



■ Why does it matter to intermediaries?

EU taxation policy mostly focuses on establishing a minimum degree of harmonisation of tax rules in order to fight against harmful tax competition and fight tax fraud, while endeavouring to remove tax obstacles for cross-border economic activities. It affects insurance intermediaries in various ways.

With regard to the Value-Added Tax (VAT) policy, although financial services are currently exempted from it, there have been talks, from the Commission, on the possibility of (partly) introducing VAT in the financial sector.

■ State of play

Minimum effective taxation of multinationals

On 22 December 2021, the European Commission presented a proposal for a Directive aimed at ensuring a global minimum level of taxation for multinational groups (2022/2523). This proposal was adopted by the European legislators on 14 December 2022 and published on 22 December 2022.

The Directive is based on the OECD's Model Rules on Tax Challenges Arising from Digitalisation of the Economy which address Pillar 2 of the OECD's Two-Pillar Solution. It establishes a minimum level of effective corporate taxation on large multinational enterprises, both domestic and international, (i.e. enterprises with combined financial revenues of over 750 million euros a year and with either a parent company or a subsidiary in a Member State). The Directive contains rules ensuring that large groups pay a 15% minimum rate for every jurisdiction in which they operate. The deadline for implementing the Directive within national legislations is set on 31 December 2023.

Tax evasion and aggressive planning

In 2022, the Commission held a public consultation on "Tackling the role of enablers involved in facilitating tax evasion and aggressive tax planning". For the purpose of this consultation, the Commission presented a range of possible options:

- Requirement for all enablers to carry out due diligence procedures;
- Prohibition on facilitation of tax evasion and aggressive planning combined with due diligence procedures and requirements for enablers to register in the EU;
- Code of conduct for all enablers;
- New measures on transparency.

The Commission defined "enablers" as the ones providing tax advisory services and designing complex structures which typically include cross-border arrangements that could result in tax evasion or aggressive tax planning.

BIPAR responded to the consultation with the following points:

- A lot depends on the definition of "enablers" which should be clarified;
- We do not think insurance intermediaries, even if they are potentially linked to tax advice, fall within the scope of the potential action;
- In any event, measures regarding this topic should be proportionate and follow a risk-based approach;
- The focus should be on simplifying tax rules and not adding any unnecessary complexity;
- Due diligence measures can be effective if their application is appropriately supervised;
- Intermediaries are already highly regulated and supervised.

The current timeline foreseen by the Commission is for the proposal to be out during the first half of 2023.



VAT in the digital age

On 8 December 2022, the European Commission presented a legislative package aimed at modernising the EU VAT system to make it work better for businesses and more resilient to fraud, by embracing and promoting digitalisation. The package consists of three pieces of legislation:

- A Directive as regards VAT in the digital age;
- A Regulation as regards VAT administrative cooperation arrangements needed for the digital age;
- An Implementing Regulation as regards information requirements for certain VAT schemes.

These texts contain the following measures:

- Introduction of real-time digital reporting for VAT purposes, based on e-invoicing;
- Measures aimed at addressing the challenges presented by the “platform economy”;
- Introduction of a “Single VAT registration” system in order to eliminate the need for multiple VAT registrations by businesses operating in several Member States;
- Creation of a central system for the exchange of VAT information.

These proposals will now be sent to the Council of the EU for agreement after consultation of the EP and ECOSOC.

■ Links

- [Directive on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union](#)
- [OECD’s Model Rules on Tax Challenges Arising from Digitalisation of the Economy](#)
- [OECD’s Two-Pillar Solution](#)
- [Commission’s public consultation on “Tackling the role of enablers involved in facilitating tax evasion and aggressive tax planning”](#)
- [Directive as regards VAT in the digital age](#)
- [Regulation as regards VAT administrative cooperation arrangements needed for the digital age](#)
- [Implementing Regulation as regards information requirements for certain VAT schemes](#)

■ BIPAR’s position / key messages

BIPAR’s key points on the topic of taxation are as follows:

- Measures should always be proportionate and follow a risk-based approach;
- Tax rules are already complex, they need simplifying, not added burden;
- Intermediaries are already highly regulated and supervised and should not be subjected to additional requirements unless absolutely necessary.

Regarding the issue of VAT:

- It would be preferable to maintain the VAT exemption for financial and insurance services;
- Any changes to the VAT treatment of financial and insurance services should always consider other applicable taxes (e.g. insurance premium tax, government tax incentives, etc.) to avoid double taxation;
- Only an activity-based approach can ensure legal certainty and a “tax” level playing field among operators.

■ Next steps

BIPAR will continue to follow ongoing developments, including the tax evasion and aggressive planning file and the “VAT in the digital age” package.

Further initiatives might arise on the topic of taxation, such as:

- a proposal to implement the other aspect of the OECD’s Two-Pillar solution, regarding the reallocation of taxing rights towards market jurisdictions (Pillar 1);
- a proposal to (partly) introduce VAT in the financial and insurance sector.