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France to Push EU Carbon Tax During Presidency of the Council of the EU

During an event held by POLITICO last week, French Secretary of State for Europe Clément Beaune confirmed that France will prioritise negotiations to reach an EU deal on the proposed Carbon Border Adjustment Mechanism when it takes over the Presidency of the Council of the EU from 1 January 2022.

The EU proposal aims to level the playing field with imported goods from countries which do not apply the same standards as Europe, thus preventing carbon leakage. To do so, the Directive aims to put a price on carbon-intensive imports, such as steel, electricity and fertilisers, thus encouraging trade

partners to implement similar green policies at home. As a result, global reduction of carbon emissions could be achieved simultaneously. A Social Climate Fund is planned to help Member states facilitate the green transition and avoid situations where certain Member states or regions are left behind.

Member States have pushed to exempt certain countries from the proposals, which Mr Beaune commented on during the POLITICO event, saying countries could only be exempted if they are willing to adhere to similar standards as the EU. He stated that the French approach will be to *"...try to get inspiration from what we have done successfully in the end with the digital debate. So to have first an agreement at the EU level ... but also to be open, which I think is the basic idea of these climate clubs, to an international negotiation with like-minded countries....the U.S., for instance, or the U.K, and to say: 'If you're ready to go with the same standards as we are doing, if you have the same green ambitions, there's no reason why we should have competition or a kind of adjustment mechanism between each other.'" New Zealand and Canada were also mentioned in the discussion as other potential countries to be included in the discussions.*

President von der Leyen recently commented on the proposal prior to the COP26 conference, saying that *"the EU was in favour of a global solution that would see the world's biggest emitters agree on global carbon pricing. To avoid carbon leakage, now introduce slowly but surely a carbon border adjustment mechanism that says if you come with dirty products on our market, you have to pay a price as if you were in the Emissions Trading System of the European Union. But we prefer you keep the money in your economy by putting a price on carbon in your economy."*

FISC Hearing: Tax Avoidance & Evasion in the Pandora Papers

The European Parliament's Subcommittee on Tax Matters (FISC), will hold a public hearing on tax avoidance and evasion in the Pandora Papers on 30 November 2021, from 16:45pm to 18:15pm. The hearing will feature presentations from Mr Will Fitzgibbon, senior ICIJ reporter, Ms Moran Harari, Director and Researcher at the Tax Justice Network Israel and Mr Benjamin Angel, Director for Direct Taxation, DG TAXUD, European Commission. The presentations will be followed by discussion and questions with the Members of FISC.

The meeting will be web-streamed and can be followed [here](#) live.

CFE's 14th European Conference on Professional Affairs: Professional Judgment in Tax Planning

The 14th European Webinar Conference on Tax Advisers' Professional Affairs was held virtually on Thursday, 25 November 2021, on the topic of ["Professional Judgment in Tax Planning: An Ethics Quality Bar for All Tax Advisers – 'If It Is Legal, Is It Acceptable?'"](#). The conference examined the proposed "ethics quality bar" set out in CFE's discussion paper issued in June 2021, which proposed a set of quality bar questions for all tax advisers to reflect on when undertaking their advisory role in the overall tax system.

The virtual conference welcomed tax experts and academics, featuring: Paul Tang, MEP and Chair of the Subcommittee on Tax Matters at the European

Parliament; Reinhard Biebel, Head of Unit, Direct Tax Policy & Cooperation at the European Commission; Sune Hein Bertelsen, Member of the Tax Policy Group at Business Europe; Howard Liebman, Partner at Jones Day, Brussels; Jens Poll, Chair of the Tax Planning and Related Services Task Force at the International Ethics Standards Board for Accountants and Board Member of Accountancy Europe; and Martin Manuzi, Regional Director for Europe at the Institute of Chartered Accountants in England and Wales. The conference was moderated by Philippe Vanclooster, Chair of the Professional Affairs Committee, and Aleksandar Ivanovski, Director of Tax Policy at CFE Tax Advisers Europe.

