The role of the CFE in Europe

International Tax



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As members of the Board of CFE and council members of CIOT, Gary Ashford and Ian Hayes explain the role of CFE, and how members in the UK can benefit

Established over 60 years ago, CFE (Tax Advisers Europe) (see taxadviserseurope.org) is the pre-eminent association of professional tax bodies based in Europe, dealing with all aspects of taxation. CIOT and the Tax Faculty of ICAEW are the two UK members. Now that the UK has left the EU, it is particularly important to appreciate that CFE memberships span EU member states and non-EU countries, such as Russia and Switzerland.

CFE operates through an elected executive committee and a small administrative and professional office in Brussels. The overarching authority rests with the General Assembly, which meets twice a year, and the technical side of its operations are conducted through three committees: Fiscal, split into direct and indirect taxes;

Professional Affairs; and Tax Technology. Since the onset of the Covid-19 pandemic, all meetings have been online.

In 2013, CFE was instrumental in the creation of the Global Tax Advisers Platform (GTAP), co-operating with the Asia Oceania Tax Consultants Association (AOTCA) and the West Africa Union of Tax Institutes (Wauti), as well as a number of observer organisations, including the Society of Trust and Estate Practitioners (STEP). GTAP enables tax advisers to participate in global discussions on tax policy, to comment on specific issues and to have constructive dialogue with tax administrations through the Forum on Tax Administration (an OECD body).

The international stage

Being seen, heard and accepted on a global stage is vitally important for tax professionals, especially given digitalisation and globalisation. CFE sees being a champion of the tax adviser as one of its key roles. Tax professionals – whether intermediaries, advisers, agents or academics – provide a practical response to proposed fiscal and technological developments. While these developments may be valid on administrative grounds, they can play fast and loose with taxpayer rights in pursuit of simplicity and efficiency.

Our member organisations do this on a national basis but the role of the CFE is to represent the views of our member bodies, which are sometimes divergent on the international stage. We respond at the international level to most issues affecting cross border taxation, enforcement, arbitration, taxpayer rights, digitalisation and general tax policy. Such collaborative working resulted in the Model Taxpayer Charter (see bit.ly/2OZ1nSY), accepted by the OECD as dealing with an important issue for the BEPS project.

We interact at an individual level with key personnel within the OECD, the Nations Fiscal committee and the European Commission, and strive to be the ‘go to’ organisation for all things tax. We have a seat on key consultative committees, where we try to ensure that our member organisations can access relevant bodies working on the international stage. We are aware of the frequent and detailed dialogue between revenue administrations. Facilitation of networking for our members is therefore a key element in dealing with tax matters, both through our committees and on a bilateral ad hoc basis.

Global tax policies

Despite the recent rise in populist regimes and internal pressures affecting nation state tax policies, the inexorable movement towards global tax policies continues unabated. The OECD-led work on digital taxation, faced with American reluctance, had looked like failing, but the new US administration has indicated participation in, if not fervent endorsement of, the programme, so it is back on track. Why is this relevant to CFE? The future of tax must be designed to avoid areas of double taxation, and is inextricably linked with:

- cross border taxation;
- the issue of fairness in comparative tax yields; and
- how excess or perceived unfair taxation, if not handled on an international basis, may lead to structured anomalies in global supply chains.

This lies at the heart of the BEPS project and CFE has been actively participating in its progress. We believe that tax in the future will be benign and not combative.

Digitisation

The initial brief for BEPS from the G20 referred to digital issues as part of the overarching review. The primary target at that time was combatting corporate tax avoidance. The area of greatest difficulty, though, was in relation to digitalisation and the impact it had on global trade and national revenues.

By the end of that initial two year period, it was clear to all parties involved – multinationals, tax administrations and tax advisers – that the main issue was not digital change itself. Rather, digitalisation is a primary force for change in how everything is done. It highlighted how longstanding international approaches to taxation, based on physical presence, needed to be reformed to be relevant to digital services.

Digitalisation is seen as the future and is changing the global fabric of tax as we know it. CFE is part of the ongoing debates and discussions. We keep our member bodies informed and seek to foster debate so that our interventions are informed and knowledgeable.

We consistently make the point that increased digitalisation will not see the end of the need for tax advisers, rather the contrary. The tax adviser is an essential component of future tax practice.

The future of tax

How do we think future tax practice will evolve? What needs to be done to ensure the continuity of tax advisers at the heart of activity? Digital technology is bringing new skills and abilities, which will remove many aspects of current practice. It will lead to new jobs, new requirements and new opportunities – some are already visible, and others are yet to be identified.

Let us look at data: encoded, transmitted, retained and changed by applications. Currently, the main requirement of professionals is to comply with UK and EU General Data Protection Regulation and to have procedures in place to ensure regulatory compliance.

Making tax digital, though, means that electronic compliance is only effective if data is clean, consistent and assured. Such data enables analytics, used by revenues and taxpayers alike. Technical high-end actions need to be overseen and maintained by highly skilled operatives – all new jobs for tax technologists.

Globalisation

These new roles will not be country limited. Globalisation means that digital abilities can move and be subject to local adaptation. The need for new digitally empowered professionals has been identified as the number one priority for tax advisers. In 2018, CFE formed the Tax Technology Committee to be at the heart of future digital developments on behalf of our member organisations. It is currently engaged in Europe wide debate on the uses of blockchain, digital currencies, machine learning and artificial intelligence, including on the various Regulatory Framework Consultations.

A survey on Making Tax Digital (MTD) designed by members from the Spanish and UK member organisations is shortly to be released. It will gain key information on MTD in different countries and enable follow up surveys of Revenues and taxpayers. Analysis on this is being undertaken by Spain, Italy, Belgium, the Netherlands and the UK, aided by the professional staff in Brussels. As a result, all members will have comparable data to help them meet the challenges of future adaptation.

Multinational organisations can afford the costs of global digital compliance, as can their global tax advisers. However, CFE is aware that for many members in the small and medium sized organisations with clients involved in taxable cross border

activities, such costs are individually prohibitive.
This puts a premium on knowledge, networking and mutual assistance. For CFE, being able to assist in this is one of the core reasons for its existence.
We are expanding our outreach by developing online webinars, forum discussions and key debates. We are restructuring the CFE European Tax Register, with the help of one of our Italian member organisations, to provide a professional online network supplying contact reference points for client support, without the need to refer to larger organisations.

Two of our online outputs, the weekly Tax Top 5 and monthly Tax Top 10, have proved popular; do let us know if you want to be included on the circulation list. We are currently upgrading our digital capacity to eliminate the physical distance between European Countries for our members service and to enable our committee meetings, forums and webinars to reach as wide an audience and participation as possible.

The pandemic has forced us to accelerate the speed with which we provide our services online. Yet we realise that not everything can be digital, so we look forward to the return of some face to face meetings to preserve the closeness and friendship which permeates CFE, a key element of networking. The future is exciting and full of opportunity, but it will be different. CFE's priority is ensuring that tax advisers will maintain their central role in national and global life. This was, is and always will be our mission and commitment.

Finally, as set out by the General Secretary of the OECD in the 2021 February update report, the environment (and associated taxation issues) will be one of the most important issues in rebuilding after Covid-19. CFE is already developing its strategy to actively participate in the 'global debate' on such matters.

For further information about CFE and the opportunities of volunteering available, please send your contact details to CFEinfo@ciot.org.uk.