



## European Tax Report Confédération Fiscale Européenne (CFE)

October 2009 / Edition 8

### NEWS - INDIRECT TAX

## COUNCIL

### Taxation – Anti-Fraud agreements with third countries

ECOFIN met in Luxembourg on 20 October to discuss and examine a range of issues including a draft anti-fraud agreement with Liechtenstein and a draft mandate for the Commission to negotiate anti-fraud agreements with Andorra, Monaco and San Marino and a new anti-fraud agreement with Switzerland.

On the anti-fraud agreement with Liechtenstein and the negotiating mandate for the Commission, the Council broadly agreed on their substance while noting the political reservations of Austria and Luxembourg. The Council will come back to the issue in December. The draft anti-fraud agreement with Liechtenstein covers fraud as relates to both direct and indirect taxation. It provides for a definition of fraud that covers both natural and legal persons (i.e. companies) and includes not just false documents and false tax returns, but also the submission of incomplete tax returns.

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### VAT- exemption on the importation of certain goods - codified version

The Council adopted a directive concerning the exemption from value added tax on the final importation of certain goods on the common system of value added tax. The new directive is aimed at codifying Directive 90/434. The new legislative act supersedes the various acts incorporated in it, while fully preserving the content of the act being codified.

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### Derogation from the VAT directive for Germany

The Council adopted a decision authorizing Germany to continue to apply a measure derogating from the EU's directive on value added tax. The decision empowers Germany to exclude VAT from the right of deduction if it is received on goods and services which are used by a taxable person for more than 90% for non-business purposes.

### Derogation from the VAT directive for Poland

The Council adopted a decision authorizing Poland to apply a measure derogating from the EU's directive on value added tax. The decision gives Poland the right to exempt, from 1 January 2010, taxable persons whose annual turnover is no higher than € 30 000 instead of € 10 000 under the current rules.

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## European Commission

### Proposal to combat carousel fraud in certain sectors

On 29 September, the European Commission delivered to the EU Council of Ministers a draft proposal for an optional and temporary application of the reverse charge mechanism to supplies of certain goods and services. The aim is to allow Member States to fight carousel fraud in a consistent manner throughout the European Union. Greenhouse gas emission allowances were included in the proposal in light of the fact that they were subject to VAT fraud during last summer. It also includes evaluation and reporting obligations for Member States which will allow a precise assessment of the effectiveness of the measures.

VAT fraud is a concern for Member States' revenues and the proper functioning of the internal market. A common and particularly severe form of this fraud is VAT carousel fraud, which costs EU finances billions of Euros every year. It is often organised on a large scale, sometimes by criminal organizations. Several Member States have recently reported cases of carousel fraud on greenhouse gas emission allowances.

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### New measures to improve administrative cooperation in fight against VAT fraud

On 18 August, the European Commission proposed a revision of regulation 1798/2003, to afford the Member States more resources in their joint fight against VAT fraud. The proposals are based on an assessment of cooperation between the national tax administrations, which, as it notes, remains "insufficient" despite the options opened up by European legislation currently in force. Aiming for the tax authorities to have all technical and legal means to take action against European Union-wide VAT fraud those new suggested measures, which must be adopted unanimously by the Council. The new rules constitute a second train of legislative proposals, further to those

adopted in late 2008 on the monthly transmission of VAT declarations of a taxpayer to the tax administration, and between tax administrations.

According to the Commission, through the proposed regulation, a national tax authority would have access to a certain amount of information contained within the database on VAT managed by another Member State. This automated access may speed up administrative cooperation and free up resources, which can be put towards more in-depth investigations.

The proposal also brings in a framework which may guarantee the quality and comparability of the information contained within the databases via joint rules. That will in turn specify which information must be collected and which checks carried out when a VAT number is registered, as well as the conditions for removing an economic operator. The Member States will not only be responsible for incorrect or out of date information contained within their national database, but must also take joint responsibility for protecting VAT revenue collected within each of their territories. Achieving a higher level of co-operation among Member States, certain defined ways have been suggested so as to speed up and in some cases enforce its inevitability for a quick response and multilateral checks.

