



E-News from KPMG's EU Tax Centre



[Latest CJEU, EFTA and ECHR](#)

[State aid](#)

[EU Institutions](#)

[OECD](#)

[Local Law and Regulations](#)

E-News from the EU Tax Centre

Issue 99 – May 31, 2019

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.

Latest CJEU, EFTA and ECHR

[Oracle Belgium case removed from CJEU proceedings](#)

On April 3, 2019, the Court of Justice of the European Union (CJEU) issued an order to remove from its proceedings the Oracle Belgium BVBA v. Belgische Staat (C-318/18) case because the participating parties reached an agreement.



State aid

[CJEU decision on the Polish progressive tax rate](#)

On May 16, 2019, the General Court of the CJEU rendered its decision in the joined cases T-836/16 and T-624/17 Poland v. Commission concerning State aid as it relates to the progressive tax rates on the retail sector. The General Court ruled that the Polish retail sector's progressive tax system does not violate State aid rules. As such, the Commission's decisions classifying the Polish retail tax as illegal State aid were annulled.

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



EU Institutions

COUNCIL OF THE EUROPEAN UNION

ECOFIN discusses digital tax and updates the EU blacklist

On May 17, 2019, the Economic and Financial Affairs Council of the EU (ECOFIN) exchanged views on the taxation of the digitalized economy, in anticipation of the debates that will take place at the next G20 summit in June, where the OECD is expected to report on the progress made in addressing the taxation of the digital economy. The ECOFIN also approved, without discussion, amendments to the EU blacklist of uncooperative jurisdictions for tax purposes. Bermuda, Aruba and Barbados were removed from the blacklist, which now includes twelve jurisdictions.

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



OECD

Multilateral Convention developments

On May 28, 2019, Albania signed the Multilateral Convention (2016) (MLI). Following the signing of the MLI, a provisional list of expected reservations and notifications on the coverage of its bilateral treaties was released.



Local Law and Regulations

Austria

Bill on countering tax fraud issued

On May 8, 2019, the Ministry of Finance issued a bill addressing the countering of tax fraud and implementing EU Directives 2018/822 on mandatory disclosure rules and 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law. The bill, which

was further submitted for expert appraisal, would increase potential penalties for tax fraud to a maximum of 5 years' imprisonment and impose fines up to EUR 1.5 million (10 years and EUR 2.5 million respectively for professional tax fraud).

[Bill on tax reform issued](#)

On May 8, 2019, the Ministry of Finance issued draft bill I 2019/2020 on tax reform. The bill implements the EU Anti-Tax Avoidance Directives 2016/1164 (ATAD I) on hybrid mismatches and 2017/952 (ATAD II) on hybrid mismatches with third countries. Further, it transposes the CJEU decision in the joined cases Jacob (C-327/16) and Lassus (C-421/16) regarding the deferred taxation of capital gains and capital losses on exchange of shares owned by non-residents. The bill was further submitted for expert appraisal for a period that ran until May 28, 2019.

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

Belgium

[Bill on tax disputes resolution mechanisms gazetted](#)

On May 17, 2019, a bill implementing the EU Directive 2017/1852 on tax dispute resolution mechanisms in the European Union was published in the Official Gazette. The bill will enter into force on July 1, 2019, and will retroactively apply to 2018 fiscal years.

[Bill on tax measures published](#)

On May 15, 2019, Bill 2019-1 on tax measures was published in the Official Gazette. The bill includes amendments to the interest deduction limitation and transfer pricing documentation rules applicable to the ultimate parent entity.

Bulgaria

[Bill on transfer pricing documentation rules and tax dispute resolution mechanisms](#)

On May 15, 2019 the Council of Ministers approved a bill amending the Tax and Social Security Procedure Code. The bill includes modifications to the transfer pricing documentation rules and implements the EU Directive 2017/1852 on tax dispute resolution mechanisms. The proposal still needs to be approved by the parliament.

France

[Senate approved digital tax with amendments](#)

On May 15, 2019, the French Senate adopted a bill introducing a tax of 3% on digital services. The bill includes a sunset clause that limits the application of the tax to the fiscal years 2019, 2020 and 2021 with the hope that an EU or OECD consensus will be reached by the end of 2021 at the latest.

