European Tax Report
Confédération Fiscale Européenne (CFE)

June 2011 / Edition 6

CFE EVENTS

CFE Amsterdam Conference – The impact of changing global cross-border trade in the EU VAT system

On 24 June 2011, the CFE and the Dutch Association of Tax Advisers (NOB) organised a joint conference in Amsterdam. The aim of this conference was to collect evidence of both double taxation and double non-taxation situations in cross border intra-Community trade and extra-Community trade, caused by, or enabled through, disparities in the VAT and GST systems that are currently in place in most countries and to look at measures already taken or to be taken in the future. The speakers were tax experts from the Netherlands, Belgium, Germany and the UK as well as the OECD. CFE speaker was Fiscal Committee chairman Gottfried Schellmann. The conference was attended by 96 participants. A report from the conference will shortly be available on the CFE website.

READ MORE *(click to open)*:

Programme: **EN**

Amsterdam Conference website: **EN**

The report will be available soon on the **CFE website**

Save the date: ECJ Seminar on 20 October 2011

CFE is organising a seminar at the European Court of Justice in Luxembourg on 20 October 2011. The one-day event will include the hearing of a case and discussions with judge Koen Lenaerts, an Advocate-General and a panel of distinguished European tax law experts. The number of participants is limited. An invitation containing the programme will be sent in the following weeks. More information can be obtained at the **CFE Brussels Office**.

CFE Forum 2011 report published in European Taxation

A report from the CFE Forum on Permanent Establishment on 7 April 2011 in Brussels written by Tigran Mkrtchyan (IBFD) has been published in issue 6/2011 of “European Taxation”. The article can be viewed on the CFE website.

READ MORE *(click to open)*:

CFE Forum 2011 website: **EN**

NEWS - DIRECT TAX

Summary of CFE transfer pricing questionnaire released

The CFE has released a summary of the responses to the “CFE Questionnaire on Transfer Pricing Documentation”. The comprehensive document deals with the question how the CFE countries have implemented the international transfer pricing rules into national law or administrative practices. The reponses were collected from the members of the CFE Fiscal Committee in 2010. The evaluation was mainly done by Piergiorgio Valente.

READ MORE *(click to open)*:

CFE Transfer Pricing summary: **EN**

Council adopts conclusions on Code of Conduct on Business Taxation

The conclusions adopted by the Ecofin Council of 20 June 2011 welcome the progress reported by the Hungarian Council presidency on tackling harmful tax practices in business. The progress report itself has not been made public.

During the Hungarian presidency, the Code of Conduct Group pursued its work on monitoring existing tax measures that are considered as harmful tax competition („standstill measures“) and examining any new harmful measures that could be introduced („rollback measures“). It also discussed some other elements of the Work Package agreed by the Council of Economics and Finance Ministers in December 2008, in particular the anti-abuse rules, administrative practices and how to promote the Code's principles towards third countries. The Ecofin encouraged the Group to continue their work and the Commission to continue discussions with third countries.

READ MORE ***(click to open):***

Council press release, p.14: **EN**

Commission requests Poland to amend tax on foreign investment and pension funds

On 16 June 2011, the European Commission formally requested Poland to amend its tax legislation which discriminates against investment funds and pension funds from other EU countries and countries of the European Economic Area (EEA). Under Polish tax law, domestic investment funds and pension funds are exempted from corporate income tax while funds established outside Poland can only benefit from this exemption under certain conditions. As a result, Polish citizens are liable to enjoy less choice of pension and investment funds. EU law however demands that tax exemptions are granted equally to resident and non-resident taxpayers.

Despite corrective measures taken by Poland in November 2010 in response to a previous request, the Commission considers that Poland is still not fulfilling its obligations under Art.56 and 63 TFEU and Art. 36 and 40 of the EEA Agreement. The Commission's request takes the form of an additional reasoned opinion (second step of EU infringement proceedings). In the absence of a satisfactory response within two months, the Commission may refer Poland to the ECJ.

