



ANNUAL REPORT

2020

INDEX

03 FOREWORD

04 PROFESSIONAL LAW

- 04 ETAF participated in European Parliament's hearing on liberal professions
- 05 Enforcing existing rules: The European Commission's action plan on remaining barriers of the internal market
- 06 Strengthening the Single Market for services: The EP takes initiative
- 07 The tax compliance role of tax advisers
- 08 What is illegal offline should be illegal online – the Digital Services Act
- 09 ECJ dismisses Belgian provisions of the accountant profession

10 TAX LAW

- 10 Tax measures to fight the COVID-19-crisis
- 11 Fair and simple taxation in the EU
- 12 International tax reform: a 2020 of ups and downs
- 13 The fight against climate change: Green taxation in the EU
- 14 Conferring implementing powers to the Commission in the field of VAT
- 15 Taxpayers' rights and the role of tax advisers
- 16 Strengthening the exchange of information in the field of taxation

17 MISCELLANEOUS

- 17 ETAF Web-Conference: The role of tax policy in response to the COVID-19 crisis
- 18 ETAF Web-Conference: The role of tax advisers in strengthening tax compliance
- 19 New members and great collaborations

20 ETAF Activities 2020



Philippe Arraou, President of ETAF

FOREWORD

Dear ETAF Members,
Dear friends,

This past year will stay in our memories for a long time to come. Our economies have been hit hard by the COVID-19 pandemic and for their recovery we will have to combine all our efforts. Our governments launched one relief measure after the other and released billions in aid programmes. And in the middle of it all was our profession. Tax advisers had to step up and take on new responsibilities in order to help small and medium sized businesses to navigate through relief efforts by the States.

We had to adapt quickly to this new economic reality: We are the first point of contact for SMEs in Europe to get access to loans and short-time work schemes to preserve employment. We advise them to take business decisions that help them survive these challenging times and support them with our technical expertise. The trust that has been placed in our work and profession by our clients but also by our governments is immense. It is our duty to serve as a first-aid and we will do our utmost to overcome this crisis as fast as possible. But these new duties added to our day-to-day business and have taken many of us to our limits.

We had to be creative and innovative in order to manage our workload. We had to modernize our practices and find new, digital ways to conduct our work from home. ETAF is convinced that we can come out of this crisis even stronger than before: If we simplify bureaucratic procedures and administrative efforts as much as possible for businesses and digitalize certain processes, our work can be even more efficient!

ETAF had to be creative and innovative, too, in 2020. We found new ways to advocate for tax professionals and we certainly did not shy away from organizing entirely digital events. In June we invited the European Commission and the OECD to discuss the role of tax policy in responding to the COVID-19 crisis online. In December we explored the role of tax advisers in strengthening tax compliance with the European Parliament and the Commission. Our role and the role of tax policy have become crucial for the recovery of our economies. We bear the responsibility to help our governments secure tax revenues and, on their side, decision-makers work on policies that will facilitate a sustainable recovery.

Tax advisers have been and still are strongly challenged throughout this crisis and it is our duty to make their voice heard in Europe. ETAF has actively contributed to shape tax policies in Europe and preserve our profession's quality advice in 2020. We will continue to do so in 2021 – and the most recent developments like the extensive “New Industrial Strategy” of the Commission show clearly that the future will be more and more about Europeanisation, minimum harmonization and minimum standards – so we must remain vigilant in defending our quality standards through our professional regulation.

I am counting on you all and I hope you will enjoy reading our Annual Report.

Yours faithfully,
Philippe Arraou

PROFESSIONAL LAW

ETAF participated in European Parliament's hearing on liberal professions



ETAF President Philippe Arraou at the hearing on liberal professions in the European Parliament in January 2020.

The year 2020 began early with an outstanding event in the European Parliament, which was tailor-made for ETAF as the only European Federation focusing on regulated tax advisers:

On 8 January 2020, the President of the ETAF, Philippe Arraou, participated in a hearing organised by the EPP group of the European Parliament. This hearing with the title "Liberal Professions in Europe – What challenges lie ahead?" focused on the recent Single Market legislation and their impact as well as long-term strategies for a better enforcement of Single Market rules. Many MEPs participated in the event and intervened with interesting contributions.

