

**State of Tax, Legal & People**

# EU Fiscal Policy after the Elections and Impact on the Netherlands

**Tuesday 17 December 2024**

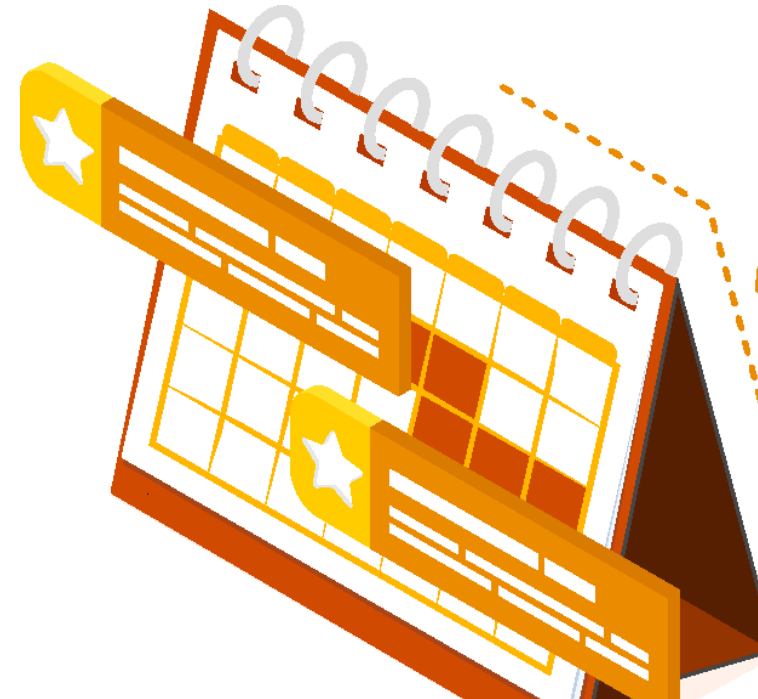


# Welcome

- If this webinar is watched live, you will be eligible for 1 PE point
- With the button '[Ask a question]' you can ask your questions directly
- For other questions, please contact your PwC consultant or fill in the form on [pwc.nl](https://www.pwc.nl)
- Webcast and presentation will be made available afterwards
- Evaluation form afterwards

# Agenda

1. Introduction
2. Public CbCR
3. VAT in a Digital Age
4. FASTER
5. Wrap up

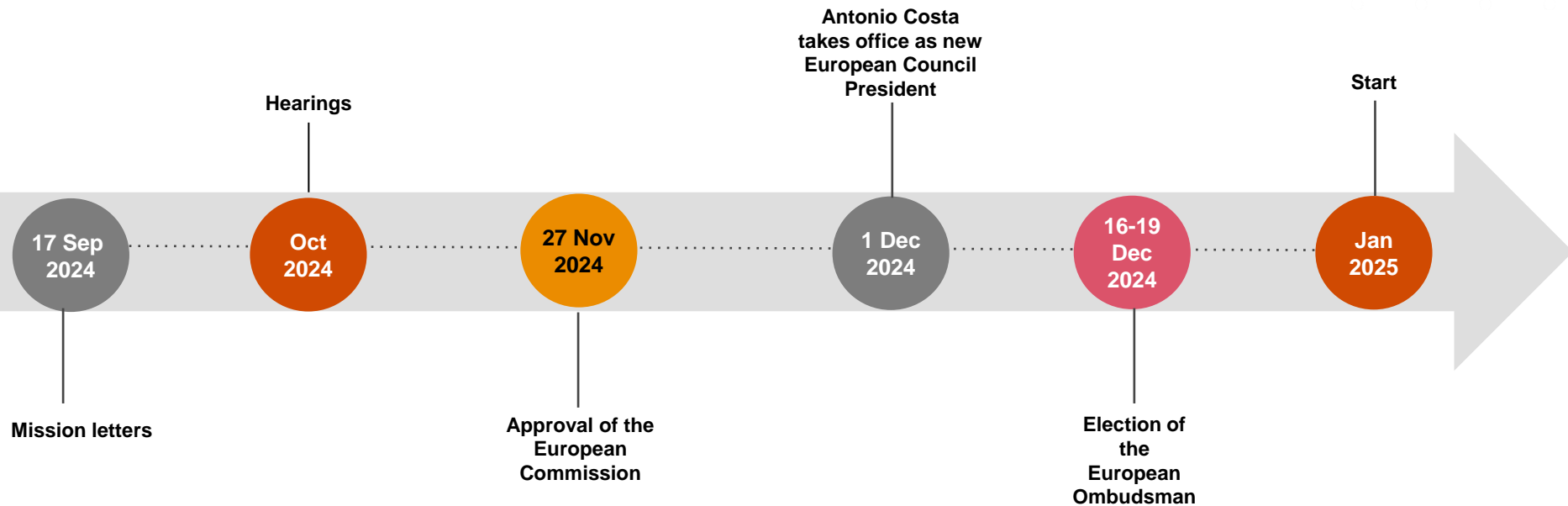


01

# Introduction



# EU Tax Policy: Timeline



# Draghi report: Areas of action to reignite growth

## Closing the innovation gap

- EU stuck in industrial structure
- Limited disruptive companies
- Major research and innovation investments remain in the automotive industry (rather than in technology)

- Ideas are available (high number of patents)
- Problem at commercialization stage, especially related to inconsistent and restrictive regulation

## Decarbonization and competitiveness

- Companies' electricity prices in the EU are 2-3 times higher than in the US (and natural gas 4-5 times higher)
- Opportunity on clean tech vs. Chinese competition

- Risk that decarbonization may run contrary to competitiveness and growth
- Need to transfer benefits of decarbonization to end-users

## Increasing security and reducing dependencies

- Reliance on handful of suppliers for critical raw materials
- Fragmentation of defense industry

- Need genuine EU foreign economic policy

# EU Policy Developments

Overview current EU initiatives



What to expect: Draghi report

Composition and portfolio European Commission

Controversies

Fight against tax evasion and avoidance

Business friendly climate

Cross border investment

Administrative burden

Forced collaboration

Decision making process: no unanimity

# EU Policy Developments Impacting the Real Estate Industry

## Mission Letter Hoekstra

### Taxation

- I would like you to lead the work to level the **energy taxation** playing field and the strategic use of taxation measures to incentivize the uptake of clean technologies, as proposed in the Draghi report. You should help conclude negotiations on the **revision of the Energy Taxation Directive** and explore how to further green the VAT system.
- You will identify innovative solutions for a **coherent tax framework for the EU's financial sector** that helps further integrate the EU's financial sector, facilitate cross-border operations and foster digitalization and innovation.
- You will continue the work on the **reform of corporate taxation**, including by concluding the negotiations on the corporate tax package.
- You will ensure Europe keeps the highest level of ambition in **fighting tax fraud, tax evasion and tax avoidance** and lead the way in better collecting and sharing tax information, notably through the use of digital tools and AI.
- You will work with Member States on the implementation of the global agreement on **international tax reform**, which introduces a minimum effective tax rate for multinational enterprises active in the EU.

