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Bulgarian Presidency publishes list of direct tax priorities

The [Tax Policy Roadmap of the Bulgarian Presidency of the Council](#) was published on 30 January 2018. The roadmap sets out the future work of the Presidency in the coming 6 months. It cites the achievements of the BEPS roadmap as the basis for its work programme and priorities. The Presidency will take into consideration tax certainty, competitiveness in the area of taxation, digitalisation of economies, and the specific situations of multinationals when carrying out its work.

Short term goals

The Presidency aims to reach agreement on the Mandatory Disclosure Directive (“DAC 6”). The roadmap describes this proposed directive as the “last remaining element of disclosure and transparency that has not been addressed by the EU”. Building on the technical examination which took place under the previous Estonian Presidency, it is hoped that agreement will be reached early on this file.

Medium term goals

- Digital economy

The Presidency will begin the technical examination of the proposal put forward by the European Commission at the end of the first quarter of 2018.

- EU list of non-cooperative jurisdictions for tax purposes

The Presidency will carry out further work, including monitoring the implementation of the commitments received and agreeing procedures to carry out future monitoring processes. It will also examine future coordinated defensive measures.

- Interest & Royalties Directive

Progress on this file has been very slow under previous Presidencies due to failure to reach agreement on alternatives to including a Minimum Effective Taxation clause. The Presidency will devote time to exploring how best to progress this file forward.

- Common (Consolidated) Corporate Tax Base

The Presidency will begin a debate on how best to move this file forward. In addition to concluding the technical examination commenced under the Estonian Presidency, it will “limit immediate work on defining as broad as possible common corporate tax base at the EU level”.

- Outbound payments

A preliminary draft of possible guidance on this subject was discussed in May 2017. No agreement was reached but it was decided to wait until new data was available on the effectiveness of anti-abuse measures in EU Directives. The Presidency will revisit this issue in the context of future coordinated defensive measures under the list of non-cooperative jurisdictions for tax purposes.

Bulgarian Presidency work programme for indirect tax outlined

The [Tax Policy Roadmap of the Bulgarian Presidency of the Council](#) also outlines the short and medium term priorities at this very important time for indirect taxation in the EU.

Short term priorities

- As a formality the presidency will arrange for the signature of the EU Agreement on administrative cooperation combating fraud and recovery of claims in the field of VAT.
- The Presidency will embark on the technical examination and discussion on the proposed Directives and Regulations necessary to implement the definitive VAT regime and reduce VAT fraud as a priority.
- The Presidency will seek to obtain approval for the introduction of a minimum standard VAT rate of 15%.
- In particular the Presidency will conduct technical examinations and political discussions on the following proposals:
 - Simplifying certain rules in the value added tax system and introducing the definitive system for the taxation of trade between Member States and changes regarding certain exemptions for intra-Community transactions.
 - Measures to strengthen administrative cooperation in the field of value added tax

Medium term priorities

- The Presidency will begin the first round of technical examination of the proposals regarding simplification of VAT rates and VAT simplification for SMEs.
- In addition, it will examine, and seek to reach agreement on a legislative proposal for the prolongation of the sectoral reverse charge, if presented by European Commission within the presidency.

EESC adopts Opinion on ‘Tax Intermediaries Directive’ (Mandatory Disclosure rules)

The European Economic and Social Committee has published its [Opinion on the Proposal for a Council Directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements](#).

The Opinion welcomes and supports the European Commission's decision to tackle the problem of intermediaries enabling aggressive tax planning.

The Opinion states that whilst the EESC considers it important to ensure that the directive will be an effective deterrent to aggressive tax planning, in order to prevent over reporting, more precise requirements for qualification of reportable transactions are required.

In addition it states that detailed guidance should be issued in relation to the hallmarks, and draws particular attention to problems arising by virtue of the subjective nature of the hallmark requiring compliance with the arm's length principle of the OECD transfer pricing guidelines.

Other points raised in the Opinion relate to ensuring the five day notification period is administratively feasible and ensuring that compliance costs for advisers and ultimately taxpayers are minimalised to ensure the proportionality of the Directive.

The European Commission launches website on tax and customs aspects arising from Brexit

The European Commission has launched a website focusing on the [withdrawal of the U.K. from the European Union](#). The U.K. will officially be considered a third country from 30 March 2019. The website contains information about the impact the U.K.'s withdrawal will have on the taxation and customs union.

The launching of the website comes at a time when the EU has published details of measures it may take if the U.K. seeks to undercut the EU economy post Brexit. The publication identifies the clear risks relating to the possibility of the U.K. introducing a low tax rate and also identifies safe guards to ensure a level playing field post Brexit such as the use of tax blacklists.

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