READ MORE ***(click to open):***

Press release: **EN FR DE PL**

Commission requests the Netherlands to amend tax rules on fiscal unities

On 16 June 2011, the European Commission formally requested the Netherlands to amend its tax legislation on fiscal unities (i.e. calculation of income tax of a group of companies on a consolidated basis). Current Dutch legislation does not allow two Dutch subsidiary companies held by a foreign parent company to form a fiscal unity. Hence, companies which have their parent company in another member state cannot benefit from the fiscal unity regime. The fiscal unity regime allows companies to file a single tax return for a group of companies, thus facilitating tax compliance by eliminating intra-group transactions and allowing compensation of profits and losses.

The Commission considers that current Dutch legislation on fiscal unities is contrary to the freedom of establishment provided in Art. 49 and 54 TFEU and Art. 31 and 34 of the EEA Agreement. The Commission does not see any possible justification for these restrictions, given the existing ECJ case law: In the Papillon **Case (C-418/07)**, the Court ruled that a French parent company and a French sub-subsidiary company should be able to form a fiscal unity, in spite of the intermediate subsidiary being situated in another member state.

The Commission's request takes the form of a reasoned opinion (the second step of EU infringement proceedings). In the absence of a satisfactory response within two months, the Commission may refer the Netherlands to the ECJ.

READ MORE ***(click to open):***

Press release: **EN FR DE NL**

Commission requests Estonia to amend tax rules for non-resident investment funds

On 16 June 2011, the European Commission formally requested Estonia to amend its tax law, pursuant to which domestic investment funds are treated more favourably than comparable investment funds established in other EU member states or EEA countries. In practice, it means that resident funds are entitled to get a tax exemption for their real estate income, while comparable funds established in another EU or EEA country are subject to tax, thus creating a higher tax burden on the latter. This could dissuade citizens from investing in funds established in other EU member states or EEA countries, limiting the freedom of services and capital within the EU.

Under EU law, equal treatment should be ensured between comparable domestic and non-resident funds. The Commission therefore considers that Estonia does not comply with EU rules, in particular Art. 56 (freedom to provide services) and 63 (free mo-

NEWS - DIRECT TAX

vement of capital) TFEU and Art. 36 and 40 of the EEA Agreement. The Commission's request takes the form of a reasoned opinion (second step of EU infringement proceedings). In the absence of a satisfactory response within two months, the Commission may refer Estonia to the EU Court of Justice.

READ MORE *(click to open):*

Press release: **EN** **FR** **DE**

OECD releases 33-country analysis of transfer pricing simplification measures

On 10 June 2011, the OECD published the main findings of its analysis of transfer pricing simplification measures existing in 33 OECD and non-OECD economies. The results of this 130-page analysis and the responses to the OECD´s public consultation (see **CFE European Tax Report 3/2011**, p.2) will be used for the OECD's future work on the administrative aspects of transfer pricing, including the review of the existing guidance on safe harbours in Chapter IV of the Transfer Pricing Guidelines.

READ MORE *(click to open):*

OECD news release: **EN** **FR**

Analysis document: **EN**

NEWS - INDIRECT TAX

Commission updates list of EU VAT rates

On 1 July 2011, the Commission published an updated list of the applicable VAT rates in the Union, including the reduced rates on different products and services in the member states and geographical particularities. The list also shows how VAT rates have developed since EU VAT Directives apply in the respective countries.

READ MORE *(click to open):*

Lists: **EN** **FR** **DE**

Energy Taxation: Commission publishes explanations of its proposal

In the course of June 2011, the Commission has published three documents that complement the Commission´s proposal for an overhaul of the Energy Taxation Directive (see **CFE European Tax Report 4/2011**, p.4). Next to two documents that provide explanations on the calculation of the minimum tax rates, the Commission has published a "consolidated" document that displays the proposed changes in "tracked changes" mode.

