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OECD's Forum on Harmful Tax Practices Publishes Peer Reviews

The OECD/G20 Inclusive Framework on BEPS has approved peer review results of the Forum on Harmful Tax Practices, in which it reviewed preferential tax regimes and made conclusions concerning 25 different regimes.

The results confirm that a harmful offshore banking regime in Australia had been abolished and that the Foreign-derived intangible income (FDII) regime in the US is in the process of being eliminated. Regimes in the Dominican Republic concerning border development and logistics centres were being amended, as were special economic zone regimes in Jordan and Gabon. Other special economic zone regimes are under review in Armenia, Eswatini and

Honduras.

The next set of peer reviews will take place in late 2021.

UK Consultation on Reporting Rules for Digital Platforms

The UK has launched a consultation concerning the implementation of the OECD Model Reporting Rules for Digital Platforms, into domestic UK legislation. The OECD Model Rules require platforms to report income of sellers operating on their platforms, and inform sellers on the income reported to tax authorities. In June, the scope of the reporting was extended to include sale of goods and transport rental.

The UK is consulting concerning optional elements of the Rules and the UK's means of implementing the Model. The consultation will run until 22 October 2021, and responses to the questions that comprise the consultation can be submitted via e-mail to eoi.policy@hmrc.gov.uk.

Global Minimum Corporate Tax Rate Not A Significant Concern for the Irish Central Bank

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Ireland's Central Bank Governor Gabriel Makhlouf said that a global minimum corporate tax rate is not a significant cause for concern for the country. Makhlouf noted that a company's decision as to where to headquarter itself was based not only tax rates, but quality of work force and the government, reportedly saying, *"You only need to just travel around the country to see the real economic activity ... This isn't an artificial thing."*

Estimates in the Stability Programme Update for 2021 of the Irish Department of Finance, published on 14 April, set out that Ireland stands to lose 2 billion Euros in corporate tax revenue by 2025 under the OECD proposals. However, the minimum rate, initially pitched at 21%, has now been agreed at 15%, not far off from Ireland's domestic corporate tax rate of 12.5%. Ireland, Hungary and Estonia are currently the only EU countries which did not sign off on the global agreement on international tax reform announced by the OECD at the beginning of July, based on a two-pillar solution which allows multinational companies to pay more tax in the countries where they operate as well as a global minimum tax rate.

Further technical detail on the two-pillar solution is expected by October 2021.

US Revenue Seize & Sell Over USD 1 Billion in Crypto-Assets in 2021

The Director of the IRS Cybercrime Unit, Jarod Koopman, confirmed that over 1.2 billion USD worth of cryptocurrency had been seized in the 2021 financial year by the IRS in criminal sting operations, noting a significant increase in seized revenue in recent years, *“In fiscal year 2019, we had about $700,000 worth of crypto seizures. In 2020, it was up to $137 million. And so far in 2021, we’re at $1.2 billion.”*

The IRS began targeting digital assets back in 2013, when it dismantled the illegal dark web marketplace Silk Road. Since then, operations which aim to seize and sell crypto-assets have grown exponentially, to the extent that the private sector has been engaged to manage the storage and sale of crypto assets for the IRS. Federal cybercrime prosecutor Jud Welle said of the increase in revenue from these seizures, *"I predict within three to five years ... there will be manuals edited and updated with, 'This is how you approach crypto tracing,' 'This is how you approach crypto seizure'."*

EU Commission Approves Suite of NextGenerationEU Financing

Over the past week, the EU Commission has disbursed NextGenerationEU pre-financing for Luxembourg, Portugal and Belgium in the amounts of 12 million, 2.2 billion and 770 million Euro respectively. The financing forms part of the Recovery and Resilience Facility (RRF), through which the Commission will provide over 723 billion Euro to Member States through investments and reform. The NextGenerationEU instrument financing will support Member states in recovering from the economic impact of the COVID-19 crisis. All funding is aimed to support the green transition, the digital transition and reinforcing economic and social resilience.

Commissioner for Budget and Administration, Johannes Hahn, said of the financing: *"After three very successful bond issuances under NextGenerationEU over the past few weeks, and the first payments for other NGEU programmes, I am glad that we have now also reached the disbursement stage for the RRF. Intense cooperation with Belgium and solid preparation within the Commission allowed us to pay out the funds in record time. This shows that with the resources raised, we will be able to swiftly deliver on the pre-financing needs of all Member States, thus giving them the initial boost in implementing the numerous green and digital projects included in their national plans."*

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