BRUSSELS I **SEPTEMBER 2019**

1. New Digital Tax Proposals Due October

Whilst many of us were on summer holidays, OECD officials and working parties were busy reconciling the key policy concerns of the members of the Inclusive Framework that aim for a broad agreement on international taxation. The in-tray remains full though, according to the Director of the OECD Centre for Tax Policy and Administration Pascal Saint- Amans, who clarified the G7 Leaders' Declaration from Biarritz as concerns the political commitment to amend international tax rules to reflect the tax challenges of the digitalising economy.

Pascal Saint-Amans stated that whilst progress had been made, there were several key issues that needed to be addressed. Such agreement on the outstanding issues would pave the way for a new OECD proposal on the taxation of the digital economy (including minimum taxation) at the next G20 meeting, scheduled for 17 October in Washington DC.

As regards the minimum taxation proposal, Saint-Amans said that unlike the US GILTI approach of average rate, OECD is instead considering country-by-country based approach. Saint- Amans admitted that a global minimum tax rate would require close international coordination and a multilateral treaty, as argued by CFE Tax Advisers Europe in response to the OECD consultation on the digital tax proposals, with reference to the second pillar and the residual BEPS issues.

2. OECD Publishes Energy Taxation Report

Ahead of the UN Summit, the OECD has published a preview of its Taxing Energy Use 2019 report concerning the taxes levied on environmentally polluting sources of energy. Unsurprisingly, the report summary sets out that across the 44 countries contributing to over 80% of the worldwide levels of energy emissions, taxes on sources of energy which are polluting the environment are too low to counteract the impact on climate change and air pollution. For example, the report finds that tax on coal, which contributes to over 50% of carbon emissions from energy sources, is zero or close to zero. Fuel taxes for international flights and shipping is also taxed at zero or close to zero across the countries the subject of the report, whilst cleaner energy sources, such as gas, are often more highly taxed.

Speaking about the report, OECD Secretary-General Angel Gurría said "We know we need to burn less fossil fuel, but when taxes on the most polluting fuels are zero or close to zero, there is little incentive to change. Energy taxes are not the sole solution, but we can't curb climate change without them. They should be applied fairly and used to improve well-being and ease the energy transition for vulnerable groups." The report advocates for change in taxes and state subsidies and investment to encourage shifts to low-carbon energy and transport.

3. Tax Transparency: Significant Progress Noted on Country-by-Country Reporting

The OECD has noted significant progress in the implementation of the minimum standard on Country-by-Country Reporting (CbC), providing tax administrations with an unprecedented level of information and transparency on activities of multinational companies (MNCs). Such conclusions are contained in the outcomes of the second phase of peer reviews of the BEPS Action 13 Country-by-Country reporting initiative, demonstrating strong progress in the efforts to improve the taxation of multinational companies worldwide. CbC reporting as a minimum standard of the BEPS project requires tax authorities to collect and share detailed information on MNCs operating within their jurisdiction, collection data on revenues, profits, taxes paid and accrued, as well as the capital, accumulated earnings, number of employees and tangible assets, broken down by jurisdiction.

4. Guinea, Namibia and Honduras Join the Global Forum on Tax Transparency

Guinea, Namibia and Honduras have joined the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes, stating their commitment to implement the international standard of exchange of information on request (EIOR) and the standard on automatic exchange of financial account information (AEOI) implementing the Common Reporting Standard (CRS). With 157 members, the Global Forum is the flagship body for ensuring the implementation of the internationally agreed standards of tax transparency and exchange of taxation-relevant information among tax administrations.

5. Reminder: 12th Conference on Tax Advisers' Professional Affairs

The 12th European Conference on Tax Advisers' Professional Affairs will be held in Paris on Friday, 29 November 2019, on the topic of "Tax Transparency Trends: Are Tax Advisers Ready for the New EU Anti-Money Laundering Rules?"

The conference will examine the impact of existing EU anti-money laundering rules and the new requirements of the 5th AML Directive, including making beneficial owners of legal entities registers public, providing increased access to information on the beneficial ownership of trusts and the expansion of AML rules to entities which store, hold or transfer virtual currencies. Speakers will also discuss enhanced cooperation and exchanges of information provided for between the EU and Member States under the 5th AML

Directive. In addition, panellists will discuss compliance with and implementation of the measures in practice and the information available to supervisory bodies to facilitate their obligations under the Directive. More details about the programme and line-up of speakers will be available in due course.