READ MORE *(click to open):*

Explanatory document: **EN** **FR** **DE**

Presentation on calculation of minumum tax rates: **EN**

Consolidated text: **EN**

Council allows Romania to reverse VAT liability for cereals and oilseeds

This exemption from the VAT Directive was decided by the Ecofin Council of 20 June 2011. It is designed to help Romania tackle tax evasion for a duration of two years whilst the country is introducing permanent anti-evasion measures.

READ MORE *(click to open):*

Council press release, p.15: **EN**

Council authorises reduced Swedish VAT rate for electricity to ships

The planned measure referred to in **CFE European Tax Report 4/2011**, p.5 was endorsed by the Ecofin Council of 20 June 2011.

READ MORE *(click to open):*

Council press release, p.15: **EN**

NEWS - INDIRECT TAX

Commission closes case on Irish air travel tax

On 16 June2011, the European Commission welcomed Ireland's decision to remove the discriminatory aspects of its tax levied on air passenger travel. The Commission had expressed its concerns that the tax breached EU law by charging passengers on flights to other member states more than passengers on domestic flights. As Ireland now levies the same charge regardless of destination, the Commission has decided to close its infringement procedure.

The air travel tax was put in place by the Irish authorities in March 2009. As originally structured, the tax was levied at a rate of €10 on air passengers whose destination was greater than 300km from Dublin Airport. Shorter flights were taxed at just €2 per passenger. Such a distinction had the effect of imposing a higher tax on cross-border flights (almost all cross-border flights were charged at the higher rate whereas all domestic flights were covered by the lower rate). As such the Commission expressed its concerns that the tax constituted a barrier to the freedom to provide services across borders. After having received a letter of formal notice from the Commission, since March 2011, the Irish authorities apply a single rate of €3 per passenger, regardless of the destination of the flight. The Commission considers that the tax now complies with EU law. It has therefore decided to close the case.

READ MORE ***(click to open):***

Press release: **EN** **FR** **DE**

Commission requests Hungary to amend VAT on open-end leases of passenger vehicles

On 16 June 2011, the European Commission formally requested Hungary to amend its VAT legislation which does not allow lessees to benefit from VAT deductions in open-end leases of passenger vehicles. Open-end leases are leasing arrangements where the lessee acquires ownership of the vehicle only after making a payment at the end of the lease agreement. The payment amounts to the difference between the estimated lease-end value and the actual market value of the vehicle at the end of the lease.

Under Hungarian law, since 1 January 2008, the VAT charged by the lessor on the open-end lease of a passenger vehicle is not deductible by the lessee, thereby constituting a charge for the lessee.

This is not in accordance with the EU VAT Directive 2006/112/EC which gives taxable persons the right to deduct the VAT charged on goods purchased and services received. It authorises member states to restrict this right to VAT deduction only if these provisions were in place at the time of accession to the EU, which in the case of Hungary that joined the EU already in 2004, is not the case.

The Commission's request takes the form of a reasoned opinion (second step of EU infringement proceedings). In the absence of a satisfactory response within two months, the Commission may refer Hungary to the EU Court of Justice.

READ MORE ***(click to open):***

Press release: **EN** **FR** **DE** **HU**

Commission refers the Netherlands to Court over VAT for travel agents

On 16 June 2011, the European Commission decided to refer the Netherlands to the EU Court of Justice for failing to properly implement EU VAT rules for travel agents. The VAT Directive 2006/112/EC contains special rules (the so-called „special margin scheme") for travel agents when they sell travel packages to travellers. Given the fact that elements of the packages may be located in different countries and therefore may be subject to different VAT rules, the VAT Directive provides for a simplified application of VAT for travel agents. However, the scheme does not apply to travel agents who sell holiday packages to other companies, in particular to other travel agents for re-sale. The Netherlands however also apply the scheme to sales between travel agents, creating distortions of competition between travel agencies.