### Greece - Refund of unduly paid VAT and other taxes

The EC has formally requested Greece to modify its legislation concerning its treatment of requests for the refund of unduly paid taxes including VAT. The rights tax payers derive from Community law include the right to obtain the repayment of taxes paid when they are levied by Member States in violation of Community law.

According to the case-law of the ECJ, the procedural conditions governing the actions for safeguarding rights which individuals derive from EC law are those laid down in national law. However, such national rules cannot be less favorable than those governing similar domestic actions (principle of equivalence), nor may they render the exercise of rights conferred by EC law virtually impossible or excessively difficult (principle of effectiveness). The request takes the form of a "reasoned opinion" on both cases (second step of the infringement procedure provided for in article 226 of the EC Treaty). If the relevant national legislation is not amended in order to comply with the reasoned opinion, the Commission may decide to refer the matter to the ECJ.

## NEWS - INDIRECT TAX

### France - Super-reduced VAT rate for the first performances of a work

The European Commission aims to promote cultural diversity and supports the efforts of Member States in this area. However, it must also ensure the uniform application of binding Community rules on VAT. It takes the view that France cannot extend the scope of application of the super-reduced rate of VAT that it is authorized to apply, on a temporary basis, to the first performances of a work.

Reduced rates are an exception to the common system of VAT and Article 99 of the VAT Directive prohibits, in principle, rates of less than 5%. However, Article 110 of the Directive authorizes Member States that, on 1 January 1991, were applying lower rates to maintain them on a temporary basis. Nevertheless, the scope of application of those super-reduced rates cannot be extended.

Since 1986, France has been applying a VAT rate of 2.10% to the first 140 performances of a work on certain conditions. The Commission does not contest the maintenance of the super-reduced rate for the first 140 performances, but takes the view that the extension of this favorable rate to performances at which drinks are served goes against the principles of harmonization, which imply that a derogation cannot be extended. The Commission has therefore decided to send France a reasoned opinion. If the French legislation is not amended to comply with Community rules within two months, the matter may be referred to the European Court of Justice.

### Hungary - VAT reimbursement rules

The European Commission has called on Hungary to modify the relevant provisions of its VAT legislation which preclude Hungarian taxable persons from claiming reimbursement of input VAT where the underlying supply has not been financially settled by the taxable person. The request takes the form of a reasoned opinion, the second step of infringement procedure enshrined in Article 226 of the EC Treaty.

The Hungarian VAT Act grants taxable persons the option to choose between carrying forward their excess VAT (which results from deductible VAT exceeding payable VAT in a tax period) to the next tax period or immediately claiming the refund of it. However, the reimbursement of excess VAT cannot be claimed in respect of input VAT charged on a purchase that has not yet been paid by the taxable person. As a result, taxable persons whose tax returns consistently show "excesses", are de facto obliged to carry for-

ward the excess input VAT to the following tax period. The Commission concludes therefore that the Hungarian system constitutes an infringement of Article 183 of the VAT Directive as it does not ensure the application of the principle of neutrality guaranteed by the common system of VAT.

### Austria - Inclusion of car registration tax in the taxable base

The European Commission has decided to refer Austria to the European Court of Justice as regards the inclusion of the amount of its car registration tax within the taxable amount of VAT in the case of road vehicle supplies. The Commission considers that VAT should not be applied on top of the car registration tax. Given that Austria did not modify its legislation in spite of the reasoned opinion sent by the Commission in 2008, the Commission has decided to refer the case to the European Court of Justice. Moreover, the Commission has already referred Poland to the European Court of Justice for the same matter.