As a rule, you will work under the guidance of the Executive Vice-President for a Clean, Just and Competitive Transition. The Directorate General for Climate Action and the Directorate General for Taxation and Customs will support you in your work.

## Written answers hearing

- stress-testing the current EU tax acquis to identify and address inconsistencies (input ATAD and DAC evaluation)
- study to look into possible ways of taxing the financial sector
- DEBRA: examine Member States' willingness to reconsider this initiative
- BEFIT long term project: through the lens of our experiences with Pillar 2
- Full commitment to pillar 1 and 2: engage in particular with the US
- Code of Conduct Group: The Commission takes the lead in proposing changes to the EU listing criteria



02

# Public CbCR



# Public CbCR

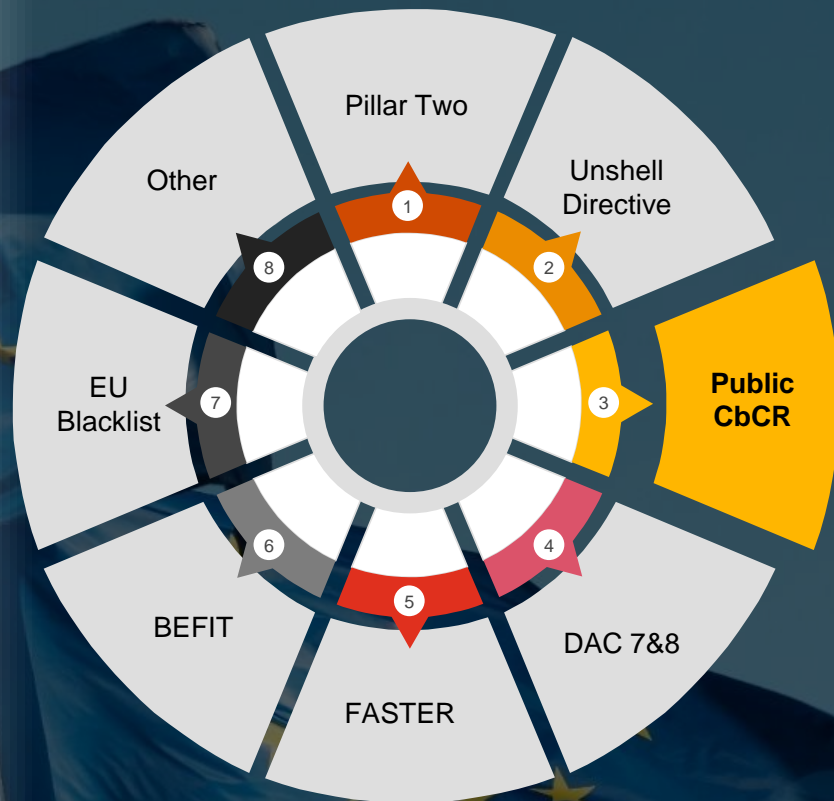
**EU Directive 2021/2101:** already implemented in the Netherlands

**Publication of a CbCR report** with key financial data regarding the group.

**Relevant for:** Large multinationals and certain large-scale domestic undertakings with a total consolidated revenue of **at least €750 million** for each of the last two consecutive financial years.

- Ultimate EU parent company
- For non-EU headed groups: EU "qualifying" subsidiaries or EU branches (under conditions)

No later than **12 months after the end of the fiscal year**



# Public CbCR

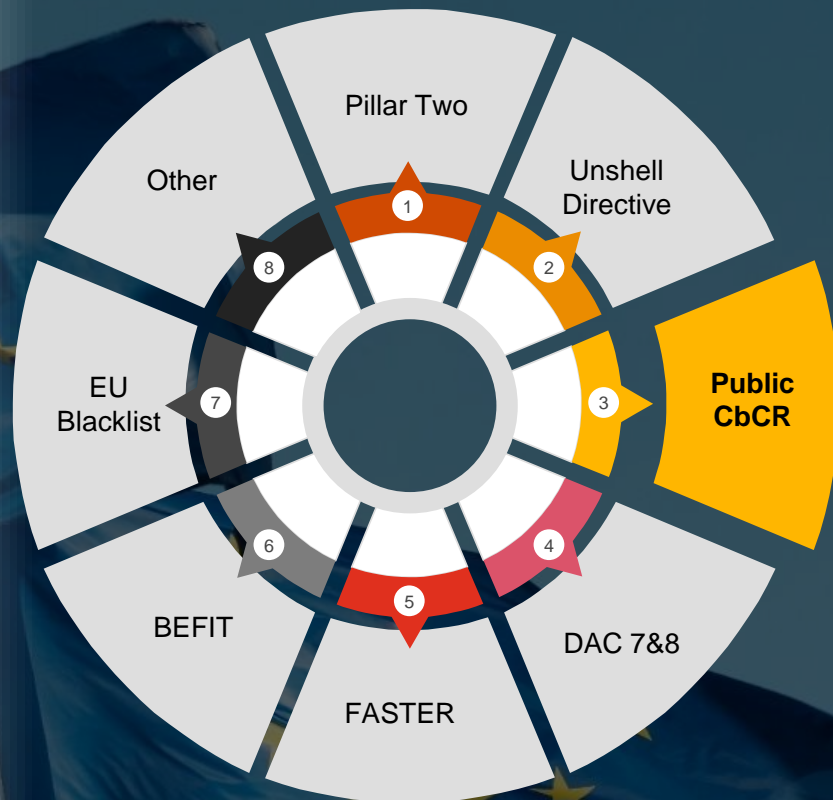
**Possibility:** Exemption from publication if:

- The non-EU UPE publishes a qualifying report, and
- the report is public and free of charge accessible on its website, and
- Within 12 months after the balance sheet date of the financial year, and
- Indicates an EU single undertaking to file the report


**Option:** omission of sensitive data in the report


- for 5 years
- “where their disclosure would be seriously prejudicial to the commercial position of the undertakings to which the report relates”
- Omission shall be clearly indicated + reasons


 **opted**  






# Why Public CbCR?


 Transparency


 Improves shareholder's ability to evaluate the risks taken by undertakings

 Investment strategies based on accurate information

 Enhances ability of decision-makers to assess the efficiency and impact of national legislation

