



BRUSSELS | 27 JUNE 2022

CFE Opinion Statement on Introducing a Common EU-wide System for Withholding Taxes

CFE has issued an [Opinion Statement](#) in relation to the European Commission's public consultation on introducing an EU-wide system on withholding taxes. The CFE Tax Advisers Europe is supportive of the initiative to introduce an EU-wide system for relief at source of withholding tax on dividend, interest, royalty payments and service fees, and for exchange of information and cooperation between tax authorities under the system.

CFE has a strong preference for a harmonized relief at source system and strongly support that there should be a harmonized means to obtain via e-request a tax residence certificate, with swift online provision of the tax

residence certificate, and a digitalised verification system. Refund procedures are costly, time-consuming and often result in taxpayers having their refund claims refused for various administrative-related reasons. It is illogical that if one invests in the US, the treaty rate is automatically applied based on very simple and straightforward procedures, whereas this is not the case automatically if one were to invest in shares in another EU Member State.

In conjunction with the implementation of measures to improve the withholding tax refund procedures and establish a common EU relief at source system, CFE is of the view that there are solid public policy arguments for Option 3 (enhancing the existing administrative cooperation framework to verify entitlement to double tax convention benefits) and extending this to third countries. This could build on existing multinational arrangements including, for example, FATCA, though the focus there is on individuals. This would minimise de facto economic losses to investors etc and does the most to promote transparency and cooperation among tax authorities.

We invite you to read the [Opinion Statement](#) and would welcome any feedback or queries concerning the position paper.

French Presidency Races to Reach Agreement on Minimum Tax Directive

Though European Union Member States failed to reach a political agreement on the EU Commission proposal for a directive on minimum tax at the ECOFIN meeting in June, France has [indicated](#) it will continue to push for a last-minute deal in the final days of their Presidency. The Czech Republic takes over the EU rotating Presidency on 1 July. At the ECOFIN Council of 17 June Poland

lifted its veto, however Hungary then reversed its support for the proposal last-minute. According to the Finance Minister, Mihaly Varga, Hungary was no longer able to support the deal due to the changed economic and fiscal climate arising from the war in Ukraine as well as inflation.

Following the failure of Member States to reach agreement at ECOFIN, MEPs also [discussed](#) the issue of national vetos at the Plenary session of Parliament on 23 June 2022. MEPs largely agreed that an enhanced cooperation procedure or a move to qualified majority voting in the field of taxation would resolve these issues, but certain MEPs stressed the importance of the sovereignty principle in Council negotiations.

Adoption of Pillar 2 is also stalled across the Atlantic, where President Biden is struggling to pass the legislation through the US Congress. Despite the House adoption of the Build Back Better Act in December 2021, the Senate remains divided on this matter. It is therefore unclear whether the bill will be passed before the November US midterm elections.

Forum on Tax Administration Publishes 2022 Report

The OECD's Forum on Tax Administration has issued the [Tax Administration 2022](#) report, which compares data on particular aspects of tax administration and tax systems across 58 economies, compiled in the 2021 International Survey on Revenue Administration. The report examines the data to highlight key trends, innovations and best practice, in order to facilitate information sharing and dialogue between tax revenues on improving tax systems.

The report highlights that in response to the coronavirus crisis, tax

administrations had continued to significantly improve their digital transformation processes, and invest resources in digital solutions for tax compliance. The report sets out that 90% of tax administrations now use data science and analytical tools to facilitate the use of data and that digital channels are now dominating interactions with taxpayers, with around 1.3 billion contacts via online taxpayer accounts, and more than 30 million contacts via chatbots.

The Chair of the Forum on Tax Administration, Bob Hamilton said of the report, *“This edition of the Tax Administration Series highlights the range of innovations being undertaken by tax administrations both in their interactions with taxpayers and in their internal operations, including as a result of lessons learnt from the COVID-19 crisis. Leading a tax administration myself, it is clear to me that digital service delivery, as well as increased agility and flexibility, is going to be of central importance to us in achieving our goals while meeting the expectations of taxpayers in the rapidly digitalising economy.”*

EU Parliament's FISC: Study on Regulation of Intermediaries

The European Parliament's Permanent Subcommittee on Tax Matters, FISC, met on 27 June 2022. At the [meeting](#), MEPs who make up the members of FISC discussed a study conducted by Prof. Dr. Emer Mulligan from the National University of Ireland Galway on *“The regulation of intermediaries, including tax advisors, in the EU/Member States and best practices from inside and outside the EU”*. The discussion can be replayed [here](#).

The Subcommittee also exchanged views with Commissioner Paolo Gentiloni, Commissioner responsible for Economy, on the political and legislative follow-up to the work of the FISC Subcommittee. The upcoming work programme of

the Subcommittee is available [here](#).

DGTAXUD Conference on Mega-Trends & Their Impact on Taxation

The European Commission's [Directorate-General for Taxation and Customs Union](#) will hold a conference on Tuesday 28 June 2022, from 13:30 to 16:15 CEST on the topic of "Mega-Trends and Their Impact on Taxation".

Speakers including Paolo Gentiloni (European Commissioner for Economy), Gerassimos Thomas (Director General for Taxation and Customs Union - European Commission), Benjamin Angel (Director for Direct Taxation - European Commission) and Pascal Saint-Amans (Director, Centre for Tax Policy and Administration - OECD) will analyse how tax systems in the EU are faring after the pandemic, discuss tax policy actions that can support economic recovery and ensure fiscal resilience and environmental sustainability in the future. The latest information on the Annual Report on Taxation will also be made available at the conference.

Further information and registration details are available [here](#).

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