



European Commission
Taxation and Customs Union

THE RECENT DEVELOPMENTS IN INTERNATIONAL TAXATION IN THE EU

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The European Commission
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Taxation and the EU

- **Customs Union**
- **VAT harmonisation**
- **Excise (tax structure and movement within the EU)**
- **Direct Taxation**
 - **Mutual Assistance (Information exchange)**
 - **Cross-border mergers (Tax deferral)**
 - **Parent/Subsidiary (Dividends)**
 - **Interest/Royalties (Withholding)**
- **The European Semester**
 - **Country specific recommendations on tax in context of co-ordination of economic policy**



Direct Tax

- **Draft legislation CCCTB/parent subsidiary directive/interest and royalty directive**
 - **Ongoing Council discussions**
 - **Need for political orientation**
- **Treaty freedoms – Single Market/ECJ**
 - **Continuing development of case law**
- **TAX CO-ORDINATION**
 - **Anti- abuse**
 - **Exit tax**
 - **Cross-border loss relief**
- **Joint transfer Pricing Forum**
- **Code of Conduct on business taxation**



Action Plan

- **2012 Action Plan - update**
- **Recomendations on non-cooperative jurisdictions and aggressive tax planning**



Commission Recommendation

- **Non Cooperative jurisdictions**
- **Governance standards**
 - **Information exchange**
 - **Transparency**
 - **Harmful tax Practices**
- **Blacklisting/suspension of DTC**
- **Platform – Process of ongoing consultation**
- **Review in 2015**



Commission Recommendation

- **Aggressive Tax Planning**
- **DTA clause on residual taxing-rights**
- **GAAR (compatible with EU law)**
- **Platform – process of ongoing consultation**
- **Review in 2015**



2012 Action Plan overview

- **Existing Instruments/initiatives on the table**
 - Savings, VAT, Quick Reaction Mechanism, etc.
- **New initiatives (2012)**
 - Recommendations Aggressive Tax planning, etc.

New initiatives (2013)

- Parent/Sub changes, mismatches and anti-abuse, Tax Payers Code, etc.
- **New initiatives (2014)**
 - TIN, one – stop-shop, etc.



BEPS AND THE EU

- **Digital Economy issues**
- **EU expert group conclusions: the follow-up !**
- **The future of corporate tax**
 - **Nexus**
 - **Profit allocation**
- **VAT issues – new EU rules from 1 January 2015 on place of supply**



BEPS AND THE EU

- **Treaty abuse**
 - **The interaction with existing EU Law**
 1. **Parent/Subsidiary Directive**
 2. **Interest/Royalty Directive**
- **Limitation of benefits, Main Purpose tests and EU Law**
 - **Wholly artificial/Case Law/Limits on anti-abuse rules**
 - **Ongoing discussion of an EU Law compatible LOB**
 - **Council resolution June 2010 CFC/Thin Cap**



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- **Harmful tax practices/Code of Conduct**
- **Patent Boxes: The new challenge**
 - **Case of substance as a criterion for harmfulness/OECD work**
- **Relations EU/other countries**
 - **Switzerland and its changes in corporate taxation**



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- **Hybrid Mismatches**
 - **Hybrid loans: parent/subsidiary/Change in 2014/ Member States accepted binding law solution**
 - **Link with Code of Conduct other mismatches/EU law issues**



CONCLUSIONS

- **THE BIG ISSUES**
 - **Base erosion/Profit shifting; the effects on business and tax administrations**
 - **Automatic exchange of information**

- **NEW GLOBAL STANDARDS AND PROCESSES**
 - **OECD/G20**
 - **Global Forum**

- **EU CHALLENGE**
 - **Global Solutions and their relation to EU Internal Market**
 - **Deal with the issue of tax competition**
 - **Support growth/trade**