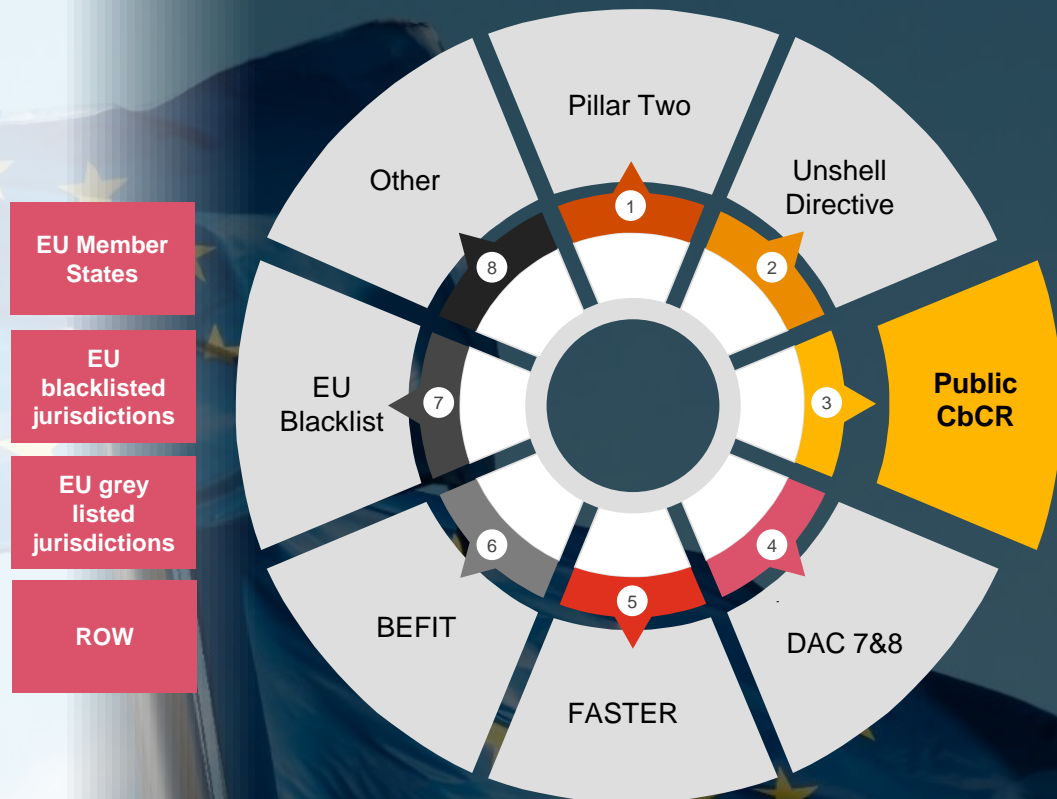
 Impact on employee's rights to information

 Already public CBCR for the banking sector & extractive and logging industry

 Corporate Social Responsibility

# Information to be publicly disclosed

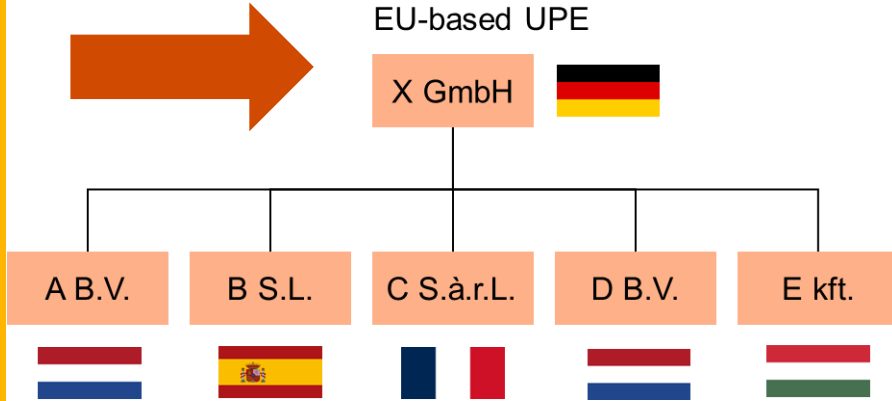
| pCbCR (EU)                               | CbCR in NL<br>(based on OECD)                             |
|--|---|
| Tax jurisdictions/group entities         | Tax jurisdictions/group entities                          |
| Nature of activities per entity          | Nature of activities per entity                           |
| Number of employees on a FTE basis       | Number of employees on a FTE basis                        |
| Revenue                                  | Revenue   |
| Profit/loss before income tax            | Profit/loss before income tax                             |
| Income tax accrued (current fiscal year) | Income tax accrued  |
| Income tax paid (on cash basis)          | Income tax paid (on cash basis)                           |
| Accumulated earnings                     | Accumulated earnings                                      |
|  | Stated Capital  |
|  | Tangible assets<br>(other than cash and cash equivalents) |



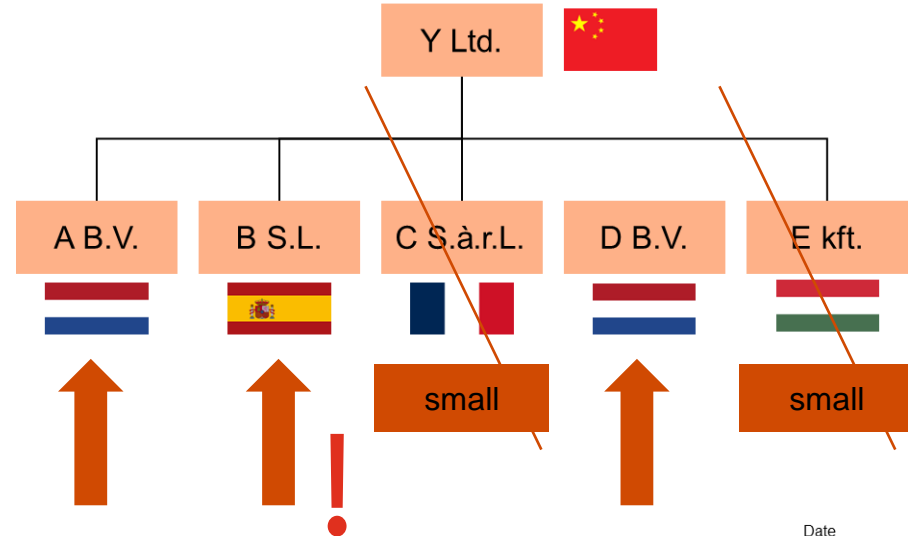
# Scoping

Two scenaria

Scenario 1  
EU-based UPE



Scenario 2  
Non-EU UPE



Date

# EU thresholds for defining small/medium/large undertakings and branches

|        | Balance sheet total “B” (in EUR) | Net turnover “T” (in EUR) | Amount of employees |
|--------|----------------------------------|---------------------------|---------------------|
| Small  | ≤5.000.000                       | ≤10.000.000               | ≤50                 |
| Medium | ≤25.000.000                      | ≤50.000.000               | ≤250                |
| Large  | >25.000.000                      | >50.000.000               | >250                |
| Branch | X                                | >10.000.000               | X                   |

2 out of the 3



# Thresholds for defining small/medium/large undertakings and branches



|        | Balance sheet total “B” (in EUR) | Net turnover “T” (in EUR) | Amount of employees |
|--------|----------------------------------|---------------------------|---------------------|
| Small  | ≤7.500.000                       | ≤15.000.000               | <50                 |
| Medium | ≤25.000.000                      | ≤50.000.000               | <250                |
| Large  | >25.000.000                      | >50.000.000               | ≥250                |
| Branch | X                                | >15.000.000               | X                   |

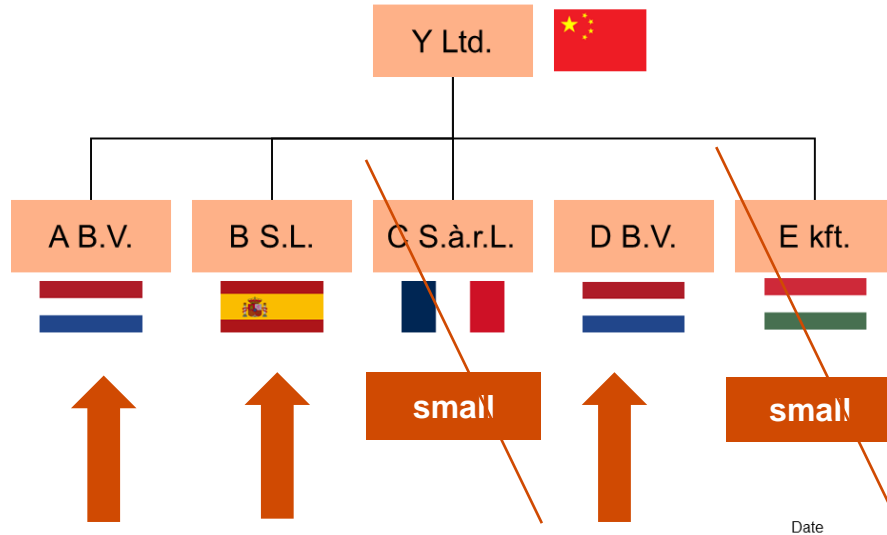
2 out of the 3



# Scoping

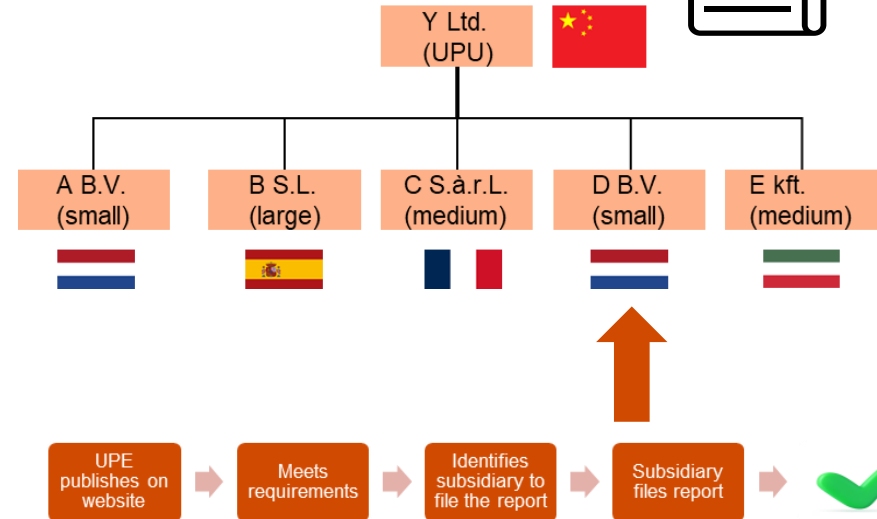
## Three scenarios

Scenario 2  
Non-EU UPE



Date

Scenario 3  
Non-EU based UPE



Qualifying  
pCBCR  
report



# Points of attention

**Separately and  
aggregately**

**EU Member States / EU  
blacklisted and grey listed  
jurisdictions / third countries**

**Use of Private CbCR  
data**

**DAC4 and reporting instructions**

**Request to the non-EU  
UPE**

**Scenario 2**  
**Non-EU UPE needs to provide the  
data.**  
**If not, the denial needs to be  
mentioned.**

 American Samoa

 Anguilla

 Fiji


 Guam

 Palau

 Panama

 Russia

 Samoa

 Trinidad and Tobago

 US Virgin Islands

 Vanuatu

# When & Where



## When does reporting start?

- Reporting is required for financial years starting on or after 22 June 2024
- First publication over 2025 in 2026
- At least 12 months after the start of the relevant fiscal year



## Where

- Commercial registry of the Member State
- Website that fulfils certain requirements
- At least 5 consecutive years



## Option

- Commercial registry ONLY
- Website to refer to the website of the relevant register



**Not opted**



# Narrative behind the data

## REPORT ON CORPORATE INCOME TAX INFORMATION in compliance with chapter 10a of Directive 2013/34/EU ("country-by-country reporting")

### General reporting instructions:

Information required by Article 48c of Directive 2013/34/EU shall be visually presented in accordance with the specifications provided in this template. Additional information may be disclosed in the report, whether in the form of text, images or other means.

### **Section 1 – General information**

|  |     |
|--|-----|
| Name of the ultimate parent of the group / of the standalone undertaking   | ... |
| Country where the ultimate parent has its registered office  | ... |
| Financial Year – start date  | ... |
| Financial Year – end date  | ... |
| Reporting currency   | ... |
| Is the information in the report based on reporting instructions used for tax purposes, pursuant to Section III, Parts B and C, of Annex III to Council Directive 2011/16/EU (yes/no)? | ... |

### **Section 3 – List of subsidiaries and activities**

| Member State or tax jurisdiction                   | Country code | Name of each subsidiary undertaking in the Member State or tax jurisdiction | Brief description of the nature of activities in the Member State or tax jurisdiction |
|--|--------------|---|---|
| 1. Full name of Member State or tax jurisdiction A |              | Subsidiary a<br>Subsidiary b<br>Subsidiary c<br>.....                       |   |
| 2. Full name of Member State or tax jurisdiction B |              | Subsidiary d<br>Subsidiary e<br>Subsidiary f<br>.....                       |   |
| 3. ...   | ....         | ....  |   |

### **Section 4 – Omitted information**

Information omitted (if any) for this financial year:

.....

Information omitted in previous financial years, which is disclosed in this financial year (if any):

.....

### **Section 5 (non-mandatory) – Explanations for material discrepancies between income tax paid and accrued**

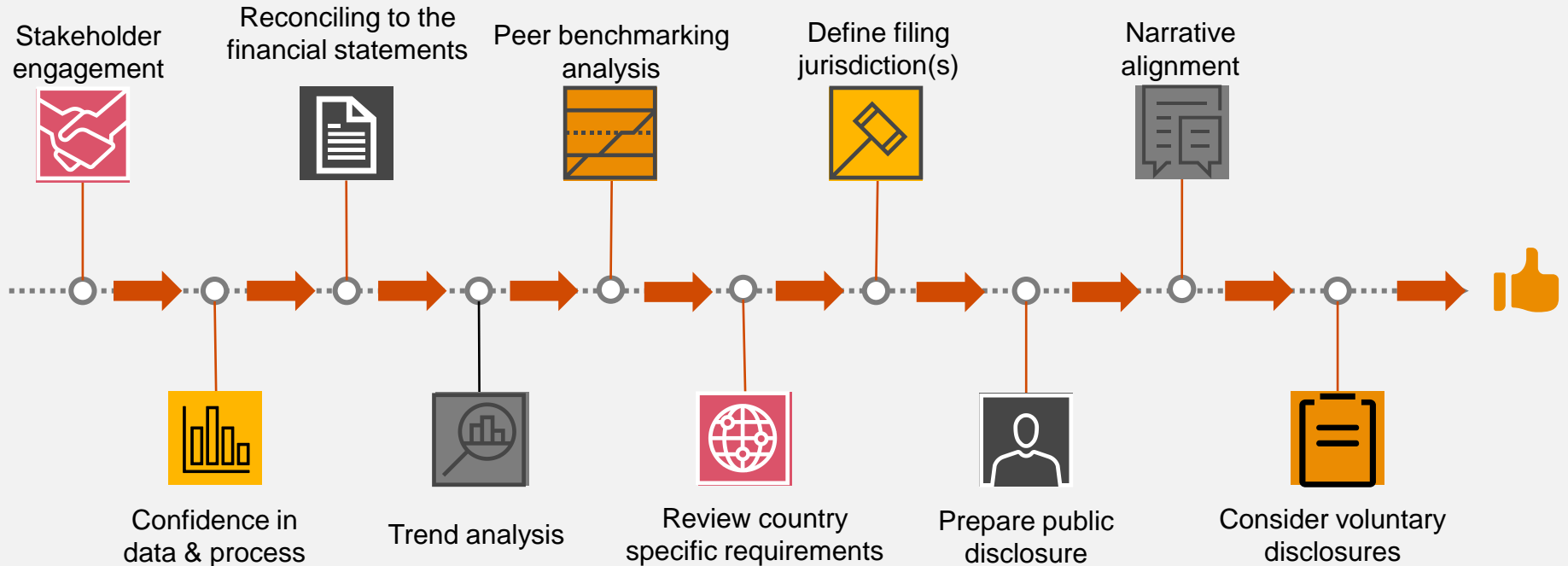
Explanations on material discrepancies between amounts of income tax accrued during the relevant financial year and amounts of income tax paid on a cash basis as disclosed in Section 2, where applicable at group level, considering where appropriate corresponding amounts concerning previous financial years:

