BRUSSELS I **JULY 2018**

OECD Publishes Tax Transparency Compliance Ratings

The OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes, has published 7 peer review reports which assess the compliance of jurisdictions with international tax transparency standards. The Global Forum includes 150 members, including all G20 and OECD countries, as well as international financial institutions.

Guernsey and San Marino were rated as being "compliant" with the standards, whilst Indonesia, Japan, the Philippines and the United States received a rating of "largely compliant". Kazakhstan was rated as "partially compliant".

In addition, the OECD has now invited taxpayers to provide input on the sixth batch of Dispute Resolution Peer Reviews, being undertaken as part of BEPS Action 14, concerning the jurisdictions of Argentina, Chile, Colombia, Croatia, India, Latvia, Lithuania and South Africa. Responses are required by 24 August 2018.

G20 Publish Communiqué Following July Meeting

The G20 reiterated their support for the OECD tax agenda in a final Communiqué published following a meeting of finance ministers and central bank governors of the G20 countries on 21-22 July in Buenos Aires, Argentina.

The final Communiqué identifies the main risks to global economic growth and recommends the best policy tools to sustain a sustainable and balanced growth of the world economy, in light of the rapid technological transformation and the volatility of financial markets and capital flows.

The G20 reaffirmed the backing for full implementation of the BEPS package and the importance of seeking a consensus-based approach to the tax challenges of the digital economy by 2020, with an interim update in 2019, as well as stricter criteria to identify non-cooperative jurisdictions for tax purposes. The Communiqué sets out ministers' expectations that automatic exchange of financial account information for tax purposes in 2018 will commence as planned, calling on all jurisdictions to sign and ratify the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

The Communiqué reiterated the call for the Platform for Collaboration on Tax to develop its work plan by 2019, following up on the commitments by the IMF and World Bank annual meeting.

3. OECD's MLI Enters Into Force

The BEPS multilateral tax treaty instrument ("MLI") entered into force on 1 July 2018 following on from 5 countries having ratified the instrument, namely Austria, the Isle of Man, Jersey, Poland and Slovenia. Serbia, Sweden, New Zealand and the UK have now also ratified the instrument. There are now 83 jurisdictions that are signatories to the treaty.

The multilateral tax treaty allows jurisdictions to update their existing double tax treaties and transpose measures agreed in the BEPS project without further need for bilateral negotiations. OECD Director for Tax Policy and Administration, Pascal Saint-Amans, stated that the "entry into force of this landmark agreement underlines governments' commitment to update the international tax rules and ensure they are fit for purpose in the 21st Century".

Ahead of the treaty entering into force, Kazakhstan, Peru, the United Arab Emirates and Estonia became signatories to the BEPS Multilateral Convention, with the Ukraine having since also become a signatory, and the United Kingdom, Sweden, Serbia and New Zealand all deposited their instruments of ratification with the OECD. Further ratifications are expected in the coming months.

Additionally, on 27 July, Antigua and Barbuda became the 124th and 125th jurisdictions to sign the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The multilateral tax treaty allows jurisdictions to update their existing double tax treaties and transpose measures agreed in the BEPS project without further need for bilateral negotiations, and aims to increase transparency and further efforts to reduce cross-border tax evasion.

4. Google Fined €4 Billion by EU Commission for Abuse of Dominance

The EU Commission has fined Google with €4.34 billion for breach of EU competition rules in respect of the utilisation of the Android operating system as a vehicle for abuse of dominance in the Single Market and the European Economic Area. The European Commission published the decision on 18 July after an in-depth investigation found Google had required smartphone operators to pre-install Google's search and browser apps or lose access to the Google Play store and streaming services. The decision announced by Commissioner Vestager has increased the transatlantic tensions, with President Donald Trump accusing the EU of "taking advantage of US companies, but not for long."

Commissioner Vestager on behalf of the EU Commission stated: "…with market dominance comes responsibility – because, when one company dominates a marketplace, competition is already weakened. So, EU antitrust rules put special responsibilities on dominant companies. They must not deny other companies the chance to compete on the merits, to the detriment of further innovation and European consumers."

Google issued a public statement that they will appeal the Commission decision: "Android has created more choice for everyone, not less. A vibrant ecosystem, rapid innovation and lower prices are classic hallmarks of robust competition. We will appeal the Commission's decision."

5. EU Commission Publishes Proposals Concerning Australia and NZ Trade Agreements

The EU Commission has published reports concerning the ongoing trade negotiations with Australia and New Zealand, following the most recent meeting of negotiators from Australia and the EU from 2 to 6 July in Brussels, and between New Zealand and the EU from 16 to 20 July, also in Brussels.

Bilateral trade in goods and services between the EU and Australia totaled €65 billion in 2017, with the EU Australia's second largest trading partner. The EU is New Zealand's third largest trading partner, and impact assessments estimate that the amount of trade in goods could increase by 70% under a trade agreement. The negotiations are centered around removing barriers to exportation, such that European companies are on equal footing with those that are signatories to the Trans-Pacific Partnership.

The next round of trade talks are scheduled to take place in autumn in Australia and New Zealand.