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E-News from the EU Tax Centre

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KPMG's EU Tax Centre helps you understand the complexities of EU tax law and how this can impact your business, enabling you to better predict how rules will develop and how to leverage opportunities and minimize risks arising from EU tax law.

E-News provides you with EU tax news that is current and relevant to your business. KPMG's EU Tax Centre compiles a regular update of EU tax developments that can have both a domestic and a cross-border impact. CJEU cases can have implications for your country.

EU Institutions

EUROPEAN COMMISSION

[Agenda on policy recommendations for 2019-2024 presented](#)

On April 30, 2019, the European Commission presented policy recommendations to the European Union for its 2019-2024 strategic agenda to be discussed at the EU27 leaders meeting in Sibiu, Romania, on May 9, 2019. The recommendations focus on 5 areas: Protective Europe: regarding security union and defense cooperation; Competitive Europe: in relation to the modernization of the single market; Fair Europe: concerning social rights; Sustainable Europe: related to sustainable consumption and production; and Influential Europe: with respect to leadership on the global order.

For more information, please refer to the [document](#).

EUROPEAN PARLIAMENT

European Parliament approves Fiscalis program on tax evasion and avoidance

On April 17, 2019, the European Parliament adopted an agreement to improve the Fiscalis program with 575 votes in favor, 35 against and 46 abstentions. The agreement aims to enhance cooperation to better fight tax evasion and avoidance among national authorities focusing on the following main areas: 1) combat cross-border VAT fraud; 2) exchange of best practices on tax recovery; 3) Closing loopholes in the implementation of EU laws on tax cooperation; and 4) promoting effective exchange of information.



State aid

Tax Watch UK urges the European Commission to investigate tax avoidance scheme of major US tech company

On April 26, 2019, Tax Watch UK, an investigative think tank, submitted a letter to the European Commission calling for the opening of an investigation on tax avoidance scheme of a US tech company in Europe. The letter explains that the multinational is avoiding paying taxes in Europe by using intra company royalty payments to entities located in Ireland and the Netherlands. The letter urges the Commission to investigate whether these countries have special agreements with the group that infringes the arm's length principle.

For more information, please refer to Tax Watch UK's [report](#).



OECD

Dominica joins convention on exchange of information in tax matters

On April 25, 2019, Dominica signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters becoming the 128th jurisdiction to join the agreement. In addition, on the same date, Dominica became the 105th jurisdiction to sign the Common Reporting Standard Multilateral Competent Authority Agreement, which permits its members to automatically exchange offshore financial account information.

Full version of the Model Tax Convention released

On April 25, 2019, the full version of the OECD Model Tax Convention on Income and Capital was released. The publication includes the Model Tax Convention from November 2017, its Commentaries, several Articles, non OECD members positions, the Recommendation of the OECD Council, the historical notes and the background reports.

For more information, please refer to the [online publication version](#).

Multilateral Convention developments

On April 17, 2019, the Russian State Duma (lower house of parliament) approved the Multilateral Convention (2016) (MLI). In addition, on April 15, 2019, the Chilean Chamber of Deputies accepted for consideration the MLI.



Local Law and Regulations

Austria

Bill implementing Fifth Anti Money Laundering Directive published

On April 12, 2019, a bill implementing the Fifth Anti Money Laundering Directive 2018/843 was published by the Ministry of Finance. The bill was further submitted for expert appraisal for a period running until May 3, 2019.

Cyprus

Bill implementing ATAD

On April 25, 2019, further to the publication of Law 63(I)/2019, the provisions of the EU Anti-Tax Avoidance Directive 2016/1164 were transposed into the Cypriot law. The Law transposes interest limitation (earnings stripping rule), a general anti-abuse rule (GAAR) and rules concerning controlled foreign companies (CFC) in the Cypriot law, with effect as of January 1, 2019. The remaining ATAD provisions will be transposed gradually as per the timeframe set in the Directive.

For more information, please refer to [KPMG's TaxNewsFlash](#)

Czech Republic

Plan to implement a digital tax on non-resident multinationals

On April 30, 2019, the Czech Ministry of Finance announced plans to increase state revenues by introducing a 7% digital tax on certain digital services provided in the Czech Republic by companies with worldwide revenues above EUR 750 million. If adopted, the DST is expected to apply as of mid-2020 and generate CZK 5 billion in tax revenues.

Greece

Draft bill implementing ATAD approved by parliament

On April 16, 2019, a bill implementing the EU Anti-Tax Avoidance Directive 2016/1164 was approved by the Greek parliament. The bill amends the rules on controlled foreign corporations, interest limitation and the general anti-abuse provisions. The bill will retroactively apply from January 1, 2019.

[Bill amending special favorable tax regime for the establishment of shared services gazetted](#)

On April 1, 2019, a bill amending the tax regime for shared services centers was published in the Official Gazette. The bill increases the number of services qualifying for the favorable regime, including now software development and logistic centers services.

Luxembourg

[Bill implementing Tax Dispute Resolution Directive 2017/1852](#)

On April 11, 2019, the Ministry of Finance submitted to the parliament a bill implementing the EU Tax Dispute Resolution Directive 2017/1852. The bill includes rules on settling tax disputes between EU states and countries with which tax treaties are in place, procedures for the establishment of an advisory commission to resolve disputes, and explains how to initiate the procedure. If enacted, the bill will enter into force on July 1, 2019, and will apply retroactively to tax years beginning in 2018.

Netherlands

[Letter on international tax ruling practice sent to the parliament](#)

On April 23, 2019, Letter no. 2019-00000063508 on international tax ruling practices was sent to the lower house of the parliament by the State Secretary for Finance. The new rules focus on enhancing the quality and quantity of services available to companies with real activities in the Netherlands and tightens the conditions to obtain a ruling both in terms of substance requirements for the requesting taxpayer and in terms of the structure reviewed. The new rules will enter into effect from July 1, 2019.

For more information, please refer to [KPMG's TaxNewsFlash](#).

[2018 report on tax ruling practices submitted to parliament](#)

On April 17, 2019, the Secretary of Finance submitted the 2018 report on Advance Pricing Agreement and Advance Tax Ruling practices to the lower house of the parliament. The report provides a short explanation of the Dutch ruling practice and of the Dutch ruling team, a description of the most important ruling developments and statistics on the number of rulings requested, granted and denied during 2018.

Poland

[Amendments to the Law on Exchange of Information enter into force](#)

On April 29, 2019, a bill amending the Law on Exchange of Information in Tax Matters with Other Countries entered into force after publication in the Official Journal. The bill modifies the rules and procedures concerning the exchange of tax information and aligns the domestic legislation with the EU Directives on Administrative Cooperation ("DAC") 3 and 5.



Local Courts

France

Paris Court of Appeal confirms no permanent establishment for Irish entity

On April 25, 2019, the Paris Administrative Court of Appeal ruled that the Irish entity of a tech multinational did not have a permanent establishment in France between 2005 and 2010 and consequently was not liable to pay tax in France. The decision confirmed previous judgements issued by a lower tier court in Paris.

For more information, please refer to [KPMG's TaxNewsFlash](#).

Greece

Supreme Administrative Court decision on State aid recovery

On April 5, 2019, the Greek Supreme Administrative Court published its decision in case 2660/2018 regarding the recovery of unlawful fiscal State aid. The Court ruled that the bill ordering the recovery of unlawful fiscal State aid granted under the tax-exempt reverse fund regime is in line with the Greek Constitution.



Robert van der Jagt

Chairman, KPMG's EU Tax Centre and
Partner,
Meijburg & Co

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