.....

### Specific reporting instructions for Section 5:

Unless provided otherwise by the applicable national law, it is left to the discretion of reporting undertakings whether or not to provide such information. Should no such information be disclosed, this section may be omitted. This section is mentioned in this common template by reference to Article 48c(7) of Directive 2013/34/EU.

# 10-step plan to publish pCbCR data



# Key takeaways



2025



From stakeholder engagement to filing strategy,  
monitor implementation in the EU and narrative  
alignment



Know your data: e.g. Private CbCR - Pillar Two safe  
harbour - CSRD

03

## VAT in a Digital Age



# Introduction

- ViDA package adopted by ECOFIN 5th of November
- Legislative success for European Commission...
- ...that comes at a price.
- ViDA will affect every business with any cross-border dealings
  - Action is required





# Introduction – Why ViDA?

- 'Real' harmonization of VAT in EU is stalled
  - Proposal for Definitive VAT system for B2B cross border trade is catching dust
  - Current system inefficient and sensitive to fraud
- Focus on digitalization, increased (administrative) cooperation and simplification
  - Aim is to build trust for further harmonization
  - OSS-ification of VAT is a big part of this
- Adaption to digital economy
  - Platform economy

# Overview measures

## Platform economy (July 2028 / January 2030)

- New platform fiction for short-term accommodation rental (maximum 30 nights) and/or passenger transport by road, will be deemed to be the supplier of the underlying (or facilitated) service, unless:
  - the underlying service provider communicates to the platform their local VAT ID; and
  - declares that they will themselves charge any VAT due on that supply.
- Opt-out model for SMEs
- New place of supply rules for facilitation services from platforms to non-taxable persons



## Single EU VAT registration (July 2028)

- Extension of 'regular' OSS to nearly all supplies to non-taxable persons (some measures kicking in as early as 1 January 2027)
- Special scheme for transfers of own goods (July 2028)
- Mandatory to allow reverse charging for 'non-established to registered' supply (art. 194 VD). (July 2028)



## E-invoicing and digital reporting (July 2030)

- E-invoices will become the default => issued, transmitted and received in electronic format
- Member States will be allowed to authorize other invoices for domestic supplies
- E-invoices should in principle comply with the European Standard (EN16931), however hybrid invoices will be acceptable
- MS with domestic digital real time transaction reporting by 1 Jan 2024 have until 1 Jan 2035 to converge to the EU model
- 20 days from publication in the official journal EU, MS allowed to mandate domestic e-invoicing



# E-invoicing and digital reporting

## Transactions in scope:

- zero-rated sales of goods to VAT-registered customers in other member states,
- cross-border sales and purchases of goods and services where the customer is responsible for paying VAT under the reverse charge mechanism.



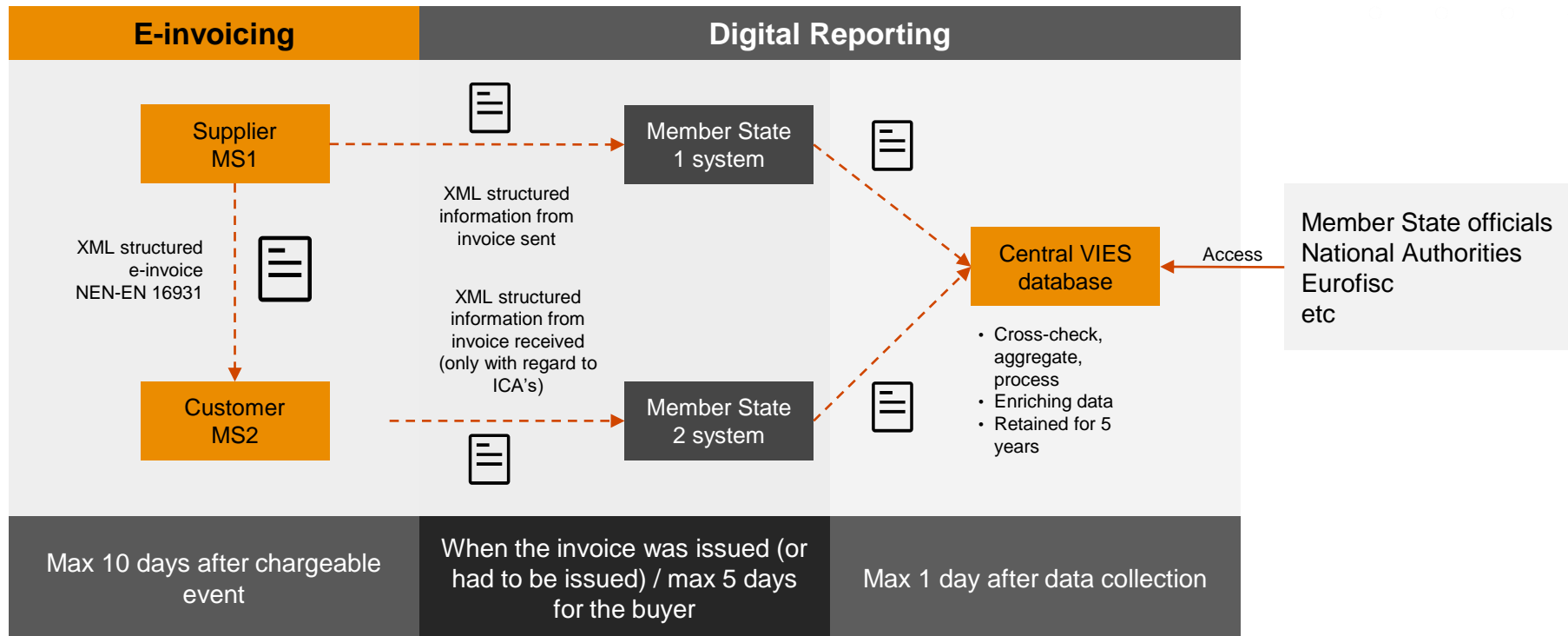
## E-invoicing

- Obligation for cross-border e-invoice within 10 days after chargeable event
- Summary invoices in principle permitted within the same calendar month
- Member States can decide that holding an e-invoice issued in compliance with the required standard becomes a substantive condition to be entitled to deduct or reclaim the VAT due or paid
- The seller's bank details must be included on the invoice

