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EU Commission Publishes Annual Report on Taxation 2022

The EU Commission has published its [Annual Report on Taxation 2022](#), which assesses the performance of the tax systems and tax policies of the individual Member States and across the EU as a whole.

The report sets out that the coronavirus crisis led to the first decline in tax revenues within the Member States since the 2009 recession. It is noted that various measures aimed at supporting businesses and households to relieve economic contraction caused by COVID-19 contributed to the decline in tax revenues, such as *"corporate and personal income tax cuts, deferrals and waivers on corporate and personal income tax and social security contributions,*

PIT tax brackets adjustments to make systems more progressive, discounts on early payments and reduced penalties on late payments, various tax incentives to investment and temporary VAT reductions".

The report also highlights that the vast majority of tax revenue comes from labour taxes, and that in order to future proof tax systems, "*substantial structural changes across global economies in the areas of (i) ageing societies and the implied labour market shifts, (ii) digitalisation, (iii) globalisation, and (iv) climate change*" need to be addressed.

EU Commission: Call for Evidence on Administrative Cooperation Framework in VAT

The European Commission's DGTAXUD has published a [Call for Evidence](#) concerning an upcoming evaluation which will examine the application of the administrative cooperation in the field of VAT. The evaluation will feed into Commission legislative initiatives such as strengthening Eurofisc and its cooperation with customs and other EU bodies, and introducing digital reporting requirements as part of the "VAT in the Digital Age" initiative.

The document sets out that no public consultation will take place as part of the preparation of the evaluation, as the main relevant targeted stakeholders are tax and customs authorities in all Member States as well as Eurofisc and EU law enforcement bodies such as Europol, OLAF and the EPPO and economic operators whose business activities include cross-border transactions. Targeted consultations are taking place with these stakeholders. The evaluation report will be published in Q4 of 2022.

EU Parliament's FISC: The Role of Tax Incentives & Exemptions in the Single Market

The European Parliament's Permanent Subcommittee on Tax Matters, FISC, will next [meet](#) on 11 July 2022 to hold a public hearing on "the role of tax incentives and exemptions in the framework of the reform of corporate taxation and in the promotion of European economies' competitiveness". At the hearing, expert speakers and members of FISC will discuss the relevance of tax incentives for investment and tax free zones in the EU, and its impact on the Single Market.

Speakers will include: Mr Benjamin Angel, Director Direct Taxation, Tax Coordination, Economic Analysis and Evaluation, DG TAXUD, European Commission; Dr Agustin Redonda, Senior Fellow at Council of Economics Policies; Mr Gerhard Huemer, Director Economic and Fiscal Policy at SMEunited; and Professor Dr Nadine Riedel, Director of the Institute for Public and Regional Economics at the University of Münster. The hearing can be live streamed [here](#).

EU Parliament & Council Reach Deal on Rules for Tracing Crypto-Assets

Last week, European Parliament and Council reached a provisional deal on legislation forming part of the [2021 EU anti-money laundering package](#) that aims to ensure that transfers of crypto-assets can be traced in the same way as traditional money transfers. Under the legislation, the "travel rule" will now apply to crypto-assets, such that information on the source of an asset and its

beneficiary is sent with a transaction and stored. Crypto-assets service providers will also be obliged to provide this information to competent authorities if an investigation is conducted into money laundering and terrorist financing.

Co-rapporteur on the file, MEP Ernest Urtasun, said of the agreement: *“This new regulation strengthens the European framework to fight money-laundering, reduces the risks of fraud and makes crypto-asset transactions more secure. The EU travel rule will ensure that CASPs can prevent and detect sanctioned addresses and that transfers of crypto-assets are fully traceable. This regulation introduces one of the most ambitious travel rules for transfers of crypto assets in the world. We hope other jurisdictions will follow the ambitious and rigorous approach the co-legislators agreed today.”*

Further information concerning the agreed rules is available [here](#).

Public Input from VAT in the Digital Age Consultation Published

The European Commission has now published a [Summary Report](#) which provides an overview of the public input received to DGTAXUD's VAT in the Digital Age consultation which ran from 20 January to 5 May this year. 193 responses were submitted, from 22 Member States and 5 non-EU countries.

Notably, the majority of respondents agreed that EU action is necessary in ensuring a more widespread adoption of digital reporting and e-invoicing requirements and over two-thirds of respondents believed that it should be a high priority for the European Commission to take further action to reduce the need for taxpayers to hold multiple VAT registrations. Multiple issues were identified in relation to the platform economy, and the majority agreed that

the OSS should be extended to cover all B2C supplies of goods and services by non-established suppliers. Further statistical analysis is set out in the [report](#).

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