Dutch authorities have failed to take action by 1 April 2011 as they had promised to the Commission.

According to a Commission analysis carried out in 2006, 13 member states did not correctly apply the special margin scheme for travel agents. Since then, Cyprus, Hungary, Latvia and the UK have changed their legislation to comply with the requirements of EU law but the Czech Republic, Finland, France, Greece, Italy, Poland, Portugal and Spain did not amend their rules and have therefore been referred to the ECJ already in January 2011, see **CFE European Tax Report 1/2011**, p.5.

NEWS - INDIRECT TAX

READ MORE *(click to open):*

Press release: **EN** **FR** **DE** **NL**

ADMINISTRATIVE COOPERATION AND FIGHT AGAINST TAX FRAUD

Ireland signs OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters which is now open to all countries

On 30 June 2011, Ireland became the 21st country to sign the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, as amended by its 2010 Protocol. The Convention offers governments tools for fighting offshore tax evasion and avoidance. It provides a multilateral basis for a wide range of inter-governmental administrative assistance, including information exchange on request, automatic exchange of information, simultaneous tax examinations, assistance in tax collection and service of documents. The amended Convention is aligned with the internationally agreed standards on transparency and exchange of information for tax purposes, and has been open to all countries worldwide since 1 June 2011.

READ MORE *(click to open):*

News release: **EN** **FR**

Tax transparency: OECD publishes new peer review reports from France, Italy, Switzerland, US and others

On 1 June 2011, the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes issued nine new peer review reports. The reports from **Hungary**, **the Philippines**, **Singapore** and **Switzerland** focus on the legal framework for transparency and exchange of tax information (phase I reviews). Those for the **Isle of Man**, **Italy**, **France**, **New Zealand** and the **United States** also cover the exchange of information in practice (phases I and II). The reports describe each jurisdiction's rules for ensuring that information is available, how it can be accessed by competent authorities and the mechanisms in place to exchange the information with foreign tax authorities. They also identify deficiencies and make recommendations on how these jurisdictions can improve their co-operation in international tax matters.

The most common deficiencies identified in the reports relate to the lack of available information on persons that are represented by nominees and on foreign companies, incomplete accounting information for some forms of limited liability companies and partnerships and slow responses by requested countries.

OECD states that the majority of the jurisdictions previously reviewed say they have changed their domestic legislation following Global Forum recommendations. The OECD aims at completing another 25 peer reports by the G20 summit in Cannes in November 2011, bringing the total number of peer reviews to 60.

READ MORE *(click to open):*

News release: **EN** **FR**

More details on country reports: **EN**

Full country reports: click links in the text for free preview versions

PROCEDURAL LAW

Commission proposes Directive to guarantee suspects´ right to a lawyer

On 8 June 2011, the European Commission has proposed a Directive to guarantee that suspects anywhere in the EU have the right to confidentially speak a lawyer from the first stage of police questioning, to contact their country´s consulate and to inform their family or employer of their arrest. The right to a fair trial and defence are set out in Articles 47 and 48 of the EU Charter of Fundamental Rights as well as in Article 6 of the European Convention on Human Rights (ECHR). The Commission points out that although the right of defence is widely recognised as a basic element of a fair trial, the conditions under which suspects can consult a lawyer differ between member states: For example, the person accused of a crime may not be able to see a lawyer during police

PROCEDURAL LAW

questioning. Evidence obtained without the presence of a lawyer has a different status from one country to another. And people sought under a European Arrest Warrant may not currently have access to a lawyer in the country where the warrant has been issued until they are surrendered to that country.

The proposed Directive is the third proposal to guarantee minimum rights to a fair trial anywhere in the European Union. The others are the right to translation and interpretation (see also **CFE European Tax Report 6/2010**, p.7) which was adopted by the Council in October 2010 and the right to information in criminal proceedings ("letter of rights", see also **CFE European Tax Report 8/2010**, p.7) which has been endorsed in the Council and is currently being negotiated in the European Parliament. The proposals need to be adopted by the European Parliament and EU Council.