President Arraou highlighted that ETAF supports independence and high-quality standards of national regulatory frameworks for tax advisers. He stressed the fact that the market for tax advisers is open at EU level and that the main obstacles are language barriers and the complexity of the different tax systems.

Mr Arraou questioned the infringement procedure initiated by the Commission against Germany in order to limit the reserved activities of German tax practitioners since this would lower the quality of tax advising services in Germany by giving the activity into the hands of unqualified service providers. Furthermore, President Arraou urged the decision makers to maintain the confidentiality principle for tax advisers because it forms the basis of the work of tax advisers. Finally, he draw attention to the political contradictions within the European Commission, where DG GROW continues to propose deregulation while at the same time DG TAXUD demands a high-quality and compliance-oriented tax service.

Enforcing existing rules: The European Commission's action plan on remaining barriers of the internal market

On 10 March 2020, Internal Market Commissioner Thierry Breton presented two relevant announcements to the profession, namely a communication on existing obstacles within the internal market on the one hand, and a long-term action plan for better implementation and enforcement of internal market regulations on the other.

Among the 13 barriers mentioned in the communication, the Commission addresses difficulties in obtaining information about other Member States, complex and stressful admission procedures for certain professional services, language barriers and a lack of acceptance of services originating from another country.

In the area of regulated professions, existing restrictions on access to and exercise of work are criticized as obstacles to the internal market. Here, the Commission specifically mentions important features of the tax advisers' profession such as reserved activities, mandatory membership in professional chambers, shareholding requirements and the joint practice of several professions at the same time.

It is interesting that the Commission also takes up the different tax systems and the lack of harmonization in the tax area as one of the main barriers but does not mention that this actually requires highly qualified tax advisers who understand the complexity of the different systems in order to give a high-quality advice to their clients.

The long-term action plan focuses on how to remove the abovementioned obstacles and suggests several measures. Good news for ETAF members: After reassessing the legislative proposals that were pending, the Commission eventually decided to withdraw its proposals on a notification procedure and a Services E-Card in October 2020. They were rejected by the

Council and the Parliament in 2018 due to legal inconsistencies and subsidiarity considerations. Instead, the Commission decided to ensure the full enforcement of the Services Directive.

The action plan also announced the set-up of a task force consisting of representatives of the Member States and the Commission for the enforcement of internal market regulations. The main goal is to identify the "most pressing" obstacles, discuss horizontal enforcement issues and monitor the implementation of the action plan.

Member States should receive guidance for the national authorities, e.g. by updating the manual for implementing the Services Directive or publishing updated reform recommendations for professional services. The action plan confirms that the Commission wants to focus on enforcing existing internal market rules and further develop existing instruments.



Strengthening the Single Market for services: The EP takes initiative

In May 2020, the European Parliament published an initiative report on “strengthening the internal market and the future of freedom to provide services” drafted by rapporteur Morten Lokkegaard (Renew Europe). The report offers the opportunity to restructure the internal market for services, namely away from deregulation and towards tailored high standards for each individual service profession and thus towards a high-quality and sustainable services market. This would not only strengthen the European internal market for services, but would also support other important goals of the EU, such as enhancing sustainability or tax compliance.

ETAF supports this approach. The EU demands high standards on the safety and quality of products and it is right in doing so. It is therefore surprising that safety and maintenance of high quality are not required to the same extent in European legislation when it comes to the provision of services within the internal market.

Therefore, instead of reducing important professional law provisions, ETAF suggested that the better strategy would be to design the European internal market for services by establishing common rules or directive-based standards. After all, the professional regulations of Member States are important achievements that guarantee the quality of services, high training standards and consumer protection. They form the lifeline for countless small and medium-sized enterprises (SMEs) in Europe, counteract tendencies towards monopolization and thus secure the variety of service providers and their offers for consumers.

The report claims that regulatory restrictions would create unjustified barriers for service providers or that Member States would “frequently use reasons of public interest to insulate their domestic market”. These statements are incorrect and need to be rejected. Especially with regard to the profession of tax advisers, it should be borne in mind that, precisely in times of crisis, they provide system-relevant services to maintain the economic strength. In this context, ETAF proposed several amendments to the report. The final report was adopted in plenary in November 2020.