## Council

### EU Council discussing Fiscal Exit Strategies

At the ECOFIN meeting in Luxemburg on 20 October, discussions took place about the fiscal exit strategies. The reform of the current supervisory and regulatory frameworks for financial institutions in the EU continues under the Swedish Presidency which takes forward the work conducted by the French and Czech Presidencies. The president of the Council will report on progress in a letter to be sent to the president of the European Council, with a view to its meeting in Brussels on 29 and 30 October. The Council discussed two legislative proposals on the establishment of a European Systemic Risk Board. The measures to be taken seek to create a robust and effective EU-wide framework for macro- and micro-prudential supervision. The Council invited the presidency to start negotiations with the European Parliament on the regulation on the basis of this approach with a view to reaching agreement at first reading. Furthermore, work is foreseen on legislative proposals concerning the Capital Requirements Directive, including remuneration issues and prudential rules mitigating pro-cyclical effects. In addition, the Swedish Presidency will take forward the negotiations on the Directive on Alternative Investment Fund Managers (AIFMs), under which managers of all types of funds (hedge funds, private equity, etc.) will be subject to a stringent regulatory regime.

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## European Commission

### Securities income: simplified procedures recommended for claiming cross-border withholding tax relief

The European Commission has adopted a recommendation that outlines how EU Member States could make it easier for investors resident in EU Member States to claim withholding tax relief on divi-

dends, interest and other securities income received from other Member States.

The recommendation aims to show EU Member States how they could simplify the procedures that they currently apply to verify investors' entitlement to relief from withholding tax on cross-border securities income. The objective is both to facilitate investors who wish to invest across borders and to ensure that EU-based financial intermediaries can provide services freely across borders, as they are entitled to do under Article 49 of the EC Treaty. The recommendation also suggests ways in which Member States could ensure that the proposed simplifications would not jeopardize tax revenues' efforts against errors or fraud, while it proposes measures to eliminate the tax barriers that financial institutions face in their securities investment activities. The recommendation aims to provide guidance to Member States in how to ensure that procedures to verify entitlement to tax relief do not hinder the functioning of the Single Market.

The recommendation among others:

- encourages Member States to apply at source rather than by refund any withholding tax relief applicable to securities income under double taxation treaties or domestic law on the one hand and on the other to apply quick and standardized refund procedures where they cannot provide relief at source
- encourages Member States to accept alternative proofs of investors' entitlement to tax relief besides certificates of residence
- suggests how Member States can involve financial intermediaries in making claims on behalf of investors and, in particular, how the procedures could operate where there is a chain of financial intermediaries, in different Member States, between the issuer of the securities and a beneficiary
- encourages greater acceptance by Member States of electronic rather than paper information and suggests that Member States could apply a risk-based approach to setting requirements of proof of entitlement to tax reliefs
- suggests how Member States could set up single or joint audits or even external audits to investigate the compliance of financial intermediaries with obligations created in line with the recommendation.

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## NEWS - DIRECT TAX

### French approach of levying carbon tax

The French approach of levying carbon tax at EU borders has found “sympathetic” grounds according to a recent interview Commissioner László Kovács. He stressed that many areas of it, like international trade, would have to be taken into consideration, while reaching an agreement within the EC may be possible as soon as a draft legislation was on the table. Another point that he made was that countries that have no Emission Trade System, like India or China, would have their steel-selling companies in a more advantageous positions than the EU ones.

The idea is to introduce an adjustment mechanism in order to protect European industry from competition from countries outside the EU that do not meet the same environmental standards and refuse to take part in the international move to reduce CO2 emissions. The Commissioner referred to the energy taxation and the work in progress at the European Commission to revise EU Directive 2003/96/EC on energy taxation, a subject the Swedish Presidency is also highly involved (see tax report May 2009 / Edition 5). He explained that the idea was to adjust the energy tax directive in line with the strategy to tackle climate change. However it is up to the new Commissioner’s tax policy to follow up.

### UK - Over improper implementation of ECJ ruling on cross-border loss relief

The EC has decided to refer the UK to the ECJ for improper implementation of the ECJ ruling in Marks & Spencer on cross-border loss relief. The relevant UK legislation imposes conditions on cross-border group loss relief which make it virtually impossible for tax payers to benefit from such relief. The relevant provisions are incompatible with the right of establishment provided for in Articles 43 and 48 of the EC Treaty and Articles 31 and 34 of the EEA Agreement.

