

Brussels, 29 January 2018

EU removes eight countries from the tax 'blacklist'

The Council of the European Union has removed eight jurisdictions from the EU list of non-cooperative jurisdictions for tax purposes at the ECOFIN Council meeting of 23 January. Following commitments made at high political level to remedy the EU concerns, the EU finance ministers agreed to move these countries to a separate "grey" list, where they will be subjected to close scrutiny: Barbados, Grenada, Republic of Korea, Macao SAR, Mongolia, Panama, Tunisia and the United Arab Emirates. The decision leaves 9 countries on the list of 5 December 2017, initially comprising of 17 jurisdictions.

EU Commissioner Moscovici [urged the Member states](#) to publish content of the commitment letters sent to the EU by jurisdictions that are now on the grey list. Moscovici stated that these letters must be made public, so that everyone can judge these commitments. The Commissioner submitted that the credibility of this process depends on such transparency, with the Member states bearing the onus of this responsibility.

Council discusses VAT proposals

The Council of the EU discussed the Commission proposals in the VAT area. The European Commission presented the proposals aimed at simplifying the VAT requirements for small companies and establishing new rules for the VAT rates on 18 January 2017. One is seeking to reform VAT rates and the other to lessen the administrative burden for small enterprises. The proposals are part of the ongoing work being carried out under the 2016 Action Plan aimed to modernise the system of VAT within the EU. The proposals are subsequent to the proposals on the 'cornerstones of a new definitive single EU VAT area published in October 2017. The proposals will now be transferred to the European Parliament to discuss and the Council to negotiate and finalise.

The proposals are described by the Commission as the final steps in the overhaul of the VAT rules to create a single EU VAT area with the aim of clamping down on VAT fraud. The new rules seek to give Member States more flexibility to set new VAT rates, and put Member States on more equal footing in terms of derogations. The current rules only allow Member States to apply reduced VAT rates to two categories, and to apply specific derogations to certain reduced rates. Under the new rules the a simplified list will be created showing the products which will always be subject to the standard rate, as opposed to the current list containing lists of goods and services subject to reduced rates. All goods currently subject to the standard rate can continue to so. In order to ensure a consistent level of public revenues a weighted average VAT rate of 12% will apply to Member States.

EU Commission publishes 2017 tax policies survey

The European Commission has published the [2017 annual survey](#) that evaluates tax policies of the Member states. With a backdrop of ensuring the fairness and robustness of national tax systems, Member states' tax policies were surveyed against these priorities: ensuring compliance, reducing inequalities, boosting employment, and facilitating investment. With regards to the fight against tax avoidance and tax evasion, the survey indicates that the cross-border nature of these phenomena necessitate a common response at EU level, and similarly, calls for better a coordination of national tax policies amongst EU Member states.

The survey indicates that tax reforms will help create an investment - friendly environment, which is also dependent on enhancing efficiency of corporate tax systems through introduction of the CCCTB and addressing the debt-equity financing bias. The challenges and opportunities arising from the digitalisation of the economy reflect the way traditional business model operate, resulting in risks for the traditional tax base in absence of modified taxing rules. The results of the survey encourage Member states to simplify and clarify their tax rules in relation to the collaborative economy as a means of harnessing the new innovative business models.

OECD published comments received on the CRS mandatory disclosure rules

The OECD published the [comments](#) received on the discussion draft that concerns new rules requiring disclosure of CRS avoidance arrangements and offshore structures. The model rules are intended to target promoters and service providers with a material involvement in the design, marketing or implementation of CRS avoidance arrangements or offshore structures. The proposed rules would require such intermediaries to disclose information on the scheme to their national tax authority. The rules contemplate that information on those schemes (including the identity of any user or beneficial owner) would then be made available to other tax authorities in accordance with the requirements of the applicable information exchange agreement.

CFE [submitted comments](#) to this OECD consultation on behalf of the Global Tax Advisers' Cooperation Forum.

European Parliament Committee vote in support of the Tax Intermediaries Directive

The European Parliament's Committee on Economic and Monetary Affairs (ECON) supported on 24 January on the Commission proposal for a Council Directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements. The ECON Committee opinion was adopted by 50 to 2 with 5 abstentions. The Tax Intermediaries Directive remains one of the priorities of the Bulgarian EU presidency in the area of direct tax and is expected to be at the agenda of the 13 March Council meeting.

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