



**BRUSSELS**



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## **EU Parliament Publishes Study on Tax Compliance Costs**

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The EU Parliament has published a [Study](#) which presents an overview of the tax compliance costs faced by European enterprises, with a focus on SMEs. The study was prepared at the request of the Parliaments Permanent Subcommittee on Tax Matters (FISC).

The report concludes that costs of compliance are larger for smaller enterprises, with costs averaging somewhere between 1 to 2% of turnover, and around an amount of 15,000 EUR for an entity in the EU on average. The authors found that cross-border activities did not significantly increase compliance costs, as this provided opportunities in the form of transfer pricing etc.

The authors of the study were supportive of the Commission's BEFIT proposals in their conclusions, stating that "*the harmonisation of tax bases would in principle imply a reduction in complexity and, consequently, in compliance costs associated with the different activities and the expertise required to properly fulfil compliance obligations. Thus, for instance, the introduction of a harmonised corporate tax base as defined in the CCCTB proposals, and now discussed with regard to the BEFIT proposal, could generate a positive dividend in that it would reduce compliance costs*".

Further, the authors are of the view that "*EU-wide reforms that still permit national governments to keep (or to introduce new) tax exemptions or those that only impose minimum regimes (such as the ATAD rules) or those that apply to a very limited set of enterprises (like reform proposals, such as the 2016 CCCTB, which apply exclusively to very large company groups) are likely less effective in curbing tax compliance costs.*"

## FATF Updates List of Jurisdictions Under Increased AML Monitoring

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Global money laundering and terrorist financing watchdog, FATF, the Financial Action Task Force, provided updates on its [List of High-Risk Jurisdictions](#) & [List of Jurisdictions Under Increased Monitoring](#) at its Plenary meeting held from 22 - 24 February 2023.

South Africa and Nigeria were added to the [List of the Jurisdictions Under Increased Monitoring](#) at the Plenary meeting, and have made commitments to work with FATF to strengthen their AML/CFT regimes, with further details of steps to be taken set out in the List.

Cambodia and Morocco were removed from the List based on their *"progress in improving their respective AML/CFT regimes covered by their individual action plans.*

*Each country has addressed its technical deficiencies to meet the commitments of its action plan on strategic deficiencies that the FATF identified in February 2019 and 2021 respectively."* The jurisdictions will continue to further strengthen their AML/CFT regimes through cooperation with regional watchdog bodies.

Also at the Plenary, FATF voted to [suspend the membership of the Russian Federation](#), stating that the *"Russian Federations continuing and intensifying war of aggression against Ukraine runs counter to FATF's principles of promoting security, safety and the integrity of the global financial system and the commitment to international cooperation and mutual respect upon which FATF Members have agreed to implement and support the FATF Standards."*

Information on the key outcomes from the Plenary can be found [here](#).

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

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Registration is open 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"](#). These two key European Commission projects mark another milestone in the deepening of EU fiscal integration. The Directive on Minimum Tax which implements Pillar 2 has been adopted and is now EU law.

The directive relies on a degree of inter-nation fiscal equity, with minimum common standards for paying a 'fair share' of tax. Member states, tax administrations, companies and advisers all have questions about the implementation and the mechanism of operation. CFE will seek to clarify the main issues surrounding the practical application of the new directive as well as the issues posed by the lack of US implementation for taxpayers and wider.

On the other hand, similar developments have already been occurring in the indirect tax area. VAT, which as an area of competence for the EU, has evolved alongside the European project and is now entering the digital age. To discuss the VAT in the Digital Age EU package, CFE has invited a number of speakers to consider the policy side as well as the technical implications.

More details about the programme and line-up of speakers will be made available in due course. Register now [here](#).

## UN Invites Public Input on International Tax Plan

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The United Nations has [invited](#) public input concerning a [Resolution](#) adopted by the General Assembly on 30 December 2022 calling for *"intergovernmental discussions in New York at United Nations Headquarters on ways to strengthen the inclusiveness and effectiveness of international tax cooperation through the evaluation of additional options, including the possibility of developing an international tax cooperation framework or instrument that is developed and agreed upon through a United Nations intergovernmental process."*

The Resolution requests the Secretary-General to prepare a report on all relevant international legal instruments, other documents and recommendations that address international tax cooperation and outline

potential next steps, such as the establishment of a Member State-led, open-ended ad hoc intergovernmental committee to recommend actions on the options for strengthening the inclusiveness and effectiveness of international tax cooperation.

Input should be submitted to the Secretariat by 10 March 2023, via e-mail, at: [taxreport2023@un.org](mailto:taxreport2023@un.org). There is no set template for input, and input is welcome on any of the the range of issues addressed in the Resolution. The submissions will subsequently be published on the UN's [Inputs webpage](#).

### *[ICAEW & IFAC Discussion Panel - "Is Trust Enough to Fight Money Laundering?" - 7 March 2023](#)*

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On 7 March 2023, IFAC, the International Federation of Accountants, and ICAEW, the Institute of Chartered Accountants in England and Wales, are holding an event on the topic of *"Is trust enough to fight money laundering? - Improving Financial Intelligence Information Sharing to Combat Money-Laundering and Modern Slavery"*. The event will take place in a hybrid format on 7 March 2023 from 15:30 - 17:30 CET, at the Press Club, Rue Froissart 95, 1040 Brussels. Online participation information will be provided upon registration.

The event includes a screening of [All Too Familiar](#), an award-winning short drama produced by ICAEW in collaboration with the UK HM Revenue and Customs which explores whether trust is enough to fight money laundering. The screening will be followed by a panel discussion on the importance of changing mindsets, the role of professional scepticism in reducing the risk of economic crime as well as regulatory changes seeking to improve deterrence and detection of money laundering.

Speakers will include: Sarah De Hovre, Director, PAG-ASA; Scott Hanson, Director Policy and Global Engagement, IFAC; Viktor Ivanov, Policy Officer, Anti-money laundering and countering terrorist financing, DG FISMA, European Commission; Kris Meskens, Secretary General, Belgian Financial Intelligence Processing Unit (CTIF-CFI); Inês Oliveira, Policy Analyst, Financial Action Task Force (FATF); and, Roland Papp, Senior Policy Officer – Illicit Financial Flows, Transparency International EU. The panel will be moderated by Michelle Giddings, Head of AML, ICAEW.

Registration is possible [here](#).

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