Although the legislation has been amended, the UK continues to impose conditions on cross-border group loss relief which in practice make it impossible or virtually impossible for the taxpayer to benefit from such relief in accordance with the judgment in Marks & Spencer. An unnecessarily restrictive interpretation of the condition that there should be no possibility of use of the loss in the State of the subsidiary (paragraph 7 of Schedule 18A of the Income and Corporation Taxes Act (ICTA) 1988).

The parent company should demonstrate that the condition that there should be no possibility of use of

the loss in the State of the subsidiary is met as from immediately after the end of the accounting period in which the loss arises ( Part 1, paragraph 7(4), of Schedule 18A ICTA 1988). The legislation states that it applies only to losses incurred after 1 April 2006 (Part 3 of Schedule 1 of the Finance Act 2006).

### Spain and Portugal - Over restrictive provisions on exit tax

The EC has decided to refer Spain and Portugal to the over restrictive provisions which impose an exit tax on companies which cease to be tax resident in these countries. The provisions are incompatible with the freedom of establishment. They both failed to comply with the reasoned opinions sent to them in November 2008. Therefore the Commission has decided to refer the cases to the Court of Justice.

Under Spanish law, when a Spanish company transfers its residence to another Member State or when a permanent establishment ceases its activities in Spain or transfers its Spanish located assets to another Member State, unrealized capital gains must be included in the taxable base of that financial year, whereas unrealized capital gains from purely domestic transactions are not included in the taxable base.

Under Portuguese law, in case of the transfer of seat and place of effective management of a Portuguese company to another Member State or in case a permanent establishment ceases its activities in Portugal or transfers its Portuguese located assets to another Member State the taxable base of that financial year will include any unrealized capital gains in respect of the company’s assets, whereas unrealized capital gains from purely domestic transactions are not included in the taxable base. The shareholders of the company that transfers its seat and place of effective management abroad are subject to tax on the difference between the company’s net assets (valued at the time of the transfer at market prices) and the acquisition cost of their participation.

The Commission considers that such immediate taxation penalizes those companies that wish to leave Portugal and Spain or to transfer assets abroad, as it results in less favorable treatment as compared to those companies which remain in the country or transfer assets domestically. The rules in question are therefore likely to dissuade companies from exercising their right of freedom of establishment.

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### Commission partly authorises German tax law on risk capital, subject to amendments

The European Commission has partly authorized, under EC Treaty state aid rules a German Law to modernize the General Conditions for Capital Investments. The Commission found that the positive impact of income tax benefits for private investors that provide risk capital to companies that need it would clearly outweigh potential distortions of competition brought about by the aid. The Commission therefore authorized the proposed tax benefits for private investors under certain conditions and requested Germany to bring them into line with the Commission's Risk Capital Guidelines. However, the Commission found that proposed provisions concerning business tax breaks for Venture Capital Companies (VCC) and the right of Target Enterprises (TE) acquired by VCCs to carry forward losses were incompatible with the Risk Capital Guidelines and with the principle of freedom of establishment. In particular, these provisions would require beneficiaries to have their domicile in Germany and provide an unfair competitive advantage to certain companies over their competitors. The Commission therefore concluded that business tax benefits and loss carry forward provisions in favor of VCC and TE were incompatible with the Single Market and could not be implemented.

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### Finnish temporary tax incentives for productive investment endorsed

The European Commission has endorsed a Finnish proposal for tax incentives for productive investment projects. Under the proposed scheme, for the fiscal years 2009 and 2010 Finland would temporarily double the depreciation rates for new factory and workshop buildings as well as new machinery and equipment used in such buildings. The aim of the proposed scheme is to stimulate investment in response to the current economic downturn. The Commission found that the tax incentive was a general measure, as it would be available to all enterprises having factory or workshop buildings regardless of their location, size and sector. The measure therefore does not constitute state aid as defined in Article 87 of the EC Treaty

and can be implemented.

The Finnish measure would accelerate the depreciation of new factory and workshop buildings as well as new machinery and equipment used in factory and workshop buildings, but would only be granted for the fiscal years 2009 and 2010.

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### European Academic Tax Thesis Award 2009: Thesis on taxation of cross border dividends

The European Academic Tax Thesis Award is a joint initiative of the European Commission (DG Taxation and Customs Union) and the European Association of Tax Law Professors (EATLP). Awarded on a yearly basis, the prize consists of an invitation by the European Commission to Brussels, where the author presents the awarded thesis to interested EU officials and other interested persons.