The tax compliance role of tax advisers

In July 2020, the European Commission published its action plan to fight tax evasion and make taxation simple and easy. It aims at combating tax fraud, facilitating compliance with tax rules and further exploiting new technical developments and the increasing digitalization in order to achieve these goals.

ETAF positioned itself and pointed out that tax compliance in Europe has to be improved in the long term. Tax evasion is a criminal offence which is detrimental to the general interest of the Union and therefore has to be combated with determination.

Tax advisers work very closely with their clients. They advise, explain and substantiate vis-à-vis the taxpayers why and which amount of taxes needs to be paid. As a result, ETAF highlighted that the profession of tax advisers made an important contribution to tax acceptance and thus helped strengthening the tax compliance in our societies.

Tax advisers can – and should – assume an important “bridging function” between the taxpayers and the tax authorities and hence make a significant contribution to securing tax revenues of Member States. The high quality of tax adviser’s services and their best possible qualification and training do play a very important role. It does not serve to tax compliance, if tax advice is done by service providers who do not have the required and adequate qualifications for it. Only accurate and error-free tax declarations which fully comply with tax rules can reduce the level of tax losses for Member States.

ETAF therefore calls for the introduction of a tax adviser compliance obligation across Europe. In the Member States, in which the profession is regulated, tax advisers are legally obliged to exercise their profession conscientiously, carefully and in full compliance with all applicable laws. However, this is not the case in all Member States. In its statement, ETAF stresses the special role of tax advisers as a link between taxpayers and tax authorities. Without tax advisers and their duty to comply, Member States would encounter significant tax losses due to incorrect tax returns. Strengthening the role of tax advisers across Europe should be one of the strongest starting points for a European solution.

As a reaction to our Tax Compliance paper, ETAF was approached by the office of MEP Paul Tang, Chair of the FISC Committee in the European Parliament. The Dutch MEP had shown great interest in the ETAF opinion on tax compliance and the role of professional law. He is planning a political initiative to introduce a professional code in his own country. To this end ETAF provided the MEP with detailed information on professional regulations in ETAF member countries.

In this joint long-term project, ETAF can and will use its excellent relations with the European Parliament to advocate for the interests of European tax advisers. The constructive relationship with MEP Paul Tang is a unique opportunity to highlight the benefits of a strong professional code on the European level.



What is illegal offline should be illegal online – the Digital Services Act

On 15 December 2020 the Commission finally presented its [proposal for the Digital Services Act](#) which amends the outdated E-Commerce Directive adopted in the year 2000. The Digital Services Act aims at improving liability

The Digital Services Act can make a significant contribution to strengthening the digital services market in Europe. It is important to strengthen legal certainty for consumers and service providers online, to ensure consumer protection and to increase investment in digitalization among service providers. When it comes to the establishment of services providers in another country, ETAF has always been a strong defender of the country-of-destination principle. In our profession, it is simply impossible to provide tax advice on a permanent basis without meeting the professional requirements of the respective Member State. In contrast, the departure of this principle for temporary cross-border services, which is foreseen in the underlying EU-Directives, has been fully accepted, transposed in the ETAF Member States – and is also operational in practice.

ETAF fully agrees with the statement “what is illegal offline, should be illegal online too”. Therefore, we need to make sure that services providers who offer their services at online platforms do actually have the required qualifications to pursue this activity. Otherwise, consumer protection cannot be guaranteed – it is vital for the well-functioning of the internal market, though.

and security rules for digital platforms, services and products which is one of the priorities of the European Commission. With this proposal, it intends to complete the digital single market. The goal is for digital business models to be able to spread and develop more easily in order to improve the competitiveness of European companies compared to providers from third countries.

The Committee on Internal Market and Consumer Protection (IMCO) in the European Parliament has drafted an [own initiative report](#) with recommendations on the Digital Services Act which was published in September. This own initiative report served as a political impetus to the European Commission and the Council. The plenary formally adopted the text as a European Parliament resolution on 20 October 2020.

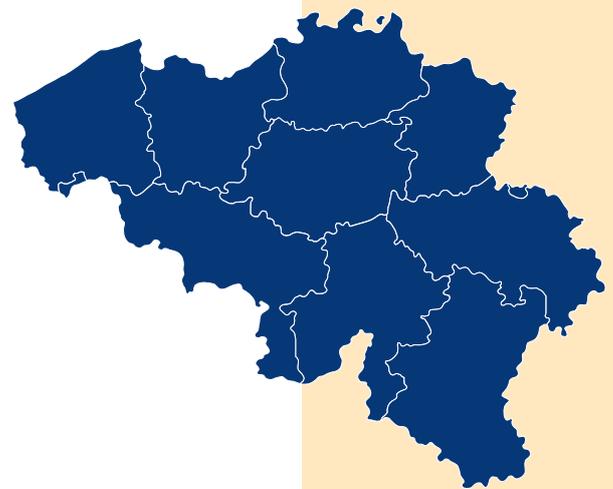


ECJ dismisses Belgian provisions of the accountant profession

Following an action brought forward by the European Commission, the European Court of Justice decided on 27 February 2020 that the Kingdom of Belgium had failed to fulfil its obligations under EU law. In its judgement, the ECJ declared that certain articles of the Belgian regulation were incompatible with article 25 of the Services Directive and violated the freedom of establishment of article 49 TFEU.

The contested provisions within the code of ethics of the Belgian Professional Institute of Approved Accountants and Tax Consultants (IPCF) prohibited the exercise of accounting services in conjunction with the activities of an insurance broker or agent, or of a real estate agent and any banking and financial services activities requiring registration within the Financial Markets and Services Authority. Furthermore, the code of ethics stated the incompatibility of the exercise of accounting activities together with any artisanal, commercial or agricultural activity. In the latter, the IPCF was entitled to derogate from this rule at the request of an IPCF accountant, provided that the independence and impartiality of the accountant were not jeopardized.

According to the ECJ, a full ban, as envisaged in this case by the Belgian regulation, is by its very nature beyond what is necessary to ensure compliance with the codes of ethics of the accountant profession. Regarding the proportionality of the ban in question, the ECJ claimed that alternative measures, such as a subsequent check by the professional chambers of a potential conflict of interest between the two activities was a less restrictive measure which could perfectly achieve the same goal and was thus disproportionate.



BELGIUM

Belgium has acknowledged this judgement and amended its regulation accordingly. Now, it is indeed possible to pursue two professional activities simultaneously, if the professional chamber in charge considers that there is no conflict of interests between them. This shows the willingness and readiness of our profession to comply with European law. However, certain requirements cannot be deregulated or abandoned as they intend to protect the public interest. ETAF will keep on monitoring the Commissions intentions in this regard and will continue making sure consumers are properly protected from low quality advice.

TAX LAW

Tax measures to fight the COVID-19-crisis

The consequences of the COVID-19 pandemic go far beyond the crucial element of public health. Many European countries have prepared and implemented immediate measures in order to mitigate the social and especially economic impact of the outbreak. The Italian Government has been the first one suspending or deferring tax declarations and tax payments due by most affected taxpayers. Other EU Member States like France, Belgium and the Netherlands were among the first to take similar tax measures and other countries followed their lead.

At EU level, the European Commission carried out various tax-related measures to support the Member States during the first phase of the crisis. With its “Temporary Framework” for State aid measures, it allowed Member States to use the full flexibility to ensure liquidity and access to finance for undertakings, especially SMEs. These temporary aids that the Commission considered compatible with EU rules included selective tax advantages - if they were granted to undertakings that faced a sudden shortage or even unavailability of liquidity. It included wage subsidies, suspension of payments of corporate tax and VAT, social welfare contributions or financial support directly to the consumers for cancelled services or tickets not reimbursed by the concerned operators.

In June, the directive on administrative cooperation in the field of taxation was put on hold: The Council postponed certain time limits for the filing and exchange of information to up to six months in order to relieve intermediaries from additional burdens. Several ETAF members had appealed to European decision-makers to postpone enforcement of the directive as SMEs, tax advisers and other intermediaries otherwise would have been confronted with additional obligations on an unmanageable scale.

The Commission also temporarily suspended customs duties and VAT on protective equipment, testing kits or medical devices such as ventilators. The VAT regime applicable to online companies, was also postponed by six months with a starting date on 1 July 2021 instead of 1 January 2021.



Fair and simple taxation in the EU

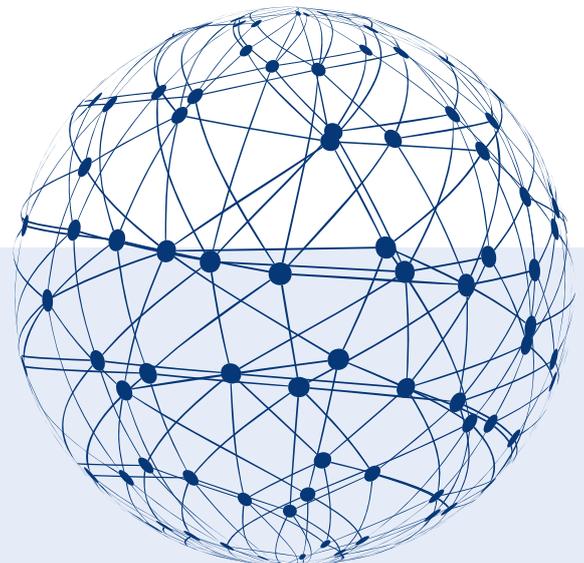
In July 2020, the European Commission presented a tax package to simplify tax compliance and fight tax evasion. It is the first part of a comprehensive and ambitious EU tax agenda for the coming years. Later in the year, the Commission also published a communication presenting a new approach to business taxation for the 21st century to address the challenges of the digital economy and ensure that all multinationals pay a minimum level of tax.

The tax package included measures intended to reinforce the fight against tax abuse and to help tax administrations keep pace with a constantly evolving economy, while also reflecting the ambition to ease administrative burdens for citizens and companies.

The action plan on “Fair and simple taxation supporting the recovery strategy” introduced 25 tax initiatives that the Commission plans to launch between 2020 and 2023. Among others, the Commission will present a complete package on “VAT in the digital age” to update VAT rules for the sharing economy, moving to a single EU registration, modernising VAT reporting obligations and facilitating e-invoicing. The action plan also included an extension of the Directive on administrative cooperation to exchange information on crypto-assets and e-money.

The Commission also proposed a revision of the Directive on administrative cooperation in the field of taxation. The objective is to extend the EU tax transparency rules to digital platforms. On the basis of the proposal, Member States will automatically exchange information on income generated by sellers and service providers on digital platforms.

Finally, the Commission published the “Communication on Tax Good Governance in the EU and beyond” aiming at promoting transparency and fair taxation. It proposed a reform of the Code of Conduct for Business Taxation, to ensure that it can effectively tackle harmful tax competition in a more transparent manner. The EU list of non-cooperative jurisdictions for tax purposes will be reviewed in this framework, too, in order to ensure that it is still effective, fit and fair to deal with today’s challenges.



International tax reform: a 2020 of ups and downs

In the course of 2020, the path of the international tax reform has been particularly bumpy, due to the COVID-19 pandemic but also due to the US elections, that have diminished the opportunities for discussion at international level.

In February, the G20 Finance Ministers approved the work of the OECD on the international tax reform confirming the willingness of the Ministers to define “*the key policy features of a global and consensus-based solution by July 2020, which would form the basis of a political agreement*”. However, after the COVID-19 outbreak, Pascal Saint-Amans (Director, Centre for Tax Policy and Administration at the OECD) announced that the July 2020 plenary meeting of the OECD/G20 Inclusive Framework (IF) on BEPS had been cancelled. The meeting was supposed to end with an agreement on the main political features of the international tax reform. Saint-Amans confirmed that the nature of the package was still unclear and that a growing number of countries was pushing for limiting the reallocation of taxing rights under Pillar 1 only to digital companies, though US and China opposed such ring-fencing.

Following the US Treasury suggestion to take a break from the OECD talks, the European Commissioner for Taxation, Paolo Gentiloni confirmed that if the US kept on blocking an international agreement, a new European proposal would be put on the table by the Commission.

In October, the OECD released the blueprints adopted by the 137 members of the IF on [Pillar 1](#) and on [Pillar 2](#) of the international tax reform. The IF [clarified](#) that the remaining issues for a reform of international taxation needed further discussions in 2021. Benjamin Angel (Director for Direct Taxation at European Commission’s DG TAXUD) remarked that the Commission accepted the postponement of the deadline to mid-2021 but it would not accept that it “become a moving target”: an agreement at OECD level remained the minimum target for the EU, though the Commission would be ready to present an EU solution on both pillars of the reform.



The fight against climate change: Green taxation in the EU



As part of the European Green Deal, the EU has set ambitious goals to tackle climate change and promote a cleaner environment. It aims at reducing greenhouse emissions by 55% and making Europe the first climate-neutral continent by 2050. One of the tools to

achieve these goals is taxation. In this framework the European Commission and Member States have set out a plan to introduce or reform taxes on energy, transport, pollution and resources.

Thus, in 2020 the Commission launched a revision of the Energy Taxation Directive, which was first adopted in 2003. The reform is primarily aiming at aligning the taxation of energy products and electricity with EU climate policies and the European Green Deal and to promote renewable energy and energy efficiency through taxation. One of the main problems the revision addresses are minimum tax rates covering energy products and electricity and in particular the imbalance between petrol and diesel in this regard. The treatment of electricity and natural gas products will be re-evaluated and the wide range of reductions, exemptions and subsidies for fossil fuels is set out to be streamlined.

In addition, the Commission started working on a proposal for a Carbon Border Adjustment Mechanism, that aims at reducing so-called “carbon leakage” which occurs when companies transfer production to countries

that are less strict about emissions. The Commission plans to tax the imports of selected products that are emission-intensive and thus reduce methane emission overall. Since many international partners do not share the same climate ambition as the EU, there is a risk that production is transferred from the EU to countries with lower climate constraints. Another goal is to reduce the amount of EU products that are being replaced by more carbon-intensive imports. By putting a price on imports based on their carbon content the Commission hopes to meet the global climate objectives of the Paris Agreement.

Public consultations were launched on both measures and ran until October 2020. ETAF contributed to the consultations and argued for a revision of the Energy Taxation Directive in order to reach climate neutrality and ensure the smooth functioning of the internal market. Furthermore, ETAF argued that the revision had to consider the changed energy mix with a higher share of renewables and electricity. With regards to the minimum tax rates of an energy product, the cost should be based on all their externalities such as greenhouse gas emissions and air polluting emissions.

Regarding the Carbon Border Adjustment Mechanism, ETAF argued that such a measure is welcome if it can contribute to global climate efforts and help reduce emissions. In addition, it could help promote clean technologies in the EU and elsewhere, boost innovations and increase competitiveness. Nevertheless, ETAF expressed its concern about increasing costs for businesses.

Conferring implementing powers to the Commission in the field of VAT

In October 2020, ETAF welcomed the proposal to confer implementing powers to the European Commission in the field of VAT by turning the VAT Committee into a “comitology committee” that would oversee the adoption of implementing acts by the Commission.

ETAF argued that by turning the VAT Committee into a comitology committee, the implementing measures proposed by the European Commission would be more harmonized and coherent. The representatives of the Member States in this new and empowered “VAT Committee” would have the responsibility to agree on technical VAT measures that are to be implemented directly at national level. Another advantage of this measure would be avoiding infringement procedures against Member States by guaranteeing harmonized implementation of EU legislation a priori. As practitioners who work on a daily basis with the provisions of the VAT Directive, it is in our interest to have a uniform and harmonized interpretation thereof. Thus, we can be certain that the way of understanding and implementing the rules within the Member State we operate is correct. Clarity on the interpretation and application of these rules among Member States is a great advantage for taxpayers, tax administrations and tax advisers.

ETAF believes that the procedure to approve an implementing act and the voting system laid down by the Comitology Regulation would ensure a balance between the power of the European Commission and the control by the Member States over those implementing acts. ETAF also suggested to introduce an advisory role of the VAT Expert Group within this process. The VAT Expert Group includes representatives of businesses, professionals and academics who assist and advise the European Commission on VAT matters by bringing the point of view of the real economic system. ETAF believes that the provision of non-binding opinions by the VAT Expert Group on the implementing measures to be proposed by the Commission to the VAT Committee would help the VAT Committee itself in estimating the real effects of such measures on the day-to-day activity of the economic operators who would have to comply with them.



Taxpayers' rights and the role of tax advisers

In November 2020, ETAF gave feedback to support the European Commission's initiative on taxpayers' rights in the Single Market. ETAF remarked that these measures were an important first step to encourage Member States to seriously consider the rights of taxpayers when implementing new tax laws. A strengthened relationship between the tax administrations and the taxpayers relying more on cooperation than on confrontation is indeed desirable.

