CFE tax advisers europe

CFE's Tax Top 5

Key tax news of the week

Brussels, 23 April 2018

EU Commission Publishes Proposed Whistleblower Directive

The European Commission has today published a proposed directive concerning the protection of those persons reporting on breaches of European Union law. The directive proposes EU-wide protection to be adopted for whistleblowers reporting on breaches of EU legislation in the fields of public procurement, financial services, money laundering and terrorist financing, product safety, transport safety, environmental protection, nuclear safety, food and feed safety, animal health and welfare, public health, consumer protection, privacy, data protection and security of network and information systems, breaches of EU competition rules, violations and abuse of corporate tax rules, and damage to EU financial interests.

The proposed directive would require companies with either more than 50 employees or an annual turnover exceeding €10 million to set up internal procedures for whistleblower reporting. Regional, state and municipal bodies with over 10,000 inhabitants would also be subject to the proposed directive. The features of the protection mechanisms proposed under the draft must include clear reporting channels, both inside and outside of an organisation, and a three tiered reporting system consisting of: 1) internal reporting channels; 2) reporting to competent authorities; and 3) public or media reporting. Companies and authorities would also have feedback obligations, such that they have 3 months to respond to whistleblower reports under the proposal.

The directive also includes provisions which would forbid all forms of retaliation, to be enforced by means of sanctions. Whistleblowers are also to be provided access to free advice and remedies in instances where retaliation is experienced, with the burden of proof to be reversed such that the organisation or person must prove they are not acting in retaliation against the whistleblower.

The proposed directive will now be consider by the EU Parliament.

EU Commission Fair Taxation Seminars

The European Commission has commenced a series of seminars concerning the issue of fair taxation in the European Union. The first event was held in Riga, Latvia, on 19 April, and in particular covered issues concerning tax avoidance and tax evasion. The Commission has organised the events to facilitate engagement with policy makers, business representatives, academics and interested citizens to increase tax transparency and remedy tax abuse issues.

Future seminars in the series will take place on 17 May in Vienna, Austria, on 8 June in Paris, France, on 19 September in Rome, Italy, and on 9 October in Dublin, Ireland. Those wishing to attend the seminars can register for the events using the following link.

OECD Report on Taxing Wages 2018

On 26 April the OECD will make public its annual flagship report on the rates of tax levied in OECD countries on the wages and salaries of citizens. The report will examine rates of taxation and compare, as a percentage share of gross salary, income tax and social security contributions made by employees, social security contributions and payroll taxes paid by employers, as well as taxes on any cash benefits received.

In addition, the report will examine taxes at a household level, comparing rates of taxes across different pay levels and amongst different family configurations, such as families with and without children, and across those households with either single or multiple incomes.

Those wishing to read the report following its publication will be able to access it using this link.

OECD: MLI

The United Kingdom has announced proposed changes to remedy omissions or errors contained on the list of reservations and notifications made by the UK when it signed the OECD's Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI).

It proposes to add to its list of countries with treaties to be modified the Faroe Islands, Kyrgyzstan, the United Arab Emirates and Ukraine. It has also proposed to remove Germany from the list, on the basis that the countries have since implemented BEPS provisions by means of bilateral agreement.

In addition, Montenegro has stated in a press release on 13 April that it intends to join the MLI. The MLI will enter into force on 1 July 2018 on the basis of it having now been ratified by 5 of the signatory countries.

Finland to Terminate Tax Treaty with Portugal

The Finnish Ministry of Finance has stated it will advise its Parliament to terminate its existing tax treaty with Portugal as of 1 January 2019, irrespective of a replacement treaty being agreed by that date. The existing treaty was adopted in 1970 by both countries, and the Ministry of Finance of Finland asserts that the treaty restricts its right to tax pension and income from rent or sale of residential property in Finland.

A new treaty addressing these issues was signed in 2016 but has yet to been approved by the Portugese Parliament. The new treaty must be adopted 30 days prior to the end of the 2018 calendar year in order to enter into force from 1 January 2019. Should the treaty not be adopted, domestic law will apply and will likely lead to issues of double taxation.

****

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