Measures in the area of criminal law to strengthen the rights of EU citizens can be adopted by the EU since the entering into force of the Lisbon Treaty on 1 December 2009.

READ MORE *(click to open)*:

Proposal COM(2011)326: **EN** **FR** **DE**

Press release: **EN** **FR** **DE** **ES** **NL** **IT** **PT** **FI** **EL** **CS** **LV** **MT** **PL** **SK** **SL** **BG** **RO**

STATE AID

Commission clears German tax exemption for flights to and from islands

On 29 June 2011, the European Commission has authorised a plan by the German government to exempt from its tax on air transport the residents of certain German islands and other groups of persons flying to and from these islands. This is to avoid penalising islanders who already pay more comparatively for air travel. According to EU state aid rules, aids of social character are permissible. The measure is an exemption from a new German air transport tax. Since 1 January 2011, all passengers departing from a German airport are subject to an air transport tax, the amount of which depends on their final destination. For domestic destinations and all EU and EEA destinations, the tax is €8 per passenger. Germany agrees to extend the tax exemption to flights between the domestic islands and other EEA destinations.

READ MORE *(click to open)*:

Press release: **EN** **FR** **DE**

ECJ says Basque tax exemptions to newly-established undertakings are forbidden state aid and Spanish authorities failed to cooperate with Commission

On 9 June 2011, in joined cases C-465 to 470/09 P, Diputación Foral de Vizcaya, the ECJ upheld a judgment by the EU General Court (formerly Court of First Instance) that Basque authorities have to claim back state aid granted to newly established undertakings since 1993.

Under Spanish legislation, the involved Territorios Históricos may, under certain conditions, organise the tax systems within their respective territories. In that context, in 1993, three territories introduced corporation tax exemptions over ten years, for newly established firms which, contrary to EU law, had not been notified to the Commission. Although, following a complaint, the Commission informed Spain in 1995 that it was examining the exemption system and expected a response, it never received a reply which would have enabled the Commission to properly carry out their examination. Formal investigations by the Commission were only initiated in late 2000, following another complaint, and concluded in the following year with the result that the exemption measures at issue were state aid incompatible with the common market and therefore had to be abolished while the aid granted had to be claimed back from the beneficiaries. Without success, the Spanish authorities brought an action before the EU General Court and finally an appeal before the ECJ claiming that the exemptions had been existing aid which could only be abolished for the future but not be claimed back. The ECJ held that the regional authorities involved had contributed to the length of the proceedings themselves by failing to cooperate and therefore could neither assume that the Commission had tacitly authorised the aid regime nor rely on the principle of legitimate expectations. Member states generally have a duty to cooperate, in particular where they want to derogate from EU law.

STATE AID

READ MORE *(click to open):*

Press release: **EN** **FR** **DE** **ES**

ECJ Case search (full text available in FR, ES)

READ MORE *(click to open):*

Commission Press releases: “Investing today for growth tomorrow”: **EN** **FR** **DE** **ES** **NL** **IT** **PT** **FI** **EL** **CS** **LV** **MT** **PL** **SK** **SL** **BG** **RO**

“Multi-annual financial framework: Questions and answers”: **EN** **FR** **DE** **ES** **PT** **LT** **MT** **PL**

Related Commission staff working paper: **EN**

OTHER TAX POLICY

Commission´s multi-annual financial framework proposal includes FTT and new VAT collection system