Germany

[Federal Cabinet approved a bill implementing tax dispute resolution mechanisms](#)

On May 15, 2019, a bill implementing EU Directive 2017/1852 on tax dispute resolution mechanisms in the European Union was approved by the Federal Cabinet.

Greece

[Circular clarifying deductible expenses on participating interests in EU companies](#)

On May 23, 2019, the Public Revenue Authority issued Circular E.2088 modifying Circular 1039/2015 regarding deductible expenses related to participating interests held in EU companies whose dividends received are tax exempt. The circular clarifies that expenses either directly or indirectly linked to that type of participation cannot be deducted and provide some examples of non-deductible expenses.

[Circular on tax residency of shared service centers](#)

On May 14, 2019, Circular E.2076 was published by the Public Revenue Authority. The circular clarifies certain provisions of the new tax regime for shared service centers and in particular the applicable tax residency rules.

Ireland

[Minister of Finance's speech at the Global Tax Policy Conference](#)

On May 23, 2019, the Irish Minister of Finance, Paschal Donohoe, gave a speech on tax policy to the Harvard Kennedy School and the Irish Tax Institute. The Minister stated that many changes to the International Tax System are anticipated, noting that the main area of concern is the taxation of the digitalized economy. He emphasized the importance of reaching a global consensus to prevent unilateral measures that will hinder cross border trade and investment. The Minister also pointed out that any solution must follow the existing transfer pricing rules and result in minimal disruption to the current international tax framework.

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

Netherlands

[Ministry of Finance published 2019 Fiscal Agenda](#)

On May 27, 2019, the Ministry of Finance published the 2019 Fiscal Agenda which outlines the fiscal achievements to date and goals to be pursued in the next year. The agenda includes several proposals to implement the ATAD II on hybrid mismatches, as well as the EU Directive 2018/822 on mandatory disclosure rules. The Agenda also considers the introduction of a new ruling regime as of July 1, 2019, additional interest deduction limitation rules for the financial sector and a conditional withholding tax on interest and royalties from 2021.

[Agreements to implement anti-abuse tax measures with Aruba, Curaçao and St. Maarten](#)

On May 22, 2019, the Dutch Ministry of Finance announced that Curaçao and the Netherlands agreed to implement anti-abuse measures in their Income, Inheritance and Gift Tax

Arrangement (2013). Additionally, Sr. Maarten and Aruba will amend their income tax treaties with the Netherlands (Income, Inheritance and Gift Tax Arrangement (2014) and Income, Capital, Inheritance, Gift, Stamp and Motor Vehicles Tax Treaty (1964), respectively), to include anti-tax avoidance provisions.

Switzerland

Swiss voters approved tax reform

On May 19, 2019, Swiss voters approved a tax reform in a referendum. The reform includes the reduction of the ordinary corporate income tax rates, the abolition of the arrangements for cantonal status companies, and amendments to the patent box regime. The bill is expected to enter into force on January 1, 2020.

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

United Kingdom

Consultation results published

On May 24, 2019, HMRC published the results of the consultation, on income tax liability on royalties and other payments to non-residents launched on December 1, 2017.

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



Robert van der Jagt

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

Key links

- Visit our [website](#) for earlier editions



[Privacy](#) | [Legal](#)

You have received this message from KPMG International Cooperative in collaboration with the EU Tax Centre. Its content should be viewed only as a general guide and should not be relied on without consulting your local KPMG tax adviser for the specific application of a country's tax rules to your own situation. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. If you wish to unsubscribe from Euro Tax Flash mailing list, please e-mail KPMG's EU Tax Centre mailbox (eutax@kpmg.com) with "Unsubscribe Euro Tax Flash" as the subject line. For non-KPMG parties – please indicate in the message field your name, company and country, as well as the name of your local KPMG contact.

If you have any questions, please send an e-mail to eutax@kpmg.com.

KPMG's EU Tax Centre, Laan van Langerhuize 9, 1186 DS Amstelveen, Netherlands

© 2019 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved