



**BRUSSELS | 21 SEPTEMBER 2020**

## **State of the Union Address - Own Resources & Environmental Taxes**

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European Commission President Von der Leyen delivered her first [State of the Union address](#) on 16 September 2020, setting out the Commission's vision on EU recovery from COVID-19 and the strengthening and advancement of the EU.

Taxation was central to many of the issues focussed on during the address, in particular in relation to the goal announced to reduce EU emissions by 55% by 2030, up from the planned 40% decrease. The Carbon Border Adjustment Mechanism will be central to this plan, with Von der Leyen stating, *"Carbon must have its price – because nature cannot pay the price anymore. This Carbon Border Adjustment Mechanism should motivate foreign producers and EU importers to reduce their carbon emissions, while ensuring that we level the playing field in a WTO-compatible way."* Von der Leyen also detailed 37% of the New Generation EU funds will be invested in projects in line with the EU Green Deal objectives, with 30% of the 750 billion Euro Next Generation EU recovery instrument to be raised through green bonds.

Digital taxation was again emphasised as a priority for the EU. Von der Leyen

expressed EU support for continued international negotiations but reiterated that failing agreement an EU solution would be introduced, stating, *“We will spare no effort to reach agreement in the framework of OECD and G20. But let there be no doubt: should an agreement fall short of a fair tax system that provides long-term sustainable revenues, Europe will come forward with a proposal early next year.”*

## UN Tax Committee Consultation on Model Double Tax Treaty Revision

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The UN Tax Committee of Experts on International Cooperation on Tax Matters has invited comment on a [draft paper](#) which proposes to change the definition of royalties in the Model Double Taxation Convention Between Developed and Developing Countries. The draft proposes to amend the definition to include a reference to computer software.

The proposed change to the definition will be discussed by the Committee at the upcoming 21<sup>st</sup> Session, scheduled for the of end October 2020.

Comments on the paper can be submitted in Word format via e-mail to [taxcommittee@un.org](mailto:taxcommittee@un.org) until 2 October 2020.

## Save the Date: CFE Professional Affairs Webinar Conference on Taxpayers Rights

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Save the date for the 13th European Webinar Conference on Tax Advisers' Professional Affairs, to be held virtually on Friday, 20 November 2020, on the topic of “Taxpayer Rights and Legal Certainty in the Digital Era”.

The webinar conference will welcome tax experts and academics who will examine global developments in the protection of taxpayers' rights and the impact and implications of technology on taxpayers' rights. The conference will also review the recently published IBFD [2019 Yearbook on Taxpayers' Rights](#), the most recent compilation of information by the Observatory on the Protection of Taxpayers' Rights.

More details about the programme, line-up of speakers and registration will be available in due course.

## EU Parliament Approves Own Resources Decision for Next Generation EU Recovery Instrument

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The EU Parliament [voted](#) to approve its legal opinion on the Own Resources Decision, the legal basis which will allow the Commission to fund the 750 Billion Euro EU Recovery Instrument, Next Generation EU, through borrowing on the open markets.

The Parliament vote was a necessary step required before the EU Council can adopt the Own Resources Decision and begin the process of having all EU Member States ratify the legislation. Parliament upheld its view on the need to introduce new sources of revenue to cover the costs of the recovery plan.

Co-rapporteur Valérie Hayer stated of the decision, *"The borrowing for the Recovery is now on track thanks to the green light provided by the MEPs today. We will now ensure that the debt is repaid by tech giants, tax dodgers, big foreign polluters and others who do benefit from our single market but do not contribute fairly to our prosperity and the protection of our planet"*.

## OECD Global Relations Programme in Taxation Meeting

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A virtual meeting of the Advisory Group for Co-operation with Partner Economies took place on 15 September, at which attendees from over 40 countries and 5 international and regional organisations discussed the OECD's Global Relations Programme in Taxation.

Attendees discussed the benefits to their countries of participating in the Programme, in particular the training, e-learning and virtual classes available as part of the Programme, and the impact on their tax administrations.

Attendees also discussed the importance of supporting developing countries through initiatives such as the Global Relations Programme in Taxation, particularly in post-COVID recovery.

A [statement](#) on the outcomes of the meeting, and the [presentations](#) from the meeting are available for viewing on the OECD website.

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