Corporate tax avoidance: Agreement reached on tax intermediaries

Press contacts

François Head
Press officer
+32 2 281 60 83
+32 475 95 38 07

On 13 March 2018, the Council reached agreement on a proposal aimed at boosting transparency in order to tackle aggressive cross-border **tax planning**.

The draft directive is the latest of a number of measures designed to prevent corporate tax avoidance.

It will require intermediaries such as **tax advisors, accountants and lawyers** that design and/or promote tax planning schemes to report schemes that are considered potentially aggressive.

The member states will be required to automatically exchange the information they receive through a **centralised database**. This will enable new risks of tax avoidance to be determined earlier and measures to be taken to block harmful arrangements.

Member states will be obliged to impose **penalties** on intermediaries that do not comply with the transparency measures.

“Enhancing transparency is key to our strategy to combat tax avoidance and tax evasion”, said Vladislav Goranov, minister for finance of Bulgaria, which currently holds the Council presidency. “If the authorities receive information about aggressive tax planning schemes before they are implemented, they will be able to **close down loopholes** before revenue is lost.”

Member states find it increasingly difficult to protect their tax bases from erosion, as cross-border tax planning structures become ever more sophisticated. The draft directive is aimed at preventing aggressive tax planning by enabling increased scrutiny of the activities of tax intermediaries.

The draft directive establishes ‘hallmarks’ to identify the types of schemes to be reported to the tax authorities. The requirement to report a scheme won’t imply that it is harmful, only that it may be of interest to tax authorities for further scrutiny. Whilst many schemes have entirely legitimate purposes, the aim is to identify those that do not.

The proposal broadly reflects action 12 of the **OECD**'s 2013 action plan to prevent tax base erosion and profit shifting.

Agreement was reached at a meeting of the Economic and Financial Affairs Council. The Council will adopt the directive without further discussion once the text has been finalised in all official languages.

Member States will have until 31 December 2019 to transpose it into national laws and regulations.

The new reporting requirements will apply **from 1 July 2020**. Member states will be obliged to exchange information every three months, within one month from the end of the quarter in which the information was filed. The first automatic exchange of information will thus be completed by 31 October 2020.

The directive requires unanimity within the Council, after consulting the European Parliament. The Parliament voted its opinion on 1 March 2018. (Legal basis: articles 113 and 115 of the Treaty on the Functioning of the European Union.)

Visit the meeting page Download as pdf

Benoît Cœuré: Bitcoin not the answer to a cashless society

Next week, Group of 20 policymakers will discuss bitcoin and other blockchain-based digital tokens. Such cryptocurrencies are poor imitations of money. Almost nobody prices goods in bitcoin, few use them for payments, and, as a store of value, they are no better than gambling in a casino. Policymakers are rightly worried about consumer and investor abuses, as well as illicit use.

Yet, while bitcoin and its cousins are something of a mirage, they might be an early sign of change, just as Palm Pilots paved the way for today's smartphones. Cash will not be king forever, even though it still rules in many parts of the world. New research from the Bank for International Settlements (BIS) shows non-cash payments have roughly doubled in size, as a share of GDP, since the turn of the century. Some Nordic countries are already cutting back on cash. And the iGeneration is more likely to reach for a payment app than a purse. To their children, banknotes and coins may look like museum exhibits.

These trends have sparked a discussion about whether central banks should issue their own digital coinage. A new report on central bank digital currencies (CBDC), released today by the two committees we chair at the BIS, sets the scene for this important debate.

What is a CBDC? The answer goes to the heart of money and payments. Today, banknotes and coins are the only way consumers can access central bank money. The money in your bank account is actually provided by a commercial bank. Your bank promises to exchange that money for cash when you go to the ATM. But when you pay bills online or swipe your credit card, you are using commercial bank money.

Under the current system, only financial institutions have direct access to digital central bank money via accounts at their national central bank. A consumer-oriented CBDC would extend that access to everyone. Although this might not seem like a big step to digitally-savvy consumers, it could have far-reaching ramifications for the role of money, the financial system and the economy.

For example, a CBDC for all would challenge the current model of banks taking customer deposits and using that money to fund the lending that helps drive the economy. The consequences for bank business models and financial stability would need to be carefully parsed.

More fundamentally, do we need a CBDC? Existing payment arrangements – based on commercial money – are already digitally provided and increasingly convenient, instantaneous and available 24/7. Nevertheless, if cash disappeared, there would be a stronger case to consider a CBDC. Otherwise, the public would be wholly dependent on commercial money, and trust in the currency, a key public good, would be reliant on the creditworthiness of commercial entities and on specific payment technologies. However, despite the growing popularity of electronic payments, the cashless society is not here yet. Demand for banknotes is still growing in many countries.

If it were to come, a CBDC would have to be as convenient for consumers and businesses to use as the commercial equivalent. It would have to be hacker-proof. If we want to stop illegal use, it should not grant the same anonymity of cash to users. But giving central banks unprecedented amounts of information about individuals is equally controversial. There is no one-size-fits-all solution.