## Digital reporting

- Recapitulative statements for the reporting of intra-Community transactions are removed
- Additional data, including bank details, is requested
- Obligation to digitally report invoice data in real-time (i.e. at the time the invoice is issued or should have been issued)
- If the buyer is issuing then 5 days after issuing date or date the invoice should have been issued for self-billing
  - Or no later than 5 days after the invoice is received
- Real time reporting of domestic transactions is not required under the EU VAT Directive => should Member States opt to implement such a system, it will need to align with the digital reporting requirements for cross-border supplies
- The data to be reported should be the same in all Member States, without the possibility for Member States to request additional data.

# Overview intra-EU e-invoicing and Digital Reporting Requirement as of 2030

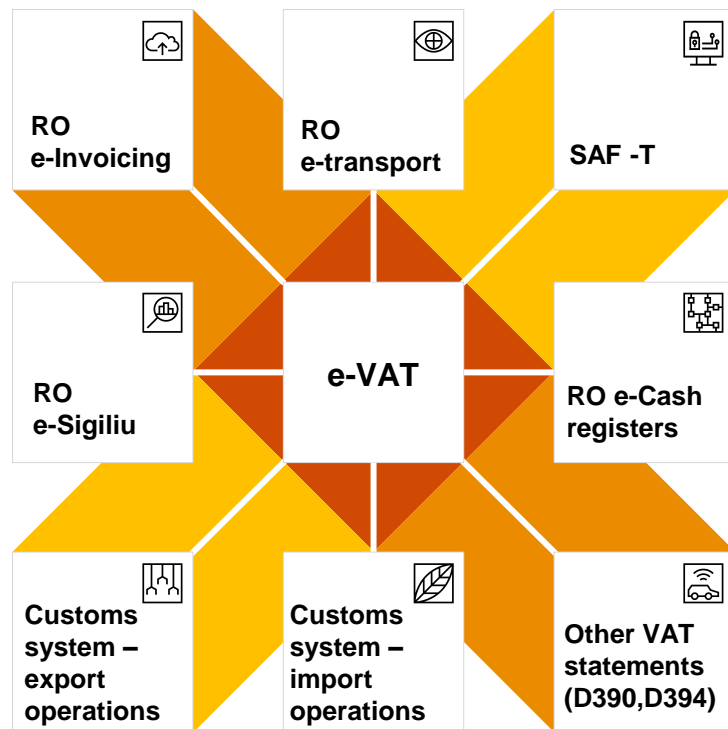


# Impact of ViDA on domestic e-compliance obligations



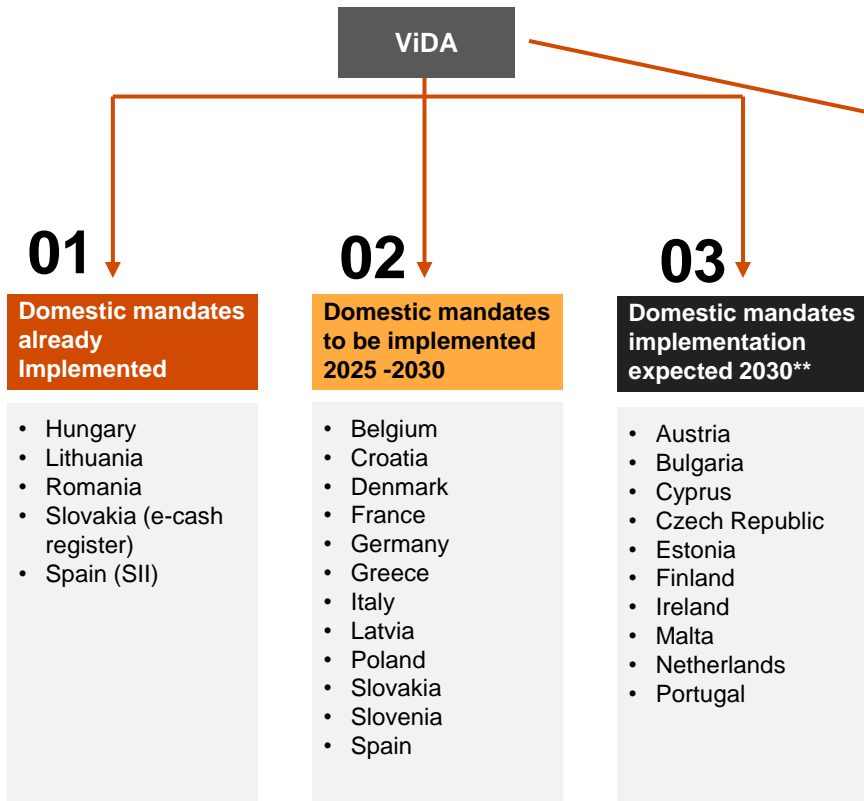
- Accreditation schemes are permitted, meaning that **sending invoices to a government platform for validation** purposes is generally compatible with the new VAT in the Digital Age model
- ViDA **does not address transmission protocols and technical specifications for transmitting data to tax administration systems**. Each member state might develop its own real-time reporting integration for cross-border transactions, potentially leading to increased compliance costs and timing challenges for businesses.
- Member States may be allowed to opt-out for ViDA buyer e-reporting obligation
- Member States are prohibited from imposing additional general transaction-based reporting obligations for transactions covered by the digital reporting requirement **unless such obligations are necessary at a national level for VAT return** preparation, submission, or audit purposes. Member states can maintain their existing domestic reporting tools, such as SAF-T systems or cash registers. Other e-invoicing requirements should be in line with the VAT in the Digital Age model.
- Electronic invoices should in principle comply with the European standard, but Member States **may allow for other standards for domestic supplies**. Other invoicing formats, including paper and hybrid invoices, for domestic supplies or supplies to third countries are allowed.