Dr Mario Tenore, Vienna University of Economics and Business, received a few weeks ago the 2009 thesis award for his Thesis on taxation of cross border dividends in Europe, his thesis deals with taxation of cross-border dividends under tax law principles and under international tax law principles and finally under European law.

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## NEWS - DIRECT TAX

## OECD

**OECD Conference - “Transfer Pricing and Treaties in a Changing World”**

On 21-22 September, the OECD held a major conference bearing the title of “Transfer Pricing and Treaties in a Changing World”. This event took place in Paris and attracted almost 700 transfer pricing and treaty experts from over 90 governments, the private sector, NGOs, academia and international organizations. This conference was part of the OECD’s Global Forum on Tax Treaties and Transfer Pricing, which plays an important role in the OECD Committee on Fiscal Affairs’ programmed to bring together international tax experts from OECD and non-OECD countries to discuss international tax issues. It was also open to participants from the private sector and universities for the second consecutive year, and to representatives from NGOs and news media.

Participants in last year’s Conference on the 50th Anniversary of the OECD Model Tax Convention overwhelmingly voted the adoption of the OECD’s Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations in 1995 as the most important tax treaty development (besides the Model Tax Convention itself) of the past 50 years. Accordingly, this year’s conference had a strong focus on transfer pricing, although a number of related treaty topics were also discussed.

In his opening address, Jeffrey Owens, Director of the OECD Centre for Tax Policy and Administration, stressed the significance of transfer pricing for OECD as well as non-OECD economies in a global economy where multinational enterprises play a prominent role. This is especially relevant in the midst of the current economic challenges, when the location of profits and losses within a multinational group is very sensitive as it directly affects the group’s effective tax rate. Governments also are carefully monitoring the allocation of profits and losses to their jurisdictions, in a context where many of them are striving for a balance between business friendly, pro-growth tax measures and measures to maintain the needed level of tax revenues to support public spending.

These considerations, which are high in the mind of governments and private sector representatives engaged in the OECD work on transfer pricing, were reflected in the Conference programmed, which addressed a number of topics in a mix of presentations and case studies.

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Conference programme

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**Liechtenstein and UK agree package of measures to improve tax compliance**

On 8 August the OECD announced a package of measures agreed between Liechtenstein and the United Kingdom intending to ensure effective exchange of information for tax purposes between the two countries and to address the important issue of undeclared funds in a cooperative way.

The measures include a tax information exchange agreement (“TIEA”) which allows for exchange of information, such as bank information, to OECD standards. This is the second such agreement entered into by Liechtenstein as it already has an agreement with the United States, while negotiations are continuing for agreements with a number of other countries.

The measures also include the introduction by Liechtenstein of a five year taxpayer assistance and compliance program as well as the introduction by the United Kingdom Revenue of a five year special disclosure facility for persons wishing to regularize their UK tax affairs. At the end of the five year period it is the intention of both parties that there will be no United Kingdom taxpayers using the laws of Liechtenstein to disguise their liability to United Kingdom tax and the TIEA will become fully operational.

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**British Virgin Islands and Cayman Islands implement internationally agreed tax standard**

On 8 August, New Zealand is next to have signed tax information exchange agreements with the British Virgin Islands and the Cayman Islands, bringing to 12 the number of agreements that the British Virgin Islands and the Cayman Islands have on exchange of information for tax purposes. This moves both

## NEWS - DIRECT TAX

jurisdictions into the category of 'Jurisdictions that have substantially implemented the internationally agreed tax standard' in the Progress Report initially published by the OECD Secretariat on 2 April 2009.

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and information exchange and currently groups more than 80 countries and jurisdictions. New participants are being invited to join, from both the developed and the developing world.

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### Next steps for OECD Global Forum on information exchange for tax purposes

Representatives of almost 100 governments were invited to meet in Los Cabos, Mexico, on 1-2 September to decide next steps in a global campaign to improve transparency and exchange of banking and ownership information for tax purposes.