In sum, thinking carefully about the future of money is timely in view of new technologies and increasing use of electronic payments. Still, it is not yet clear whether CBDCs for consumers and businesses are necessary or desirable. In other words, the jury is still out, and the answer will clearly differ country by country.

Away from the public eye, change may also be happening and perhaps sooner. The BIS report canvasses a second, complementary, model of CBDCs aimed at financial institutions that would build on the blockchain technologies underlying bitcoin. Such tokenised forms of digital central bank money could potentially help streamline many of the cumbersome clearing and settlement processes that are currently needed to complete securities and foreign exchange trades. So far, however, central bank experiments with such forms of CBDCs have not shown conclusive benefits for wholesale payments and beyond, but technology and design are evolving quickly.

Despite its many faults, bitcoin has put the spotlight on an old failing of our current system: cross-border retail payments. Such payments not only permit shoppers to easily buy goods online from overseas, but also allow foreign workers to send money home, supporting financial inclusion and development. However, these payment channels are generally much slower, less transparent and way more expensive than domestic ones. Improvements here are the best way of rising to the bitcoin challenge.

Joint conference on judicial cooperation in cybercrime matters

12 March 2018

To cope with the ever-increasing number and complexity of cybercrime cases, enhanced international judicial cooperation is required. On 7 and 8 March 2018, participants from more than 60 countries around the world met at Eurojust to gain a better understanding of the assistance available to practitioners in the pursuit of a common criminal policy toward cybercrime and the gathering of electronic evidence. The conference was co-organised by Eurojust and the Cybercrime Programme Office of the Council of Europe (C-PROC) within the framework of the Global Action on Cybercrime Extended (GLACY+) Project.

Participants and speakers were Eurojust National Members, Council of Europe officials, representatives of EU and international agencies and networks as well as authorities, engaged in international cooperation in cases involving cybercrime, electronic evidence and mutual legal assistance in criminal matters. The meeting was opened by Ladislav Hamran, President of Eurojust, and Alexander Seger, Head of the Cybercrime Division, Council of Europe.

Topics discussed included Eurojust’s mission, objectives, core tasks and work in the field of cybercrime; challenges, obstacles and constraints in international cooperation; capacity building projects of the Council of Europe; the implementation of the Budapest Convention and the role of the Cybercrime Convention Committee; cooperation with the private sector; case examples and practical experience; and the way forward. By the end of this conference, participants were able to better utilise Eurojust and the Budapest Convention in terms of judicial cooperation in cybercrime matters and electronic evidence collection through:

- a better understanding of Eurojust’s role and tools;
- a better understanding of the Budapest Convention and capacity-building programmes; and
- an exchange of experience and case work among EU Member States and other

participating countries regarding the implementation of the Budapest Convention and the use of Eurojust's tools.

Related links:

Joint conference on judicial cooperation in cybercrime matters

12 March 2018

To cope with the ever-increasing number and complexity of cybercrime cases, enhanced international judicial cooperation is required. On 7 and 8 March 2018, participants from more than 60 countries around the world met at Eurojust to gain a better understanding of the assistance available to practitioners in the pursuit of a common criminal policy toward cybercrime and the gathering of electronic evidence. The conference was co-organised by Eurojust and the Cybercrime Programme Office of the Council of Europe (C-PROC) within the framework of the Global Action on Cybercrime Extended (GLACY+) Project.

Participants and speakers were Eurojust National Members, Council of Europe officials, representatives of EU and international agencies and networks as well as authorities, engaged in international cooperation in cases involving cybercrime, electronic evidence and mutual legal assistance in criminal matters. The meeting was opened by Ladislav Hamran, President of Eurojust, and Alexander Seger, Head of the Cybercrime Division, Council of Europe.

Topics discussed included Eurojust's mission, objectives, core tasks and work in the field of cybercrime; challenges, obstacles and constraints in international cooperation; capacity building projects of the Council of Europe; the implementation of the Budapest Convention and the role of the Cybercrime Convention Committee; cooperation with the private sector; case examples and practical experience; and the way forward. By the end of this conference, participants were able to better utilise Eurojust and the Budapest Convention in terms of judicial cooperation in cybercrime matters and electronic evidence collection through:

- a better understanding of Eurojust's role and tools;
- a better understanding of the Budapest Convention and capacity-building programmes; and
- an exchange of experience and case work among EU Member States and other participating countries regarding the implementation of the Budapest Convention and the use of Eurojust's tools.

Related links:

Indicative Programme – Economic and Financial Affairs Council meeting of 13 March 2018

Your request will be handled by the Press Office of the General Secretariat of the Council in accordance with the provisions of Regulation (EC) No 45/2001 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data.

Your data will be stored in the database until you unsubscribe from the service.

Certain data (name, e-mail address, preferred language, media name, media type) may be disclosed to the press offices of the European institutions, the Permanent Representations of the Member States and to European Union agencies, under the conditions laid down in Articles 7 and 8 of Regulation 45/2001.

If there is data which you would not like to be stored, please let us know at: press.office@consilium.europa.eu