# CFE's Tax Top 5

Key tax news of the week

**4 September 2017**

**EU wins WTO dispute with Brazil over tax subsidies**

The World Trade Organisation dispute settlement panel issued a ruling in the case of Brazilian tax subsidies, in one of the most comprehensive disputes launched by the European Union. WTO panel found that Brazilian tax subsidy schemes are illegal under the World Trade Organisation rules. The ruling states that the tax subsidy programmes discriminate against EU automotive, ICT and electronic products and grant prohibited import and export subsidies to Brazilian companies. The dispute also covered fiscal incentives contingent on Brazilian firms meeting certain export performance requirements.

The European Union filed the complaint in 2013, in respect of certain measures concerning taxation and charges in the automotive sector, the electronics and technology industry, goods produced in Free Trade Zones, and tax advantages for exporters. The European Union claimed that the measures are inconsistent with the GATT 1994, SCM Agreement and Articles 2.1. and 2.2. of the TRIMs Agreement.

The parties have 30 days to appeal the decision. Otherwise, Brazil will be required to remove its illegal tax subsidy programmes without delay.

**OECD considering expanding the Permanent Establishment definition**

The OECD Tax Policy director Pascal Saint-Amans said that the OECD is considering expanding the PE definition as part of the efforts to tax the digital economy. Speaking at a tax panel at the International Fiscal Association Congress in Rio de Janeiro, Saint-Amans confirmed for Bloomberg that the OECD would also look at profit attribution rules and possible interim measures such as an alternative tax on e-sales. He suggested "ALES" as a potential acronym for the alternative tax.

"That's what we're working on, with the idea of further expanding the PE definition that includes something that would track the digital presence of a company,", Pascal Saint-Amans said, as reported by Bloomberg.

**PANA Committee of Inquiry publishes study on Panama Papers follow-up in EU member states**

The European Parliament PANA Committee of Inquiry into tax avoidance, tax evasion and money laundering published a study that analyses the national capacity to fight tax crimes and the followthrough of the Panama Papers investigations. The study investigates national administrative capacity to combat tax avoidance and tax evasion, money laundering laws and the enforcement capacity. The aim of the analysis was to evaluate whether the legal framework and the institutional arrangements in place are adequate, what are the deficiencies and how they could be addressed.

The study concludes that all Member states have a functioning legal framework to fight tax avoidance, tax evasion and money laundering but different national tax-collection set-ups and approaches to fraud. Despite similarities in the key institutional actors involved in this process, significant differences exist in the way they operate and how they share information and cooperate with one another.

Almost all Member States mentioned the practical action they have taken in reaction to the Panama Papers. Some EU Member States identified more than 3 000 EU-based taxpayers and companies linked to the Panama Papers, and have collectively launched at least 1 300 inquiries, audits and investigations into Panama Papers revelations.

In most countries it is too early to report on fines and convictions relating to the Panama Papers data.

**CFE General Assembly, Committee Meetings and Events in Bratislava 21 – 23 September 2017**

With summer holidays now behind us, CFE and the Slovak Chambers of Tax Advisers (SKDP) are ready to host the delegates who registered to attend CFE's autumn meetings and events in Bratislava from 21 – 23 September. The Professional Affairs Committee and the Executive Board meet on 21 September, the Fiscal Committee meetings take place on 21 and 22 September and the General Assembly on 22 September. Further information for delegates is available on the following link.

*****

*The selection of the remitted material has been prepared by*
*Piergiorgio Valente / Aleksandar Ivanovski / Mary Dineen / Filipa Correia*

*Follow CFE on LinkedIn and Twitter*