Under the chairmanship of Mexican Finance Minister Agustín Carstens and with the participation of OECD Secretary-General Angel Gurría, participants discussed proposals for a new governance structure and new working methods for the OECD's Global Forum on Transparency and Exchange of Information. Central to their discussions were plans for establishing a robust peer review mechanism designed to ensure full implementation of international standards developed at the OECD and now endorsed almost universally.

In recent months, thanks to pressure from the G20 to step up the drive against tax evasion, dozens of countries and territories have taken steps to conform to these standards. Bilateral treaties have been revised and numerous new Tax Information Exchange Agreements have been signed or are under negotiation. The OECD has been tracking these developments in a Progress Report first issued on 2 April 2009 and regularly updated since then.

For individuals, banks and companies, the standards mean to keep reliable books and records and provide access to information about beneficial ownership and banking transactions. Once implemented, they will enable tax authorities to track down tax evaders by obtaining information through cooperation with other governments.

The Global Forum, which will oversee this process, was set up in 2000 to provide a global and inclusive forum for co-operation on issues of transparency

## CONFERENCES

### Conference on "Recent and pending cases at the ECJ on Direct Taxation"

The Institute for Austrian and International tax law is organizing in Vienna a conference on recent and pending cases at the ECJ on Direct taxation. From 12 to 14 November 2009, experts from various Member States like AT, Belgium, F, D, UK, Greece, Hungary, IT, NL, Poland, Portugal and Spain will analyse recent cases and their importance to the EU Member States and third countries. The conference starts on November 12 with the inaugural lectures of Professor Albert Stock and Professor Bertil Wiman on "Financing of Multinational Companies and Taxes" and "The Future of Group Taxation in Europe" respectively.

The following days, participants are expected to get involved with their comments on how the judgments will influence the domestic law of their domestic countries and how possible judgments might be implemented into the national legal systems.

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## OTHER NEWS

### CONFERENCES

#### IFA Central Eastern European Regional Conference on “Insights into a possible common future for New EU Member State domestic tax”

On 25 to 27 November, the first Central and Eastern European regional congress IFA will take place in Warsaw. Keynote speakers will be the chairman of the Polish national chamber of tax advisers, Mr Zbigniew Maciej Szymik as well as Professor Kees Van Raad and Gottfried Schellmann, the chair of the CFE Fiscal Committee. The conference is going to be a high-level conference, combining both theoretical and practical aspects of the EU membership-related changes in the tax laws of European countries.

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#### Conference on Tax Incentives for education and training

Cedefop, the European center for the development of vocational training and the European Commission's Directorates-General for Education and Culture and Taxation and Customs Union organised a one day conference on tax incentives for education and training on 22 September in Brussels. The conference provided innovative perspectives on the trends and developments in tax incentives used by governments to promote education and training. It has in particular disseminated results of Cedefop's study on “The use of tax incentives to support education and training in six selected Member States” (Germany, France, Ireland, Austria, the Netherlands and Finland).

It highlighted good practice on the tax treatment of education and training and discussed finally research results on the impact of tax systems on education and training decisions and different ways to encourage lifelong learning. The conference focused on EU Member States but also looked at experience in other countries like Canada and the US. It has brought together education, training and tax experts from government and business communities, academia, social partners and the European institutions. Discus-

sions not only reflected the current situation but also looked at whether reforms are needed to make tax incentives for lifelong learning more effective.

#### Conference on “What taxation for a low carbon economy?”

On 30 November, the European Commission (DG TAXUD) organises a one day conference in Brussels on “What taxation for a low carbon economy?”

The world is in need to formulate and work on substantial mitigation efforts and it is crucial to use cost-effective instruments for this purpose. The EU opted for the EU emission trading system (ETS) to be its main instrument in this context. However, the question remains what is the role that taxation could or should play with respect to emissions in the non-ETS sector.

The conference will focus on possibilities to address global warming through targeted taxation instruments, in theory and in practice and taking into account broader economic and social considerations.

