

# CFE's Tax Top 5

## KEY TAX NEWS OF THE WEEK

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### Digital Tax: OECD Update & Global Minimum Corporate Tax Rate Proposals

In an article published in [Welt am Sonntag](#), the German Finance Minister Olaf Scholz (SPD) set out a proposal for a global minimum corporate tax rate to be applicable to multinational companies to address the tax challenges of the digital economy. According to these sources, Mr Scholz was considering these proposals jointly with France, with the main point of contention being whether such a tax would supplement or replace the Digital Services Tax imposed on revenues of digital businesses as discussed at present in the Council of the EU.

Fearing retaliation from the United States, Germany has so far opposed the Digital Services Tax. The new proposals that have been set out by Germany are seen as more generic and complementary to the ongoing OECD discussions on how to address the tax challenges of the digital economy. Whilst Germany sees the introduction of a minimum corporate tax rate as an alternative to the DST, France is reportedly seeking to supplement the introduction of DST with a minimum tax rate. It is not yet clear how the new proposal ties in with the CCTB/ CCCTB proposals of the European Commission.

The Austrian EU presidency has recently reported progress on the Digital Services Tax file and states consensus is achievable by Christmas. In reality, EU countries continue to disagree on the viability of such a proposal in a particularly contentious environment and given the US opposition to the proposals.

At last week's [OECD tax update](#), Pascal Saint-Amans, the Director of OECD's Centre for Tax Policy and Administration, confirmed that the OECD is supportive of the German - French proposals, but countries still fundamentally disagree on how to address specific digitalisation challenges. Reportedly, the United States favours more comprehensive reform of international tax rules that would not ring-fence the digital economy for tax purposes but would reconsider taxation powers of market jurisdictions, whilst countries like the United Kingdom consider that international tax reform should remain limited in scope and address the user value contribution in the digital economy.

### EU Joint Transfer Pricing Forum Update

An EU joint transfer pricing forum meeting will take place this Wednesday 24 October. On the agenda is the topic of joint audits for better transfer pricing control. The current work programme of the Joint Transfer Pricing Forum includes summarising Member States'



practices and experiences in the context of joint controls and audits, as well as providing practical guidance on how to cooperate both in the bilateral and multilateral context of transfer pricing inspections. More detail is available in the European Commission [Report](#).



## OECD: Austria and U.K. ‘largely compliant’ on Transparency Ratings

The Global Forum on Transparency and Exchange of Information for Tax Purposes (the [Global Forum](#)) published seven peer review reports assessing compliance with the international standard on transparency and exchange of information on request (EOIR). Bahrain and Singapore received an overall rating of “Compliant”, whilst five other jurisdictions, Austria, Aruba, Brazil, Saint Kitts and Nevis and the United Kingdom, were rated “Largely Compliant”.

These reports assess jurisdictions against the updated standard which incorporates beneficial ownership information of all relevant legal entities and arrangements, in line with the definition used by the Financial Action Task Force Recommendation (FATF).



## EU Commission Withdraws Apple Court Action against Ireland

Following confirmation by Ireland that the full recovery of the illegal State aid granted to Apple has been finalised, the Commission has decided to withdraw its Court action against Ireland. On 30 August 2016, the Commission adopted a State aid decision finding that Ireland had granted undue tax benefits of up to €13 billion to Apple. The Commission concluded that these tax benefits were illegal under EU State aid rules as they allowed Apple to pay substantially less tax on profits recorded in Ireland than other companies subject to same national taxation laws, and ordered Ireland to recover the amount of taxes that should have been paid by Apple. Both Ireland and Apple have appealed the Commission decision. Pending a General Court ruling, the State aid must be fully recovered from the alleged aid recipient.



## Reminder: CFE & AEDAF Mandatory Disclosure Rules Conference – 23 November 2018

CFE Tax Advisers Europe and the Asociación Española de Asesores Fiscales (AEDAF) will host the [11th European Conference on Tax Advisers’ Professional Affairs](#), in Madrid, Spain, on Friday 23 November 2018 from 9am to 3pm on the topic of “Transparency Trends in Taxation: How to Implement New EU & OECD Mandatory Disclosure Rules”.

Two panels of expert speakers from the EU & OECD, Members of Parliament and officials from the Ministry of Finance of the Kingdom of Spain as well as prominent practitioners will discuss the implications of the OECD and EU’s initiatives on Mandatory Disclosure Rules. The panels will address issues such as how tax administrations and advisers will face the

challenging task of implementing this directive and the merits of these policy initiatives for stakeholders across the board. [Register now](#) to avoid disappointment!