ETAF called on the European Commission to openly recognize the essential contribution of regulated tax advisers in this context. Highly qualified, independent and regulated tax advisers play an important bridging function at the interface between the taxpayer and the Member State – provided that a binding professional law obliges the tax adviser himself or herself to act in full compliance with the tax laws. At the same time, a regulated tax adviser will always keep a close eye to work in the very best interest of the taxpayer. Even small and micro-businesses very often make use of a tax adviser in order to have this burden off and to concentrate on their core business. Therefore, ETAF encouraged the Commission to strengthen the key role of regulated tax advisers. Otherwise, the initiative might risk to be unilateral and lack integrity if it focuses only on taxpayers' rights. ETAF believes that the Commission should focus on three main objectives, namely: (i) Improving the relationship between taxpayers and tax administrations; (ii) Increasing the tax morale of citizens; (iii) Enhancing efficiency and effectiveness of the tax system.



Strengthening the exchange of information in the field of taxation

In April 2020, ETAF participated in the public consultation on “*strengthening the exchange of information framework in the field of taxation*”. The consultation was focused on two areas, namely the exchange of information gathered via digital platforms and joint audits.

ETAF highlighted that the growth of the so-called collaborative economy through the development of digital platforms has generated positive economic effects whilst raising a number of issues related to the tax compliance of the relevant actors. The cross-border nature of digital platforms requires these tax compliance issues to be tackled at European and global level.

ETAF favored the approach of the European Commission which aims at harmonizing and standardizing reporting requirements. By reaching an agreement on reporting requirements, EU countries would contribute to the fight against tax fraud whilst reducing administrative burden for businesses. On the other hand, ETAF pointed out the need to keep the reporting requirements as easy and convenient as possible, with possible exemptions to be granted to some categories, such as start-up companies. With regard to the sellers/service providers to be included in the reporting requirements, ETAF recommended to strike a balance between the necessity of transparency and the risk of overflowing tax administration with an unbearable amount of unnecessary data, in particular referring to sellers/service providers who only carry out occasional or low-value transactions.

With regard to joint audits, ETAF recommended to clarify the legal framework in order to include additional details that can simplify the mechanism for both tax authorities and taxpayers. Though tax administrations of various EU Member States work with different mindsets, the objective of a single agreed report at the end of a joint audit would be the best possible outcome. A single agreed report including a common legal interpretation of facts and circumstances by tax authorities involved in the joint audit would lower the administrative burden of cross-border tax disputes while providing more tax certainty to taxpayers. ETAF supported the creation of a binding framework for tax authorities to participate into joint audits when the request comes from another tax authority or from a taxpayer.

Conscious of the difficulties connected with the above-mentioned differences of mindsets between tax authorities, ETAF suggested to plan a two-step approach that would firstly oblige tax authorities to participate in a joint audit only upon request of a tax authority. After this first phase, which would allow tax administrations to build experience in joint audits and enhance cooperation, the second phase should kick in, where tax authorities would be obliged also by a taxpayer’s request. This two-step approach would ensure a “training period” for those Member States that would face a significant number of joint audit requests compared to their size.



MISCELLANEOUS

ETAF Web-Conference: The role of tax policy in response to the COVID-19 crisis



Philippe Arraou, President of ETAF with David Bradbury, OECD and Patrice Pillet, DG TAXUD in June 2020

On 30 June 2020, ETAF hosted its very first web-conference on “the role of tax policy in response to the COVID-19 economic crisis”. Over 200 participants from all over Europe joined in when Philippe Arraou, the president of ETAF, Patrice Pillet, Head of Unit Value Added Tax of the Commission’s DG TAXUD, and David Bradbury, Head of the Tax Policy and Statistics Division at the OECD, debated the lessons learnt from the coronavirus crisis and possible future developments at European and international level from a tax policy perspective.

In his welcoming speech, Philippe Arraou highlighted the crucial role that tax advisers play since they are the first point of contact for taxpayers and the link to tax administrations. He argued that during the crisis SME’s primarily turned to their tax advisers to get access to government aids and other relief measures and that without tax advisers the economy would be in worse shape.

Patrice Pillet focused on how taxation and in particular VAT has been used at EU and national level as a tool to react to the health and economic crisis.