It will be a good opportunity to bring together policy makers, experts, stakeholders and the general public from all over Europe, and beyond, to discuss this important and highly relevant subject in a very timely moment of the run up to the international climate change conference in Copenhagen.

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#### G20 Summit: An Update on the Move to Greater Transparency and International Cooperation in Tax Matters

In their effort to tackle bank secrecy, the G20 in London confirmed their will towards the end of bank secrecy. There has been action to implement the OECD initiated and now globally endorsed standards of transparency and exchange of information in tax matters. Based to what was announced:

Since April over 90 tax information exchange agreements have been signed and over 60 tax treaties negotiated or renegotiated to incorporate the standards;

All major on and offshore centers have endorsed the standards and those which had impediments to implementing them are in the process of removing them.

## OTHER NEWS

There are still some jurisdictions that committed long ago to implement the standards but have not delivered. All efforts need to be enhanced in order to ensure that an effective network of agreements is in place to deter, detect and pursue tax evaders.

Although no time-table has been announced, they consider as their priority for the next six months to move forward on the peer reviews and the monitoring of agreements. This began on 14 October when the Peer Review Group which was created in Mexico will have its first meeting. First results will be available early in 2010. Work on countermeasures will continue and in January 2010 the OECD will host a high level meeting between tax and aid officials to identify the ways that developing countries can benefit from the more transparent environment, including the use of multilateral instruments. Status reports will be made available to G20 Finance Ministers when they meet in St Andrews in 7 November 2009.

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## CFE 50th Anniversary Conference

As CFE is celebrating its 50th anniversary in 2009, it organized - together with the Institute des Avocats Conseils Fiscaux (IACF) and Union Professionnelle des Sociétés d'Avocat (UPSA) – an Anniversary Conference on Friday, September 25th, 2009 in Paris.

The topic of the Conference was: "Making Europe more competitive – Where are we after 50 years?"

The presidents of the respective organization, Mr Pierre-Yves Bourtourault (IACF), Mr. Jean-Louis Paul (UPSA) and Mr. Stephen Coleclough (CFE), addressed the attendees of the conference with their opening speeches. Both presidents of the co-hosting organizations spoke of CFE's success over the years and its importance on the promotion of the tax advisers' services at all levels.

Mrs Christine Lagarde, French Minister for the Economy, Industry and Employment, although scheduled to speak was unavailable due to the Pittsburgh summit, but was able to share her thoughts with the attendees through a video presentation. Through that, she focused on the harmonization of Europe, while also referred to recent successes of the global economic summits. although scheduled to speak. Other issues

that she touched were her goals for future European tax policy, the way to improve competitiveness of enterprises and the new environmental policy that is on the way.

Mr. Gottfried Schellman, the Chairman of the CFE Fiscal Committee mentioned the progress of competitiveness at European level, over the past 50 years. In some of his remarks, he highlighted the need for cooperation and coordination at a Member State level without implementing an excessively strong constitutional authority. His suggestions on reducing taxes on wages and salaries, advancement of greenhouse tax implementation and a sufficiently preventing VAT-fraud system were welcomed by the audience.

Mr Jeffrey Owens, the Director of the OECD's Center for Tax Policy, although scheduled to address was also called away to the Pittsburgh summit, presented a paper encouraging fair competition between financial centers around the world. He also pointed out that a transparent competing way among EU and neighboring countries, based on the quality of financial services rather than profiting from secrecy. Following that, on his behalf spoke Mr Stephen Matthews, Chief Economist of the OECD. His message on macro and micro economic aspects of competition, gave a ground to share his views on how a service economy (EU) would need to co-operate with emerging Indian and Chinese economies.

Mr Daniel Gutmann's lecture (Professeur à l'Ecole de Droit de la Sorbonne) was on «l'approche française». His approach was based on the notion that harmonization should be viewed as a positive tool in order for EU to achieve unified economic goals. In his speech, an idea of a less aggressive and negative European legislation was recommended based on the grounds that EU Member States cannot continue to improve their individual competitiveness.

Following the presentations, a number of attendees went on to discuss some of the main viewpoints of the speakers. The presentations are available on the CFE website.

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**IMPRESSUM**

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