# Example: RO e-VAT



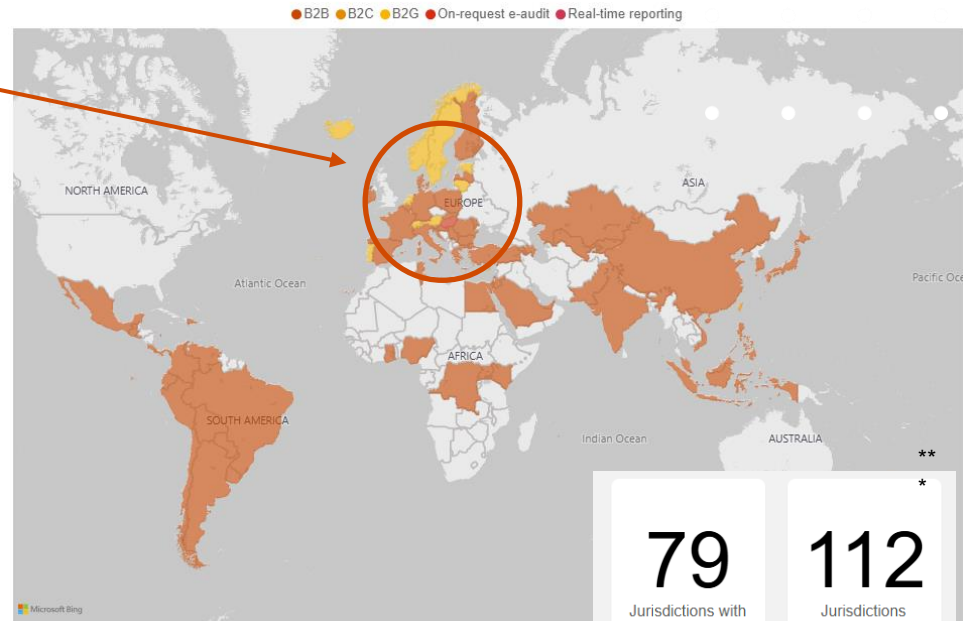
|                                  |  |
|----------------------------------|--|
| <b>August 1, 2024</b>            | E-VAT statement pre-filled for operations carried out by taxable persons registered for VAT purposes in Romania  |
| <b>By 5th of the month (M+2)</b> | VAT registered taxpayers will receive the <b>RO e-TVA statement</b>  |
| <b>By 5th of the month (M+2)</b> | VAT registered taxpayers will receive the notification of e-VAT differences if significant differences between RO e-TVA and the VAT return (more than 20% and RON 5.000)   |
| <b>In 20 days</b>                | Taxpayers should submit a justification notice in 20 days after receiving the notification of e-VAT differences  |
| <b>Fines</b>                     | <ul style="list-style-type: none"> <li><input type="checkbox"/> Fines for non-compliance: between RON 5,000 and RON 10,000 for large taxpayers</li> <li><input type="checkbox"/> Failure to provide or partial provision of explanations for the RO e-VAT differences constitutes a fiscal risk indicator</li> </ul> |
| <b>Grace period</b>              | The obligation to submit a justification notice for the e-VAT differences and applicability of the related fines start at 1 January 2025   |

# E-compliance mandates overview\*



\*Either e-reporting or e-invoice obligation

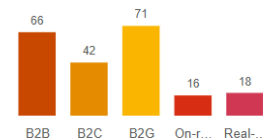
\*\*No date announced for domestic mandates, still possible before 2030



**79**  
Jurisdictions with obligations

**112**  
Jurisdictions available for analysis

Number of obligations per type



\*\*\*Source eCR  
B2G obligation in EU countries

# Key take-aways



## Governance

- Signalling new e-compliance requirements
- What is the strategy and how to execute this consistently?
- Involvement of (indirect) tax in the IT project OR handing the hot potato completely to (Indirect) Tax
- Governance structure during project execution

| Ref | Phase            | Activity Name  | IT | Service Delivery | Finance | Tax |
|-----|------------------|--|----|------------------|---------|-----|
| 1   | Phase 1: Prepare | Develop plan for new requirements and changes to existing requirements | Y  | Y                | Y       | NR  |
| 2   | Phase 1: Prepare | Develop plan for new requirements with request                         | Y  | Y                | Y       | NR  |
| 3   | Phase 1: Prepare | Develop plan for new requirements with request                         | Y  | Y                | Y       | NR  |
| 4   | Phase 1: Prepare | Develop plan for new requirements with request                         | Y  | Y                | Y       | NR  |
| 5   | Phase 1: Prepare | Establish project team for new requirement                             | NR | Y                | Y       | Y   |
| 6   | Phase 1: Prepare | Create business case for new requirement                               | NR | Y                | Y       | Y   |
| 7   | Phase 1: Prepare | Prepare high-level project plan and RACI matrix                        | NR | Y                | Y       | Y   |
| 8   | Phase 1: Prepare | Assign team responsible for design phase                               | NR | Y                | Y       | Y   |
| 9   | Phase 1: Prepare | Carry out impact assessment on existing processes                      | NR | Y                | Y       | Y   |
| 10  | Phase 1: Prepare | Carry out impact assessment on existing processes                      | NR | Y                | Y       | Y   |
| 11  | Phase 1: Prepare | Carry out impact assessment on existing processes                      | NR | Y                | Y       | Y   |
| 12  | Phase 1: Prepare | Carry out impact assessment on existing processes                      | NR | Y                | Y       | Y   |
| 13  | Phase 1: Prepare | Carry out impact assessment on existing processes                      | NR | Y                | Y       | Y   |
| 14  | Phase 1: Prepare | Carry out impact assessment on existing processes                      | NR | Y                | Y       | Y   |
| 15  | Phase 1: Prepare | Carry out impact assessment on existing processes                      | NR | Y                | Y       | Y   |
| 16  | Phase 1: Prepare | Carry out impact assessment on existing processes                      | NR | Y                | Y       | Y   |
| 17  | Phase 1: Prepare | Carry out impact assessment on existing processes                      | NR | Y                | Y       | Y   |
| 18  | Phase 1: Prepare | Carry out impact assessment on existing processes                      | NR | Y                | Y       | Y   |
| 19  | Phase 1: Prepare | Carry out impact assessment on existing processes                      | NR | Y                | Y       | Y   |
| 20  | Phase 1: Prepare | Carry out impact assessment on existing processes                      | NR | Y                | Y       | Y   |

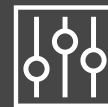


## Legal requirements

- Lack of harmonization between EU Member States which has an impact on data/technology
- Mandates are being implemented, delayed and/or modified, which makes it difficult to keep track with all the e-compliance obligations

### 3.3.7 Questionnaire e-invoicing Spain

|  |  |
|--|--|
| <p><b>Electronic invoicing requirements</b></p> <p>1.1. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.2. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.3. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.4. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.5. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.6. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.7. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.8. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.9. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.10. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> | <p><b>Spain</b></p> <p><b>Electronic invoicing requirements</b></p> <p>1.1. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.2. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.3. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.4. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.5. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.6. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.7. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.8. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.9. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> <p>1.10. If you are planning to implement e-invoicing, please indicate the date of implementation (YYYY-MM-DD).</p> |
|--|--|



