



**BRUSSELS | 6 SEPTEMBER 2021**

## **OECD's International Tax Agreement to Eliminate Double Taxation**

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In a recent [interview](#), Pascal Saint-Amans, Director of the Center for Tax Policy and Administration said that the technical agreement being finalised by the Members of the Inclusive Framework in the Two-Pillar agreement on taxation of the digital economy and minimal global corporate tax will eliminate double taxation. In the interview, Mr Saint-Amans confirmed, "You need to eliminate double taxation and there will be a panel with independent parties which will decide. We will eliminate double taxation. It will happen in a fast manner, in a timely manner, and countries will not feel like their sovereignty has been completely ignored."

Mr Saint-Amans confirmed that details of Pillar II were still being worked out, but that the agreement will include a clause that unilateral measures must be put at a standstill or rolled back. Additionally, he confirmed that although some carve-outs have been agreed, for the extractive industry, financial services and shipping, that these industries should ideally still be taxed, and are not considered exempt industries. He also discussed that tax certainty was key in the agreement, with "mandatory and binding dispute prevention and resolution mechanism", and Amounts A and B to be agreed with interested countries and companies, to ideally reduce disputes.

More technical detail is expected from the OECD by October, with implementation to commence in 2023.

## EU Parliament FISC Hearing on Tax Transparency

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The European Parliament's Subcommittee on Tax Matters (FISC), will hold a public hearing on the issue of tax transparency on 9 September, from 10:00am to 12:00. The hearing will feature presentations from Ms. Dalia Grybauskaitė, Co-Chair of the High Level Panel on International Financial Accountability, Transparency and Integrity (FACTI), Mr. Eelco van der Enden, Member of the Board of Directors at Global Reporting Initiative (GRI), Chairman of the Tax Policy Group of Accountancy Europe; Mr. Alan McLean, Executive Vice President, Taxation and Controller, Shell and Mr. Michael Jaeger, General Secretary of Taxpayers Association of Europe. The presentations will be followed by discussion and questions with the Members of FISC.

The meeting will be web-streamed and can be followed [live](#).

## Togo Joins Inclusive Framework on BEPS

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Togo has become the newest jurisdiction to become a member of the OECD/G20 Inclusive Framework on BEPS, now the 140th country to join the Framework. The OECD's Inclusive Framework of minimum standards was devised by the OECD and G20 countries as part of the 2015 Base Erosion Profit Shifting Plan (BEPS). Joining the OECD Inclusive Framework also indicates compliance with conditions set by the European Commission concerning the EU's list of non-cooperative jurisdictions in taxation matters aimed at promoting tax good governance and minimising tax avoidance.

Togo also joined the [two-pillar plan](#) to address the tax challenges arising from the digitalisation of the economy. 134 [jurisdictions are now participating in the agreement](#).

## Informal ECOFIN Meeting

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EU finance and economy ministers will [this week](#) hold an informal conference concerning the implementation of the EU Recovery and Resilience Facility, and the economic situation in the euro area, as well as managing the impact of COVID-19 throughout the euro zone. Ministers will be joined by the Chair of the EP's ECON Committee to exchange views on the issues, as well as the ECDC Director.

## CFE Statement on the Use of Shell Entities for Tax Avoidance Purposes

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CFE Tax Advisers Europe has published an [Opinion Statement](#) on the European Commission public consultation on fighting the use of shell entities for tax avoidance purposes. From the CFE's perspective, the challenges to successfully designing balanced measures addressing abuse of shell entities at EU level are three-fold:

1. How to meaningfully scope shell entities and provide definitions that are sufficiently clear to exclude entities engaged in legitimate holding, estate planning, financial, insurance/reinsurance and/or commercial activities, even if they do not need staff and equipment to achieve such purposes;
2. How to choose a policy solution that is fit for purpose in the context of the existing measures aimed at targeting solely abusive/illicit use of shell entities;
3. How to avoid complex legislation which includes hallmarks, such as those used in DAC 6, instead of clear legal definitions. Discussions that the CFE has had with relevant stakeholders, suggest that many taxpayers, their advisers and tax administrations are still struggling to understand the scope of those hallmarks.

CFE's view is that new anti-avoidance initiatives are not necessary at present, given that there are plethora of existing rules and practices enshrined in EU law which would be suitable to address the concerns outlined in the EU initiative to tackle abusive use of shell entities for tax avoidance purposes. Prior to any potential EU action, the Commission, in cooperation with Member states should assess Member States' practices and legislation (where existing) to address use of shell entities for tax avoidance and evasion purposes.

We invite you to read our [statement](#), and remain available for any queries you may have.

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