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**14 March 2016**1. **CFE Annual Report 2015 published**

 Click [here](http://www.cfe-eutax.org/node/5133) to read the Report on the CFE website. 1. **EU Council reaches agreement on country-by-country reporting of multinationals**

 EU ministers reached a political agreement at the ECOFIN Council on 8 March 2016 on mandatory filing of country-by-country reports (CbCR) by multinational companies to tax administrations and exchange of this information among these. The deal is still subject to parliamentary scrutiny in the UK.The new rules will address multinational companies which operate across EU member states. They will have to provide certain, tax-related information on an annual basis for each tax jurisdiction in which they do business.  Once the automatic information exchange will be operational after a 12 months period, it should facilitate the application of taxation to companies where they make their profits.The agreement of Ministers follows a proposal by the European Commission as part of its Anti-Tax Avoidance Package adopted on 28 January 2016. It goes along with recent moves on transparency in corporate taxation at global level. In particular, they will add to the implementation of OECD guidelines on Base Erosion and Profit Shifting (BEPS). On the separate, but linked issue of public CbCR, the European Commission is currently finalising its impact assessment and will present a proposal in April. [-](http://europa.eu/rapid/press-release_IP-16-663_en.htm) Press release: [EN](http://europa.eu/rapid/press-release_IP-16-663_en.htm) 1. **Call for reinforcing the Code of Conduct on business taxation**

 On 8 March 2016, the Council of EU finance ministers adopted conclusions on the future of the working group overseeing the implementation of the Code of Conduct on business taxation. The Group is called on to speed up its decision-making process and become more transparent. The Council conclusions foresee an enhancement of the group’s governance, transparency and working methods. Its efficiency should be improved by speeding up the assessment of potentially harmful tax regimes, with an earlier and more frequent involvement of the Council. Information to the public on the group's ongoing and past work should be enhanced. A decision on the revision of the group’s mandate should be taken by the end of June 2016.These plans to beef up the Code of Conduct Group follow-up on the Lux Leaks controversy and the Commission’s state aid probes into the tax affairs of Apple and Amazon. The plans have been criticised as unambitious and disappointing by German Green MEP Sven Giegold, who stressed that they lack an obligation of the group´s chair to appear before the European Parliament. The Code of Conduct Group on business taxation dealing with harmful tax competition was set up by EU ministers in 1998. It represents a forum where EU member countries exchange and discuss their tax affairs, in particular tax rulings granted to multinationals. – Council conclusions, 8 March 2016: [EN](http://data.consilium.europa.eu/doc/document/ST-6674-2016-INIT/en/pdf)1. **Commission expected to propose increased flexibility for national VAT rules**

 The European Commission is expected to propose an overhaul of the EU VAT regime at the next meeting of the Commissioners. The Financial Times reported about plans of the Commission calling for a reform of existing rules on the application of lower-than-normal rates of VAT in member states. So far, VAT rates of less than 15 per cent can only be applied to a list of products and services which has been little changed over the last forty years.According to the Financial Times, the paper sets out two options: either a list of goods and services eligible for reduced rates would be retained, but expanded and kept under regular review; the second more radical option would replace the list with “rules framing the cases when reduced rates can be applied”. This approach would mean scrapping the standard 15 per cent VAT rate altogether. * Financial Times article: [EN](http://www.ft.com/intl/cms/s/0/0cd34d48-e79d-11e5-a09b-1f8b0d268c39.html#axzz42n4lmSf6) (paying subscribers only)

1. **Commission proposes equal pay for posted workers, but tax differentials remain**

On 8 March 2016, the European Commission tabled its long-expected proposal for a revision of the rules on posting of workers. The initiative aims at ensuring fair wage conditions and a level playing field between posting and local companies in the host country. The targeted revision will introduce changes in three areas: remuneration of posted workers, rules on temporary work agencies, and long-term posting.The proposal foresees that posted workers are subject to equal pay and working conditions as local workers. Currently, posted workers are already subject to the same rules as host member state employees in certain fields, such as health and safety. However, the employer is not obliged to pay a posted worker more than the minimum rate of pay set by the host country.According to the Directive proposal, all the rules on remuneration that are applied generally to local workers will also have to be granted to posted workers. Remuneration will also include other elements such as bonuses or allowances where applicable. Taxes and social contributions of the posted workers will still have to be paid in their home countries, according to those countries´ laws. To that extent, there will remain some level of differences in wages costs for employers. * Press release: [EN](http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2488&furtherNews=yes) (DE FR available)
* Directive proposal COM(2016)128: [All EU languages](http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1457956679332&uri=COM:2016:128:FIN)
* Impact assessment: [EN](file:///%5C%5Cfs01%5Cfolderredirect_cfe%24%5Ccfe-eutaxrreibel%5CDownloads%5CSWD_2016_52_F1_IMPACT_ASSESMENT_EN_V7_P1_842425.pdf)

 1. **OECD:  Patent boxes provide less incentives than expected**

 According to the Irish Times, the head of the OECD’s centre for tax policy, Pascal Saint-Amans, warned at a conference organised by the Irish Tax Institute in Dublin on Thursday that the introduction of tax measures such as so-called knowledge or patent boxes was not a good way to foster the creation of intellectual property (IP).Ireland introduced an OECD-compliant Knowledge Development Box in its Finance Bill, which results in a reduced corporation tax rate of 6.25 per cent for eligible technology and software firms, as part of the new corporate tax scheme. the outcome of the OECD’s Base Erosion and Profit Shifting (BEPS) project also includes recommendations on patent or knowledge boxes (as part of Action 5). * The Irish Times article: [EN](http://www.irishtimes.com/business/economy/oecd-tax-director-cautions-against-patent-box-tax-incentives-1.2567501)

  \*\*\*\*\* *The selection of the remitted material has been prepared by Piergiorgio Valente / Filipa Correia / Rudolf Reibel / Andrea Morass**Follow us on* [Linked in](http://www.linkedin.com/company/confederation-fiscal-europeene?trk=company_name)  |
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