



15 May 2017

1. CJEU rules Luxembourg legislation regarding the application of the VAT cost-sharing exemption is too broad in Case C-274/15

The CJEU has held that Luxembourg's implementation of the VAT exemption for supplies involving cost sharing groups (CSGs) and their members is incompatible with the VAT Directive (2006/112/EC).

The following aspects of the CSE in Luxembourg legislation have been found to be contrary to the VAT Directive:

- The CSE applies to services provided by an independent group to its members whose taxable activities amount to 30% of their annual turnover; it is not confined to independent groups whose members exclusively deal in VAT exempt activities. This has been found to be contrary to Article 2(1)(c) and Article 132(1)(f) of the VAT Directive.
- Members of the CSG can deduct from the VAT which they are liable to pay the VAT due or paid in respect of goods and services supplied to the CSG.
- When members of the CSG incur expenses in their own name but on behalf of the group and subsequently allocate those expenses to the CSG the legislation deems it outside the scope of VAT. This has been found to be contrary to Article 14(2)(c) and Article 28 of the VAT Directive.

2. MEPS vote in favour of EU Commission proposal to reduce VAT on e-books

The EU Commission proposal to reduce the VAT rate on e-books has been approved by the majority of the members of the Economic and Monetary Affairs Committee of the EU Parliament. The proposal seeks to align the rate of VAT charged on e-books to that reduced rate which applies to traditional hard-copy books. Currently, e-books are subject to VAT at the standard rate.

The standard VAT rate will continue to apply to music and videos and publications predominantly consisting of music and video content. The proposal is pending to be voted on by the parliament as a whole on 31 May or 1 June 2017.

3. EU Joint Transfer Pricing Forum publishes summary of its 49th meeting

The European Joint Transfer Pricing Forum (JTPF) has published the summary 49th meeting held in Brussels on 9 March 2017. The meeting, as always, was held in private.

The main objective of the meeting was to discuss the JTPF Report on the Use of Economic Valuation Techniques in Transfer Pricing. The summary states that significant progress was made, and it is anticipated that it will be finalised at the next meeting to be held on 22 June. The general approach was agreed upon; it was agreed that the objective was not to create new concepts but rather to provide

a common understanding and develop recommendation on how to use the valuation techniques in the specific context of transfer pricing.

On a separate subject, the JTPF Report on the Use of Comparables in the EU was adopted at the meeting. The report establishes best practices and solutions through various recommendations for both taxpayers and tax administrations within the EU. It aims at increasing the objectivity and transparency of comparable searches for transfer pricing in practice.

4. Parliament Report addresses proposals for CCCTB

The ECON Committee has issued its first edition briefing on the proposed legislation to implement a common consolidated corporate tax base in Europe. It contains a summary of the proposal and outlines the legislative history of the proposals. No opinions on the proposals are contained in the briefing.

Please follow this link to see the [Briefing](#).

5. Bloomberg reports on confidential Presidency compromise text on public country-by-country reporting.

The Maltese Presidency has drafted a compromise text regarding public country-by-country reporting which is due to be discussed on Wednesday 17 May.

[Bloomberg](#) has reported on the contents of the confidential compromise document. Under the current proposal an MNE whose turnover exceeds 750 million for 2 consecutive years will be obliged to comply with the public country-by-country reporting obligations. The compromise text would give companies a reprieve from public country-by-country reporting if their net turnover dipped below 750 million euros for a year.

The compromise proposal also inserts language that would mean only multinational companies “operating” in the EU would be covered by the public country-by-country reporting proposal.

Bloomberg reports that overall, the Maltese compromise text maintains many of the key features of the original proposal.

Dates for the diary:

EU Commission Conference on Tax Fairness – 28 & 29 June

The European Commission is hosting a conference on tax fairness in Brussels on 28 and 29 June. The conference is part of the new training launched by the Commission in 2017 for civil society on international and EU corporate tax issues.

Register at the following [link](#)

Accountancy Europe Tax Day – 20 May

Accountancy Europe's Tax Day 2017 will take place in Brussels on 30 May. It will discuss international tax cooperation and global efforts to combat tax avoidance and evasion with particular focus on technology and increasingly digitalised economies. It will also look at political developments in the EU and beyond, including anticipated US tax reforms.

Register at the following [link](#)

International Tax Conference "Growth and Taxes" – 30 June, Munich

In cooperation with ICC, BIAC and BusinessEurope, speakers will discuss tax policy issues, which would help facilitate cross border trade by reducing double taxation, simplify tax rules, strengthen tax payers' rights, foster a growth oriented tax policy and increase tax certainty.

CFE President, Prof. Piergiorgio Valente will be speaking at the event on the Charter of Taxpayers Rights.

Register at the following [link](#)

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