



12 June 2017

OECD Multilateral Instrument signed in Paris

The OECD Multilateral Instrument (“MLI”) was signed by 67 government ministers on 7 June 2017. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS is intended to transpose results from the OECD BEPS Project into thousands of double taxation conventions worldwide, and is open for signature by any country. Signatories of the MLI may choose which of the existing double tax treaties they would like to modify using the MLI. Once a treaty has been listed by the two parties, it becomes an agreement to be covered by the MLI. The 67 signatories have listed 2,635 treaties to be modified by the MLI.

Substantively, the MLI concerns OECD BEPS treaty-related minimum standards: Action 14 for improvement of dispute resolution, and Action 6 on preventing treaty benefits in inappropriate circumstances (treaty abuse). By its legal nature, the MLI is a multilateral international agreement, that shall be applied alongside existing bilateral double taxation conventions, modifying their application. In this way, bilateral tax treaties can be modified in a synchronised and consistent way in order to swiftly implement tax treaty related anti-BEPS measures. OECD expects that the first modifications shall become effective in 2018, with full scale implementation until 2019.

The explanatory statement accompanying the publication can be found on the following [link](#).

European Economic and Social Committee warns that generalised VAT reverse charge could undermine the common VAT system

The European Economic and Social Committee, an advisory and consultative body of the European Union, adopted on 31 May 2017 an Opinion related to the proposal for a Council Directive amending Directive 2006/112/EC on the common system of value added tax as regards the temporary application of a generalised reverse charge mechanism in relation to supplies of goods and services above a certain threshold.

The Committee takes a general view that the reverse charge mechanism that derogates from the common European Value Added Tax System may be a useful tool in countering carousel fraud and VAT evasion. The Committee’s Opinion warns however that the use of the reverse charge mechanism could undermine the European internal market. The Committee has expressed concerns about possible fragmentation of the common VAT system, considering Commission’s plan to apply the derogation only to certain supplies of goods and not to services.

The Committee further recommends focusing on the proportionality principle, as the cost of compliance for small and medium-sized enterprises (SMEs) related to introducing a reverse charge mechanism could be considerable and may have an impact on cash flow with the risk that SMEs in particular may experience liquidity problems induced by the generalised reverse charge mechanism.

The Opinion of the Committee is available in [all official European Union languages](#).

EU Commission adopts 'Better Regulation' agenda on improving EU law efficiency

The European Commission's REFIT Platform, which is composed of internal and external stakeholders tasked to follow-up on Commission President Juncker Better Regulation Agenda met on 7 June to discuss how to improve the functioning of the Union legislation. The Group adopted 13 opinions with specific suggestions on improving the efficacy and efficiency of European Union law. The areas covered include: consumers' health, food safety, consumer protection, etc. The adopted opinions will feed into the preparations for the 2018 Commission Work Programme, which is scheduled for adoption in October 2017.

European Commission Vice-President Frans **Timmermans**, who chairs the REFIT Platform, said: "*Your work in the REFIT Platform is a great way of turning citizens' and businesses' feedback on our laws into concrete solutions. I am deeply committed to this work, and at the end of this Commission's five-year mandate I want people to see that we have changed the way we work and improved our laws by listening and acting on their suggestions.*"

European Commission Conference on tax fairness on 28 & 29 June in Brussels

The European Commission DG TAXUD will host a high level conference on tax fairness, taking place in Brussels on 28 – 29 June. The conference brings together a number of speakers from various profiles, such as policy-makers, politicians, academia, business and NGOs. Follow this [link](#) for conference details and registration.

Plenary week of the European Parliament in Strasbourg

The European Parliament will hold a week of plenary sessions in Strasbourg, Monday 12 June – Thursday 15 June. Apart from one item on taxation of ports, tax policy is not on Parliament's plenary agenda, but climate policy is. The Parliament is scheduled to debate on Thursday 15 June the decision of President Trump to withdraw the United States from the Paris Climate Agreement. Here is a link to European Parliament's [plenary week agenda](#).

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