On 29 June 2011, the European Commission has proposed a multi-annual financial framework for 2014 to 2020. While the overall budget would not grow, compared to the 2013 level, the Commission seeks to reduce the direct contribution payments from member states through introducing new own resources. In 2011, 76% of the EU budget came from direct member states contributions, based on gross national income. 12% came from traditional own resources (like agricultural and customs duties) while 11% came from VAT-based own resources (a portion of the VAT raised at national level). The direct contributions regularly cause controversy and excessive bargaining for rebates between member states. With the new system, the Commission also seeks to abolish the complex system of rebates (“correction mechanisms”) and introduce more transparent lumpsome reductions to net contributors, from which currently, Germany, the Netherlands, Sweden and the UK would benefit. The VAT-based own resources would be replaced by a system according to which 2 basis points of the national VAT rate would be for the EU budget (meaning that if a country had a VAT rate of 20%, 18% would flow into the national budget and 2% into the EU budget) and an EU financial transaction tax. The decision must be taken in the EU Council unanimously and ratified by each member state; the EP must be consulted. It remains to be seen how much of these ideas will eventually become reality. The Commission aims at reaching a decision on the 2014-2020 financial framework by the end of 2012.

Taxation trends in the EU 2011

On 1 July 2011, Eurostat and the European Commission, DG TaxUD, published their annual overview “Taxation trends in the European Union”. The figures show a decline of the tax-to-GDP ratio from 39.3 to 38.4% between 2008 and 2009 as a result of a 4.3% GDP decrease due to the economic and financial crisis. The report contains a detailed analysis of the impact of the crisis on the tax systems of all EU member states. The largest source of tax revenue in the EU27 is still labour taxes, representing nearly half of total tax receipts, followed by consumption taxes at roughly one third and taxes on capital at just under one fifth.

One area where the onset of the economic and financial crisis has clearly had an impact was consumption taxation. Rising only slightly from 2000 to 2008, the average standard VAT rate in the EU27 has risen strongly from 19.4% in 2008 to 20.7% in 2011, about half of the member states having increased VAT rates since 2008.

The average top personal income tax rate in the EU27 fell in 2011, largely due to a 20 percentage point drop in Hungary. The highest top rates on 2011 personal income are found in Sweden (56.4%), Belgium (53.7%), the Netherlands (52.0%), Denmark (51.5%), Austria and the United Kingdom (both 50.0%), and the lowest in Bulgaria (10.0%), the Czech Republic and Lithuania (both 15.0%), Romania (16.0%) and Slovakia (19.0%).

Corporate tax rates in the EU27 continued their declining trend. The highest statutory tax rates for 2011 are recorded in Malta (35.0%), France (34.4%) and Belgium (34.0%), and the lowest in Bulgaria and Cyprus (both 10.0%) and Ireland (12.5%).

The average implicit tax rate on labour went down to 32.9% in 2009 from 33.8% in 2008, continuing the decline from 35.7% in 2000. The lowest rates in 2009 were 20.2% in Malta, 23.1% in Portugal, 24.3% in Romania and 25.1% in the United Kingdom, while the

OTHER TAX POLICY

highest were 42.6% in Italy, 41.5% in Belgium, 41.1% in France and 41.0% in Hungary.

The average implicit tax rate on capital was 24.7% in 2009 compared with 25.2% in 2008. The lowest rates were 10.3% in Latvia, 10.9% in Lithuania and 14% in Estonia, while the countries with the highest rates were in Denmark (43.8%), Italy (39.1%) and the United Kingdom (38.9%).

READ MORE *(click to open):*

Press release: **EN** **FR** **DE**

Full report « Taxation trends in the EU » (428 pages): **EN**

Brochure "Focus on the crisis": **EN**

Power point presentation: **EN**

Country chapters: **EN**

Annex A : Tables: **EN**

Revenue data by individual tax : **EN**

Eurobarometer opinion poll shows that public support on financial transactions tax is 61% (or 49%, depending on how they are read)

On 27 June 2011, the European Parliament published the results of the third Eurobarometer survey in three years dealing with the crisis. The results were collected between April and May 2011 on the basis of face-to-face interviews with almost 27000 citizens.

