# CFE's Tax Top 5

Key tax news of the week

**17 August 2015**

**1. OECD publishes comparative study on tax administrations**

On 11 August 2015, the OECD published an update of its comparative report on tax administration, surveying 56 countries including all OECD, EU and G20 countries. The series identifies fundamental elements of modern tax administration systems and uses data, analyses and examples to identify key performance trends, recent innovations, and examples of good practice.
60% of revenue bodies report staff reductions, especially in the UK, Australia and the US. Administrations have invested significantly in digital *on-the-go services* with Austria, Finland, Singapore and Norway spending the largest percentage on IT. Although 95% of all revenue bodies offer the opportunity to file returns electronically, and over two thirds achieve usage over 75%, the report finds that more could be done to offer a better integrated digital service. The total tax debt for OECD member countries (two countries left aside) stood at 11.1% of annual net revenue collections, the best performers being Estonia, Ireland, Japan, Korea, Norway, Sweden and Switzerland. Over 85% of revenue bodies have adopted the structured 'co-operative compliance model' for managing their largest taxpayers advocated by the OECD. One-third use similar arrangements to manage the tax affairs of high net worth individuals. In VAT, many revenue bodies successfully use systems to process bulk invoice data for compliance risk management and fraud detection.

- 2-page flyer: EN
- Press release: EN
- Full Report Tax Administration 2015: EN

**2. State aid: Commission finds that Italian tax reductions for companies in areas affected by natural disasters were partially illegal**

On 14 August 2015, the European Commission concluded that certain Italian measures reducing company taxes and social security contributions in areas affected by natural disasters also benefitted companies that suffered no damage and overcompensated companies beyond the damage suffered. While EU state aid rules allow public measures to help companies that have suffered damage from natural disasters, these have to remain proportionate in order not to give a competitive advantage. The case concerns various measures introduced between 2002 and 2011 concerning in particular six disasters between 1990 and 2009. Most of the measures did not require companies to show that they had suffered any damage and to establish the amount of this damage, allowing companies that were registered but not physically present or economically active in the respective areas to receive aid.
As all but one of the disasters at issue occurred more than ten years ago, which exceeds the Italian legal record-keeping obligation, recovery of the state aid is only claimed for the 2009 earthquake in L'Aquila and from companies that had no economic activity in the areas affected by the other disasters. Moreover, recovery is not required if the amount received by a company is too low to be able to distort competition, and if it is not covered by any other approved or exempted state aid measure.
Other Italian compensation schemes during that time had been duly notified and approved and are thus

not affected by the Commission´s recent decision.

- Press release: EN (DE FR IT available)
- Text of the two decisions, 14 August: Case 33083, 35083 (non-confidential versions will be made available at a later date)

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