New tax package proposed by the European Commission

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The European Commission recently proposed a new tax package to ensure that EU tax policy supports Europe's economic recovery and long-term growth.

By Anders Kiærskou, aek@bdo.dk

According to the European Commission, the new tax package is built on the twin pillars of fairness and simplicity. Fair taxation remains a top priority for the European Commission, as a means of protecting public revenues, which will pay an important role for the EU's economic recovery in the short-run and prosperity in the long-run.

The new tax package seeks to boost tax fairness, by intensifying the fight against tax abuse, curbing unfair tax competition and increasing tax transparency.

In parallel, it focusses on simplifying tax rules and procedures, to improve the environment for businesses across the EU. This includes removing tax obstacles and administrative burdens for taxpayers in many sectors, so that it is easier for companies to thrive and grow in the single market.

The new tax package is made up of three separate, but related initiatives:

- The tax action plan presents 25 distinct actions to make taxation simpler, fairer and better attuned to the modern economy over the coming years.

  According to the European Commission, these actions will make life easier for honest taxpayers, by removing obstacles at every step, from registration to reporting, payment, verification and dispute resolution.

  The action plan will help EU member states to harness the potential of data and new technologies, to better fight tax fraud, improve compliance and reduce administrative burdens.

- The proposal on administrative cooperation (DAC7) extends EU tax transparency rules to digital platforms, so that those, who make money through the sale of goods or services on platforms, pay their fair share of tax too.

  This new proposal will ensure that EU member states automatically exchange information on the revenues generated by sellers on online platforms.

  The proposal also strengthens and clarifies the rules in other areas, in which EU member states work together to fight tax abuse, for example through joint tax audits.

- The communication on tax good governance focusses on promoting fair taxation and clamping down on unfair tax competition, in the EU and internationally.

To this end, the European Commission suggests a reform of the code of conduct, which addresses tax competition and tackles harmful tax practices within the EU.

It also proposes improvements to the EU list of non-cooperative jurisdictions, which deals with non-EU countries that refuse to follow internationally agreed standards.

This has, so far, encouraged third countries to adopt tax good governance standards, but more needs to be done.

The communication also outlines the EU's approach to work together with developing countries in the area of taxation, in line with the 2030 sustainable development agenda.

According to the European Commission, the new tax package is the first part of a comprehensive and ambitious EU tax agenda for the coming years.

The European Commission will also work on a new approach to business taxation for the 21st century, to address the challenges of the digital economy and ensure all multinationals pay their fair share.

In the context of the "green deal", the European Commission will make proposals to ensure that taxation supports the EU's objective of reaching climate neutrality by 2050.

This multi-faceted approach to reforming taxation in the EU aims to make taxation fairer, greener and fit for the modern economy, thus contributing to long-term, sustainable, inclusive growth.

The Supreme Court acquits taxpayer of charges of tax evasion

Consequently, the verdict of the High Court was repealed, meaning that the taxpayer was relieved of a 6-month suspended prison sentence and a fine of DKK 750,000.

By Anders Kiærskou, aek@bdo.dk

The case concerned a taxpayer, who had earned capital gains from selling of shares amounting to approx. DKK 2,7 million during the tax year.

However, the annual tax statement only showed a capital gain of approx. DKK 200,000, and the taxpayer had not filed a tax return to correctly declare the capital gains. Instead, the taxpayer had relied on the stockbroker's reporting to the Danish tax authorities as sufficient.

The Supreme Court ruled that the taxpayer was not responsible for incorrect reporting made by the stockbroker and the inability of the IT-systems of the Danish tax authorities to automatically calculate capital gains in certain situations. Consequently, the taxpayer was acquitted.

Despite the acquittal, the case shows that taxpayers are best served by making sure their tax statements are correct. Particularly, when owning securities deposited in non-Danish banks, the taxpayer must declare capital gains/loss himself, as foreign banks generally do not report to the Danish tax authorities.

The deadline for filing the Danish tax return for 2019 is 1 September 2020. If you need assistance in preparing and filing your Danish tax return, BDO can help you.