The panellists discussed the need to promote ethical professional judgment across all tax advisers, regardless of the different backgrounds, professional affiliations or absence of professional affiliations of tax advisers as well as of market access rules on tax services provision in individual jurisdictions and whether the concept as set out in the CFE paper has the potential to help achieve ethical tax planning across all tax advisers within and across jurisdictions.

Panellists also explored how the attitude of business towards tax has shifted in the past years, and whether the business is now only taking into account the legal part of the tax advice, or whether other considerations are increasingly relevant, such as changed attitudes of business towards tax law and tax administration. To this end, panellists discussed how the changing environment in tax policy has affected business decisions and the nature of tax advice and whether education in tax ethics can play a role going forward. References in the paper to legal obligations on tax advisers to reduce tax liabilities arising from national laws and court rulings and pressures generated by broad taxpayer attitudes were also examined by the panellists.

On the side of the European Union, MEP Paul Tang expressed his views that more needs to be done to ensure that tax advisers are prevented from providing advice that would encourage tax avoidance practices, likening the changes in tax advice behaviours to those of a rehabilitating addict. Mr Reinhard Biebel, Head of Direct Tax at the European Commission, confirmed that the Commission welcomed the discussion paper, but that issues with enforceability and unregulated advisers would remain an issue that the EU intends to further address in the future with further legislative initiatives.

The conference was well-attended and received by the audience, and the CFE discussion paper initiative will be the subject of follow-up events and further work within CFE in 2022.

Committee on Conduit Companies: Shell Companies Detrimental to the Netherlands

A Committee on Conduit Companies established in the Netherlands, tasked by the Dutch House of Representatives with investigating the activities of conduit companies, has delivered its final [report](#) concluding that shell companies are damaging to the reputation of the country and contribute little to the economy. The Committee calls for the Dutch government to:

- Ensure greater transparency surrounding conduit companies;
- Subject conduit companies to greater supervision; and
- Oblige conduit companies to increased reporting on their activities.

The Committee also calls for the creation of an international Ultimate Beneficial Owner register, to enable sharing of information about conduit companies, and notes issues with the narrow definition of "conduit company" in existing Dutch

legislation. The Committee recommends factors such as real presence in the Netherlands, tax motives, substantial money flows and the existence of international structures should be looked to as elements which would indicate the entity is a conduit company.

The Committee reported that in 2019 there were over 12,400 conduit companies holding assets worth over five times that of the Dutch economy, around 4,500 billion Euro, with only around 650 million received in tax revenue from the entities, 02.% of total tax revenue. Despite the low tax revenue generated, the Committee estimated that around 170 billion Euro flowed through the entities. The companies create somewhere between three to four thousand jobs in the Netherlands.

As part of its Corporate Tax Plan, the European Commission held a public consultation on tax avoidance and fighting the use of shell entities for tax purposes earlier in 2021. Draft EU proposals to fight the use of shell entities are expected to be published in early January 2022.

AMCHAM Global Business Tax Update Conference - 30 November 2021

On 30 November 2021 at 18:30CET the AMCHAM Tax Committee will host a virtual [Global Business Tax Update](#) conference, examining the issues of global tax harmonisation, minimum taxation and increases in business taxation post-COVID-19. The featured speakers include: Bob Stack (Deloitte), Aleksandar Ivanovski (CFE Tax Advisers Europe), Pierre- Antoine Klethi (Loyens & Loeff Luxembourg) and Gregory Jullien (Deloitte). The guest speakers will discuss the OECD global tax agreement and other EU and US tax policy developments, issues which constitute perhaps the most serious challenge to the restoration of

business prosperity during this currently beginning period of business recovery.

The conference will be moderated by Bernard David from Deloitte, AMCHAM's Tax Committee Chairperson. The conference will take place via Zoom, and is free of charge for registered attendees. Registration is possible via this [link](#).

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