Register now to secure your spot!

6. CFE Tax Advisers Europe Sets Out Policy Priorities for the 2019 – 2024 EU Mandate

As the EU institutions are considering their policy priorities for the next mandate, CFE Tax Advisers Europe has taken the opportunity to set out the tax and professional affairs policy issues it identifies as significant concerning taxation and the future. Accordingly, CFE Tax Advisers Europe has published an Opinion Statement that sets out the policy priorities of European tax advisers for the 2019 – 2024 mandate of the EU Institutions.

7. OECD: More Action Required by Governments as Tax Reform Slows Down

The latest OECD report "Tax Policy Reforms: OECD and Selected Partner Economies", a publication which analyses the scope of tax reforms in all OECD countries, as well as in Argentina, Indonesia and South Africa, indicates that globally the pace of tax reform has slowed down, with fewer countries introducing comprehensive reform packages in 2019, relative to previous years.

Corporate tax rates cuts have continued in 2019, albeit to a lesser extent compared with the 2018 developments. The OECD notes that the most significant tax reforms have been introduced in the Netherlands, Lithuania (labour taxes), Australia (personal income taxes), Italy (corporate income tax) and Poland (personal and corporate income taxes).

The Director of the OECD Centre for Tax Policy and Administration, Pascal Saint-Amans, called for increased pace of the tax reform process, due to the multiplicity of the challenges that governments are faced with: "*At a time when countries are facing many significant challenges, such as weakening economic growth, ageing populations, income and wealth inequality, the changing nature of work and climate change, the appetite for growth-enhancing, structural tax reforms seems to be waning. In the face of these challenges, it is clear that bolder action is needed."*, Pascal Saint-Amans stated.

8. OECD Publishes Tax Moral Report

The OECD has published a report on individual and business tax morale, examining the factors that contribute to tax morale and the modality to improve the revenue collection mechanisms through voluntary compliance. Age, religion, gender and education were all identified as significant factors which influence tax morale.

This report specifically focuses on tax morale in developing countries, using recent data to help identify the drivers of tax morale among individuals and businesses. It also examines how tax systems can affect business decisions. Deputy Director of the Centre for Tax Policy and Administration at the OECD, Grace Perez-Navarro, stated of the report "There remains much to do in building a sustainable tax-paying culture, particularly in developing countries. It won't be enough to crack down on aggressive tax planning or eliminate tax incentives. Taxpayers and authorities need to build a stronger and more dynamic relationship of trust, facilitation and enforcement." Comments submitted from CFE on behalf of the Global Tax Advisers Platform in response to the public consultation on tax morale carried out by the OECD earlier in the year can be viewed on our website.

9. OECD Tax Administration 2019 Report Published

The OECD has published its Tax Administration 2019 report, the 8th edition in the OECD Tax Administration Series, comparing data concerning the tax administration systems of 58 economies.

This edition focuses in particular on the use of technology, both by tax administrations in aiming to increase e-administration/digital compliance, and in uptake of users in filing tax returns electronically. The report demonstrates that there has been an increase in online filing of tax returns, with more than 70% of users filing their individual tax return electronically, and over 85% of businesses filing returns electronically. The report also sets out that over 40 of the tax administrations surveyed for the report either are using or intend to use artificial intelligence as part of their e-compliance programmes.

Pascal Saint-Amans, Director of the OECD Centre for Tax Policy and Administration said of the report *"The data and examples contained in Tax Administration 2019 show how the availability of new technologies, new data sources, and increasing international cooperation are providing new opportunities for tax administrations to better manage compliance, protect their tax base and reduce administrative burdens."*

10. Final Reminder: GTAP Conference – 3 October 2019

The Global Tax Advisers Platform's inaugural conference will take place on 3 October 2019 in Torino on the topic of "*Tax &The Future*". GTAP was formed in 2014 by CFE, AOTCA and WAUTI as a global response of tax advisers to international tax initiatives, with the aim of forging closer links among tax advisers throughout the world. The platform provides the proper framework for a more dynamic, more inclusive cooperation among tax advisers, on the basis of enhanced dialogue, more effective collaboration and openness.

The GTAP conference will examine issues that are of interest to all tax advisers in a borderless, increasingly globalising and automated society, driven by new technologies. To that end, four panels of expert speakers will consider the evolution and future of the topics of global tax policy, corporate income tax and VAT, the global tax profession and business models and tax sustainability.