One of the questions addressed was the introduction of a financial transactions tax (FTT). 61% of citizens were in favour of such tax under the assumption that it would not apply to the general public but to transactions between financial operators only. The most supportive country was Austria (80%) while the least supportive was Malta (30%).Support in the Eurozone appears to be stronger (63%) than in non-Eurozone EU countries (54%). Among the 61% that are in favour, 85% would be in favour of a FTT at global level if agreement can be reached. If no agreement can be reached, 81% would like the EU to go ahead. Consequently, which the Eurobarometer report does not expressly mention, support for a FTT at EU level alone is at 49.4% only. As main reason for supporting the FTT, 41% seek to combat speculation and prevent future crisis while 35% want the sector to pay for the costs of the crisis. Budget consolidation and financing of other policies like climate account for 11 and 10%.

The EP who voted on 8 March 2011 in favour of a FTT (see **CFE European Tax Report 3/2011**, p.3) sees its view confirmed by the result of the survey.

READ MORE *(click to open):*

EP press release: **EN** **FR**

Eurobarometer poll: **EN**

Polish, Danish and Cypriote Council presidencies sets out their tax priorities

On 1 July 2011, when taking over the EU Council presidency, Poland announced its work priorities which, in the area of taxation, largely reflect the Commission´s tax agenda, containing the CCCTB proposal, financial sector taxation, the revision of the Energy Taxation Directive, reducing administrative burdens in VAT and a new VAT strategy to be proposed by the Commission. The programme further lists fighting fraud in VAT and anti-fraud agreements with third countries, the Savings Tax Directive and administrative cooperation on excise duties.

On 17 June 2011, the three coming presidencies of Poland, Denmark and Cyprus published their joint programme for the next 18 months. In taxation, the programme mentions the completion of the work on the Savings Tax Directive and anti-fraud agreements with Switzerland and Andorra, Liechtenstein, Monaco and San Marino. A Commission proposal on financial sector taxation would be "examined" and the review of the Energy Taxation Directive undertaken. The three presidencies would support the work of the Code of Conduct Group on harmful tax competition. In indirect tax, the new VAT strategy, reduction of administrative burdens and fight of VAT fraud would be the priorities. Special attention would be paid to reducing VAT compliance costs. The three presidencies declared they would also work on the review of the EU accounting directives.

OTHER TAX POLICY

READ MORE *(click to open):*

Polish Council presidency work programme (see page 17): **EN**

Poland-Denmark-Cyprus 18 months work programme (points 34 ff): **EN** **FR** **DE**

Tax competition between sub-central governments

On 31 May 2011, the OECD released a 49-page report on "sub-central tax competition" meaning the strategic interaction of tax policy between jurisdictions below the central (or federal) government level with the objective to attract and retain mobile tax bases. The arguments in favour and against this sort of competition are largelly the same as in tax competition between countries. The main conclusions of the OECD paper are that tax competition is stronger on mobile taxes (corporate and personal income tax) than on immobile taxes (property tax, consumption taxes); tax rates tend to be lower in wealthier jurisdictions; there is little evidence of a „race to the bottom" with respect to tax rates and tax revenues; and inter-jurisdictional differences in tax raising capacity – or economic wealth – appear to be lower in countries with more tax competition.

READ MORE *(click to open):*

Report: **EN**

OECD updates summary on tax treatment of bribes

On 16 June 2011, the OECD released its updated summary of the tax treatment of bribes by the parties to the OECD Anti-Bribery Convention and observer countries, including new information on Australia and Mexico.

READ MORE *(click to open):*

Updated summary: **EN**

New EU Transparency Register launched

The two EU transparency registers, one managed by the European Commission and one by the European Parliament, have merged. The new joint register is operational since 23 June 2011. Discussions about including the EU Council are ongoing and not likely to come to a result in the near future. As a member of both existing registers, CFE has automatically become member of the new register.

READ MORE *(click to open):*

Transparency Register Website: **EN** **FR** **DE**

IMPRESSUM

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