merits a thorough dialogue with all involved stakeholders and Member states.

Given the degree of difficulty in finding a common ground concerning the reform of EU corporate taxation, our response does not necessarily represent the view of each and every Member Organisation of CFE, although reasonable efforts have been made to provide a coherent and representative view of European tax institutes and associations of tax advisers.

CFE Tax Advisers Europe recommends that the following factors are taken into consideration by the European Commission:

- BEFIT would represent a fundamental shift in the corporate tax landscape, and CFE would encourage the European Commission to defer further consideration of BEFIT until the rules for the implementation of Pillar Two have had sufficient time to be operational in practice. Only then should the European Union proceed with a process to analyse whether BEFIT would provide a benefit to tax authorities and MNEs.
- The Commission should take into account the subsidiarity principle of EU law and conduct a thorough quantitative and qualitative assessment of the impact of investment and revenue for all Member states, including sustainable revenue for the EU budget.
- Taxpayers have invested heavily over the last number of years to ensure that they comply with OECD Transfer Pricing requirements. The European Commission has not provided a rationale for moving away from that approach.

- The system will not eliminate the Arm's Length Principle ("ALP") and transfer pricing as we know it; it will only apply within the EU for the companies coming within the ambit of the legislation. MNEs will still be subject to traditional transfer pricing rules outside of the EU. This will create a two-tier system, which will lead to increased complexity and compliance costs for companies and tax authorities.
- The proposed 'risk-based' approach to transfer-pricing does not address these concerns, and instead focuses on one non-traditional transfer-pricing method, which might be controversial from the perspective of policy and practice.
- The BEFIT proposal envisages that tax authorities would operate two different tax systems in parallel, which would not meet the stated objective of administrative simplification.
- In addition to tax authorities, a two-tier system could increase the administrative burden for companies balancing on the 'application edge' of the BEFIT rules – i.e. if local non-BEFIT rules and BEFIT rules would deviate to a large extent, it would make moving from one system to another difficult for taxpayers (such as an SMEs).
- If BEFIT rules would be introduced, it would not be just a one-off transition from current system(s) to the new BEFIT era. Going forward there would be a number of taxpayers balancing between the two systems each year.
- If there is an objective to prevent certain companies from abusing the ALP and the transfer-pricing provisions, certain provisions must be included to deter MNEs from engaging in formula-factor manipulation.

CFE and its Member Organisations stand ready to assist the Commission in considering the issues above in the course of the policy dialogue and public consultation.

We invite you to read the [statement](#) and remain available for any queries you may have.

## OECD Publishes Revised Mutual Agreement Procedure

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Last week, the OECD published an updated [Assessment Methodology](#) for peer review processes carried out under the BEPS Action 14 Mutual Agreement Procedure. Under the new Assessment Methodology, certain jurisdictions will be able to use a simplified peer process, with the aim of the jurisdiction moving to use a more robust programme in future MAP cases. Jurisdictions with significant experience with MAP procedures will go through a full peer review process, from January 2024. Jurisdictions using the full peer review process will be reviewed once every four years. A schedule for the simplified process is available [here](#). One will be released by the end of 2023 for the full review jurisdictions.

Jurisdictions will also be required to provide data on the break down of the average time to close cases in the unilateral and bilateral stages of MAP and identification of the age of pending cases as part of their MAP Statistics Reporting Framework. The data collected will be included in the 2023 MAP Statistics onwards. Similarly, where jurisdictions have Advance Pricing Agreement programmes, annual statistics will be reported and published on the OECD website in a common format from 2024 onwards. More details are available [here](#).

**Save the Date: CFE Forum - 20 April 2023 - *"Towards a More Cohesive European Fiscal Union? Minimum Tax & VAT in the Digital Age"***

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Save the date for CFE Tax Advisers Europe's 2023 Forum, which will be held on 20 April 2023 in Brussels on the topic of *"Towards a More Cohesive European Fiscal Union? Minimum Tax & VAT in the Digital Age"*. The Spring CFE General Assembly and Technical Committee meetings will also be held in Brussels the following day, on Friday 21 April 2023.

More details about the programme, line-up of speakers and the registration link for the event will be made available in due course.

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