Brussels, 16 April 2018

EU Commission Fiscalis 2020 Survey

The Directorate-General for Taxation and Customs Union of the European Commission (DG TAXUD) have compiled a survey in order to evaluate the progress of the Fiscalis 2020 programme. The Fiscalis programme aims to tackle tax fraud, evasion and aggressive tax planning, reduce administrative burden and compliance costs for tax authorities and taxpayers, and ensuring effective implementation of EU tax legislation.

The survey calls for input on the programme's implementation, and is being conducted to obtain evidence to inform Commission's future planning. The survey will be open until 20 April, and can be accessed via this link.

OECD Publishes New Transfer Pricing Country Profiles

The OECD has published 14 transfer pricing country profiles, setting out current transfer pricing practices within each of those countries. The profiles are created using information provided by the nations themselves in responses to questionnaires, focussing on current legislation in that country concerning transfer pricing principles, and whether or not the country follows the OECD Transfer Pricing Guidelines. Concepts such as the arm's length principle, transfer pricing methods and documentation are the particular focus of the profiles.

Profiles were published concerning Australia, China, Estonia, France, Georgia, Hungary, India, Israel, Liechtenstein, Norway, Poland, Portugal, Sweden and Uruguay respectively, and the profiles for both Belgium and the Russian Federation were updated. Profiles are now available for 44 countries.

UK Consultation on Legislation Aimed at Closing Down Tax Avoidance

The UK tax authority, HMRC, has begun a consultation process concerning a proposal to introduce legislation to address and counteract profit shifting arrangements that aim to fragment profits and render them outside the scope of taxation in the UK.

The aim of the proposed legislation is to ensure that the amount of profit that relates to UK business activity is taxed in the UK, targeting in particular those types of businesses that may not have been within the scope of existing legislation due to threshold considerations, such as SMEs. The proposed legislation will also include provisions requiring HMRC be notified of relevant arrangements. The legislation is proposed to enter into force in April 2019.

The consultation process will run until 8 June.

OECD Reports on Taxation of Personal Savings and Wealth

The OECD have now made public reports on The Taxation of Personal Savings, and The Role and Design of New Wealth Taxes.

The first report reviewed taxation policy in over 35 OECD countries in relation to savings vehicles, such as bank accounts, shares, pensions and housing. The analysis demonstrated that differences in tax treatment for these vehicles often favour wealthier taxpayers, who largely hold their wealth in those vehicles with lower tax rates, such as investment or pension funds and shares, whereas less wealthy taxpayers often hold their savings in highly taxed bank accounts. The report supports the argument for preferential tax treatment for retirements savings, given aging population issues facing most nations, and the potential impact this will have upon social benefits.

The second report concerning net wealth taxes concluded that where a country has appropriate personal income taxes, capital gains taxes, inheritance or gift taxes there is little indication that a wealth tax is required. However, where inheritance tax is not levied and capital income taxation is low, there may be scope for such a tax.

Austria and Sweden Introduce Legislation Implementing EU Anti-Tax Avoidance Directive

Over the past weeks, both Austria and Sweden have introduced draft legislation that will implement the EU anti-tax avoidance directive (ATAD) into domestic law. The Swedish draft legislation will amend corporate tax rules concerning anti-hybrid mismatches, and interest expense limitation rules. The draft legislation is proposed to enter into force from 1 January 2019.

The Austrian draft legislation will implement controlled foreign corporation rules for the first time. Income of low-taxed subsidiaries will be allocated to the Austrian parent company, to be subject to taxation at 25%. The rules will apply to corporations who have a controlling interest in the subsidy, or where the passive income of the subsidiary amounts to more than 1/3 of the company's total income, and is subject to an effective tax rate of 12.5% or less. The new provisions will apply to all financial years commencing after 30 September 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*