Fair & Efficient Taxation

Protection against Tax Evasion

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- Digital Economy
- Common (Consolidated) Corporate Tax Base
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Introduction

- Tax fraud, profit shifting and tax evasion practices take place right in the center of Europe.
- Austria loses up to 1bn EUR per year by tax avoidance practices.
- In recent years, Austria has therefore introduced numerous measures to react early to possible tax avoidance scenarios.
- By closing gaps at national level Austria has taken over a leading role within the EU-28 in fighting against tax evasion.

Introduction

- However, combatting tax avoidance and unfair tax planning does not end at national borders.
- Therefore EU Member States need a joint strategy to ensure a level playing field.
- In view of globalization and new technologies, especially when it comes to taxation of the digital economy, we have to seek for global solutions.
- The Austrian Presidency will attach particular importance to support potential solutions at EU as well as at OECD level.

Measures to Combat Tax Evasion

Global Level

Projects on OECD Level

- BEPS-Actionplan
- Task Force on Digital Economy

Multilateral Agreements

OECD Model Convention

EU Level

Admin. Cooperation

Anti-Tax-Avoidance Dir.

Parent-Subsidiary Dir.

Code of Conduct (Business Taxation)

National Level

Legislative Measures

- Non-Deductibility of Interests and Royalties
- Register of Beneficial Owners
- Avoidance of double non-Taxation
- Transfer Pricing Documentation

Administrative Measures

- Audit Task Force for Multinational Cooperations
- Offshore Task Force
- Multilateral Controls

Implemented International Measures

Automatic exchange of information on financial account information	In order to combat tax fraud, tax evasion and aggressive tax planning an automatic exchange of financial account information in tax matters was implemented on an International as well as EU level. Austria exchanges the full set of information for the year 2017 in 2018.
Country by country reporting	Complying with BEPS Action 13 large multinational companies have to report the allocation of income, taxes and business activities in the country by country reports. These reports are exchanged automatically among the countries concerned.

Implemented National Measures

Non-deductibility of interests and royalties	Since 2014 interests and royalties are not deductable if paid within an corporate group and taxed at a low rate or not taxed at all at the recipient.
Avoidance of double non-taxation of foreign profit distributions	In 2011 Austria introduced a provision to avoid potential double non-taxation of profit distributions from foreign to domestic corporations. Austria was the first member state to implement this recommendation of the code of conduct group.
Register of beneficial owners	The register of beneficial owners serves as a helpful tool in the fight against money laundering and terrorist financing.

Digital Economy

- A common response to digitalisation is indispensible, since the current corporate tax system does not cover all areas of this new economy.
- Under the current rules, taxation is only possible if a company has a physical establishment in this country.
- As a solution, companies should have to declare a digital permanent establishment in case of a significant digital presence. Such a digital permanent establishment could be linked to domestic revenues.
- This would mean a shift from taxation where the physical presence is to where the value is created.

Digital Economy

- According to the proposal on the Digital Services Tax (DST), the tax shall cover large companies that provide three types of digital services:
  - targeted online advertising,
  - multi-sided digital interfaces,
  - sale of user data.

- The taxation of the digital economy is a top priority for the Austrian Presidency. While in the long-term the ultimate goal is a global solution at OECD level, the EU will focus on the DST as an interim solution.

Common (Consolidated) Corporate Tax Base

- The fragmented corporate taxation systems across the EU-28 support unfair tax competition practices.
- C(C)CTB helps to eliminate unfair tax competition and means a reduction of administrative burdens.
- This would create a level-playing field within the internal market and also protect the market from base erosion vis-à-vis third countries.

Common (Consolidated) Corporate Tax Base

- The proposal provides harmonized rules for the calculation of the corporate tax base for corporations with an annual turnover over EUR 750,000,000.
- Corporations below this threshold shall have the opportunity to opt-in for the CCTB regime.
- The Austrian Presidency sees the CCTB as a priority and intends to achieve substantial progress.
- At the moment, the Member States are discussing the impact on national revenues.

EU list of non-cooperative jurisdictions

- The overall aim of the EU list is a constructive and transparent dialogue with third countries in order to strengthen tax good governance and improve tax systems.
- Many countries have committed to comply with the agreed criteria and processes within an agreed timeline.
- The EU list also creates a stronger deterrent for non-compliant countries.

EU list of non-cooperative countries

- The first EU list was established in December 2017 and some sanctions already apply on listed jurisdictions.
- Further defensive measures in the tax area are still under consideration by the Member States.
- The Code of Conduct Group will continue evaluating whether third countries deliver on their commitments within the given deadlines.
- Under the Austrian Presidency further coordinated measures and future criteria are being discussed.

Thank you for your attention!

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