## Data extraction and integration

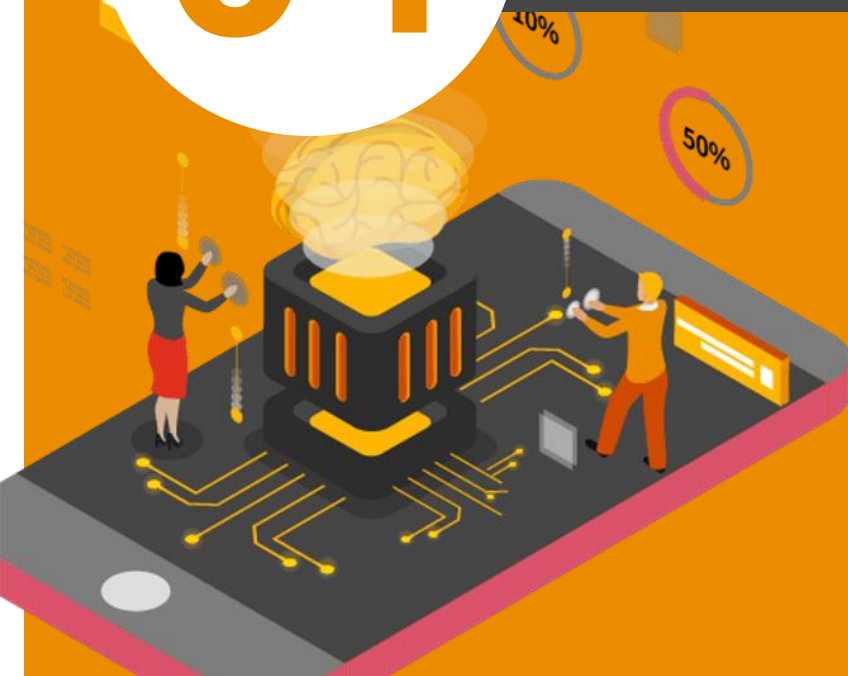
- Availability and quality of master data are not the right level
- Clear data ownership
- Transactional information becomes the source of truth for all VAT/GST reporting
- Impact on AP/AR processes

| Category          | Item              | Status | Owner             | Created    | Updated    | Deleted    | Archived   | Export     | Import     | Refresh    | Cancel     | OK         |
|-------------------|-------------------|--------|-------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Transport Company | Transport Company | Active | Transport Company | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 |
| Transport Company | Transport Company | Active | Transport Company | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 |
| Transport Company | Transport Company | Active | Transport Company | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 |
| Transport Company | Transport Company | Active | Transport Company | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 |
| Transport Company | Transport Company | Active | Transport Company | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 |
| Transport Company | Transport Company | Active | Transport Company | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 |
| Transport Company | Transport Company | Active | Transport Company | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 |
| Transport Company | Transport Company | Active | Transport Company | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 |
| Transport Company | Transport Company | Active | Transport Company | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 |
| Transport Company | Transport Company | Active | Transport Company | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 | 2023-09-01 |



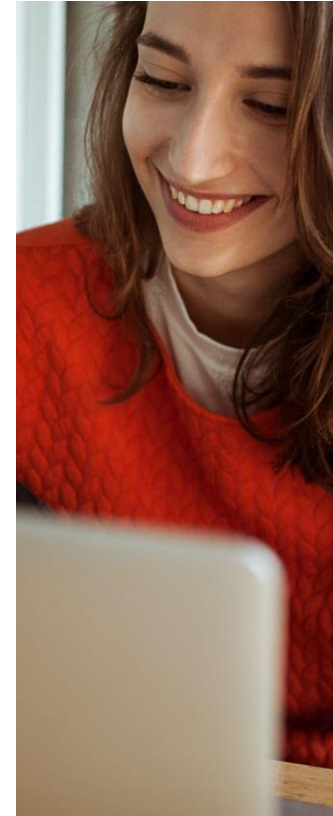
04

FASTER



# Introduction

- Last Tuesday the European Council adopted the FASTER directive, which was the last formal step in the legislative process.
- **31 December 2028** - transposition deadline
- **1 January 2030** – effective date
- FASTER covers several topics:
  - eTRC
  - Fast-track WHT procedures
  - Standardized reporting
- The policy intent is to solve inefficiencies in the WHT refund/reclaim process and prevent abuse



# FASTER in a nutshell



## Why?

- Current refund and relief at source procedures are **burdensome, time-consuming, leading to investor frustration and hindering cross-border investment** → estimated costs associated with inefficient tax reclaim procedures to over €5bn a year, with €730m related to paperwork alone)
- The **lack of uniformity in withholding tax procedures** across Member States adds to the complexity → investors need to deal with over 450 different tax forms)

## Objectives?

- **New WHT procedures** to make life easier for investors
- Enable financial intermediaries such as banks to apply simplified relief at source and refund procedures while also ensuring the **fight against tax fraud** through improved information exchanges with the relevant tax administrations

## What?

- Dividends and interest on publicly traded instruments issued by EU-based issuers
- Certain “large” financial institutions established in the EU will be required to become **Certified Financial Intermediaries** (CFI)
- All other financial institutions (including non-EU financial institutions) may decide, on a voluntary basis, to become CFIs

## How?

- **Registration** as Certified Financial Intermediaries
- Certified Financial Intermediaries will be able to apply harmonized fast-track procedures to facilitate **relief at source** or **quick refunds**
- Specific **information reporting obligations** to ensure that the fast-track procedures are correctly applied
- Issuance of **digital tax residence certificates** (eTRC)

## When?

- The directive should be transposed by the Member States by 31<sup>st</sup> December 2028 and should apply from **1 January 2030**.

# FASTER Building Blocks



## eTRC & CDD

### Digital tax residency certificate (eTRC):

- Recognized cross EU
- Issued upon request (14 working days)
- Max 1 year validity
- Tax treaty specific



## Fast track procedures

### Additional investor declarations required:

- Beneficial ownership
- Absence of a financial arrangements
- Inform on change in circumstances



## Reporting

### Due diligence of CFI:

- Verify declarations against other information collected (KYC/AML)
- Internal knowledge of a financial arrangement over a dividend date
- Acquisitions <5 days before dividend date
- Annual process unless 'reason to know' / 'Change in Circumstances'

# FASTER Building Blocks



## ETRC & CDD

### Relief at source

- Investors receive the **gross** dividend/interest amount
- WHT is never remitted to the local tax authorities
- Last CFI in the payment chain informs local tax authorities and CFIs



## Fast track procedures

### Quick refund

- Investors receive the **net** dividend/interest amount
- WHT is remitted to the local tax authorities
- Last CFI in the payment chain request a quick refund
- Local tax authorities decide on the refund in 60 days



## Reporting

### Chain of CFIs

- The proposed system only works if every intermediary is a CFI
- EC expects that being a CFI would provide a competitive advantage

# FASTER Take-aways

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## Getting ready for change

### *(mandatory) CFIs*

- Impact assessment
- Set-up project / program organization

### *Investors*

- Anticipate additional due diligence from custodians/brokers
- Familiarize with new eTRC and reclaim procedures

## Advocacy

### *The devil is in the details*

- The Directive is final but leaves a lot to be decided during implementation
- Both institutional investors and CFIs could consider to raise concerns through their industry groups

05

Wrap up



# Questions?





# Closing

- **Questions?** Please contact your PwC advisor or let us know in the evaluation of this webcast.
- View this webcast or presentation at a later stage
- Stay up to date: register for our PwC Tax Newsletter on [pwc.nl](https://www.pwc.nl)
- 'State of Tax' webcast series continues on [pwc.nl/evenementen](https://www.pwc.nl/evenementen)
- Please fill in the evaluation form

# Evaluation

- How would you rate this webinar on a scale from 1 to 10?
- The content was relevant. (Totally agree/Agree/Neutral/Disagree/Totally agree)
- Do you have any suggestions and/or comments?
- Do you have specific questions and would you like us to contact you?

# Contact



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# Bedankt!



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