

Brussels, 19 March 2018

Council of EU Adopts Tax Intermediaries Directive (Mandatory Disclosure Rules)

Political agreement was reached at the 13 March ECOFIN Council meeting on the proposed directive concerning mandatory automatic exchange of information in relation to reportable cross-border arrangements. The directive will now be translated into EU official languages and thereafter adopted by the Council without further debate.

Member States will have until 31 December 2019 to implement the directive into national legislation, and disclosure requirements will apply from 1 July 2020. Intermediaries who design and/or promote reportable tax planning schemes will be required to disclose them to their national tax administrations, who will then automatically exchange the information with other Member States through a centralised database. Penalties will be imposed on intermediaries who do not comply with the new reporting measures. The initial automatic exchange of information between member states should take place on 31 October 2020.

OECD Published the Interim Report on the Taxation of the Digital Economy

The OECD has [published](#) its Interim Report on Tax Challenges Arising from Digitalisation, which concludes that no agreement can presently be reached among the Inclusive Framework countries on either the implementation of short-term interim measures to tax the digital economy, or long term measures of identifying characteristics of digital businesses, and the extent to which those features contribute to value creation and should therefore be subject to a digital tax.

The report also examines the implementation of the BEPS package, and concludes that the measures are having an impact on the business and taxation operations of multinational companies, which has delivered increased tax revenue for countries.

OECD Inclusive Framework members have agreed to undertake a review of the nexus and profit allocation rules concerning allocation of taxing rights between jurisdictions, and the impact of digitalisation on the economy. To this end, and in order to improve international taxation rules to be better fit for purpose concerning the taxation of the digital economy, the OECD aims to produce a final report in 2020.

CCCTB & CCTB Proposals Vote in the European Parliament

On 15 March, the European Parliament approved by 438 votes to 145, with 69 abstaining voted amendments to the Common Consolidated Corporate Tax Base proposal. The Parliament also voted on the Common Corporate Tax Base system by 451 votes to 141, with 59 abstentions from that vote.

The proposals call for the Commission to set benchmarks to assist in identifying the digital presence of a business within a EU member state, and develop a single set of tax rules for all

member states, with taxes to be managed via a “one-stop-shop” system, such that businesses can calculate what is to be paid to each member state based on where profits have been generated.

The new resolutions will now be considered by the Council and Commission.

EU “Blacklist” Update

Three countries have been removed and a further three countries added to the EU’s list of non-cooperative jurisdictions in taxation matters aimed at promoting tax good governance and minimising tax avoidance.

Following an assessment of commitments made to remedy the EU concerns, the ECOFIN Council at the March meeting has now removed Bahrain, the Marshall Islands and Saint Lucia from the “blacklist”. The Council noted that these commitments will be closely monitored. However, The Bahamas, Saint Kitts and Nevis and the US Virgin Islands have all been added to the list, as a result of failing to respond to letters sent by the Council in January 2018 requesting the countries make high political level commitments to remedy specific EU concerns.

Nine countries now remain on the list: American Samoa, Bahamas, Guam, Namibia, Palau, Samoa, Saint Kitts and Nevis, Trinidad and Tobago and the US Virgin Islands.

3rd Batch of BEPS Tax Dispute Resolution Peer Reviews published by OECD

The OECD has published Stage 1 Peer Review [Reports](#) assessing tax dispute resolution practices in Czech Republic, Denmark, Finland, Korea, Norway, Poland, Singapore and Spain. The reports examine compliance with best practice standards established in Action 14 of the BEPS plan concerning resolution of taxation disputes, and contain over 215 recommendations for implementation for these countries. Stage 2 of the process will assess compliance with these recommendations contained in the Stage 1 Peer Review Report.

The OECD has also now called for submissions concerning the 5th round of peer reviews relating to Estonia, Greece, Hungary, Iceland, Romania, Slovak Republic, Slovenia and Turkey, to be provided via completion of a [taxpayer input questionnaire](#), with a deadline of 9 April 2018.

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

Follow CFE on [LinkedIn](#)  and [Twitter](#) 