David Bradbury spoke about the work performed by the OECD to gather information and provide OECD countries with recommendations on how to use the different tax tools in the various phases of the crisis. Answering to questions from the audience, the speakers also elaborated on the OECD international tax reform and on the need to shift towards qualified majority on tax matters at EU level.



ETAF Web-Conference: The role of tax advisers in strengthening tax compliance



Philippe Arraou, President of ETAF with Gerassimos Thomas, DG TAXUD and MEP Paul Tang in December 2020

On 1 December 2020 ETAF hosted its second entirely digital tax conference of 2020.

Gerassimos Thomas, General-Director at DG TAXUD, and MEP Paul Tang, Chair of the FISC Committee, discussed with the president of ETAF, Philippe Arraou, the role of tax advisers in strengthening tax compliance. Philippe Arraou opened the conference and stressed the importance of tax compliance in this moment of economic crisis and how tax compliance is the very first step towards fair taxation.

Gerassimos Thomas highlighted the efforts of the European Commission in providing a simplified tax framework

to provide taxpayers with easier tools to comply with their respective tax systems. Paul Tang acknowledged the role that taxpayers play in facilitating tax compliance, with particular reference to regulated tax professionals, such as the members of ETAF.

The conversation touched many topics, including the possible use of digital technologies for supporting tax compliance and the next EU initiative regarding business taxation and taxation of the digital economy in particular. The three panelists also debated the possibility of a future shift towards qualified majority voting in the Council when it comes to approving tax policy measures and the growing responsibilities of the European Parliament in this field.

New members and great collaborations

In January 2020 ETAF welcomed the Austrian “Kammer der Steuerberater und Wirtschaftsprüfer - KSW“ as an observer member. The Chamber of Tax Advisers and Auditors is the umbrella organisation in Austria. Its members are specialists in tax advice, auditing, bookkeeping and accounting. KSW represents the interests of 7,865 chartered accountants (5,900 tax advisers and 1,965 auditors) and also speaks for around 3,600 trainees. The tasks include, among other things the holding of examinations to become a tax adviser or auditor and the appointment of professionals.

In their first digital General Assembly in December 2020, ETAF members officially welcomed KSW, represented by Thomas Kölblinger, Board member of KSW. With the Austrian Chamber ETAF gained a valuable and active partner, that can make relevant and beneficial contributions to protect regulated tax advisers’ rights across Europe.

The General Assembly also welcomed the Hungarian tax expert organisation MOKLASZ as a full member from July 2020. Both, MOKLASZ, represented by Vice-President Andrea Rabb and ETAF members expressed their enchantment about this very fruitful and constructive relationship that has become closer over the years. MOKLASZ was founded in 2005 and represents a small number of highly specialized tax advisers in Hungary.



The ETAF team in times of digital meetings

ETAF ACTIVITIES 2020

8 January	EPP hearing on liberal professions in the European Parliament
9 January	Meeting with MEP Brando Benifei
26 February	Meeting with Jan Wisswaesser, EPP policy adviser
27 February	Meeting with AmCham – American Chamber of Commerce to the EU
3 March	Meeting with BDI – Federation of German Industries
25 May	Meeting with MEP Paul Tang
5 June	Meeting with Patrice Pillet, Head of Unit, DG TAXUD
17 June	Meeting with David Bradbury, Head of the Tax Policy and Statistics Division, OECD
30 June	ETAF Conference
20 November	Meeting with Gerassimos Thomas, Director General, DG TAXUD
1 December	ETAF Conference
1 December	ETAF General Assembly
21 December	Meeting with Economisti Associati on the DG TAXUD study on “VAT in the Digital Age”



DISCLAIMER:

European Tax Adviser Federation AISBL – ETAF
Rue des Deux Eglises 35 | 1000 Brussels
Phone: +32 2 2350-105 | Email info@etaf.tax | www.etaf.tax

HEAD OF OFFICE: Michael Schick

ETAF is a European umbrella organisation for 280.000 tax professionals from France, Germany, Italy, Belgium, Romania and Hungary. ETAF was launched in January 2016 as an international non-profit organisation (AISBL), governed under Belgian law and located in Brussels. The main role and mission of ETAF is to represent the tax profession at European level in liaising closely with European policy makers to promote good legislation in tax and professional matters. ETAF is a registered organisation in the EU Transparency Register with the register identification number 760084520382-92.