

# Tax Update

July 2023

Our Tax team is actively monitoring Irish and EU tax developments which may be of interest to your business. If you have any questions or would like to discuss any of the developments in further detail, please speak to your usual Matheson contact or to any of our [Tax Partners](#).



## Matheson Horizon Tracker

The Matheson Horizon Tracker for Summer 2023 has been issued which includes an overview of the main domestic and EU legislative developments coming down the tracks from a tax perspective. The tax overview can be accessed [here](#).

## Proposal for Council Directive on Faster and Safer Relief of Excess Withholding Taxes

On 19 June 2023, the European Commission published a legislative proposal for a [directive](#) setting out rules that aim to make withholding tax procedures in the EU more efficient and secure for investors, financial intermediaries and Member States (also referred to as FASTER).

The draft directive proposes the introduction of (i) a common EU digital tax residence certificate; (ii) new streamlined procedures giving Member States the option of providing “relief at source” or a “quick refund” system or a combination of both; and (iii) a standardised reporting obligation through the establishment of a national register of certified financial intermediaries open to non-EU intermediaries as well on a voluntary basis.

The draft Directive will now be negotiated by the Member States and, if adopted, the rules will come into effect as of 1 January 2027.

The Commission also launched a [public consultation](#) on the proposal which closes on 14 August 2023.

## OECD Updates: Publication of crypto-asset reporting framework and update to the CRS for 2023

The OECD published its cryptoasset reporting framework (“[CARF](#)”) on 8 June 2023, which seeks to facilitate the automatic exchange of tax related information about crypto assets. The framework is aimed at responding to the growth and expansion of the crypto-asset market to ensure its ongoing development is accompanied by global tax transparency. This framework sets out the CARF Rules as well as the Multilateral Competent Authority Agreement on Automatic Exchange of Information under the CARF.

The OECD has also published an update to the Common Reporting Standard (“[CRS](#)”) for 2023, which includes amendments widening the scope of the CRS to include certain electronic money products and Central Bank Digital Currencies. As a result the CRS now covers indirect investments in crypto assets through derivatives and investment vehicles with the goal of heightened due diligence and reporting standards.

## Publication of Q&A on the Foreign Subsidies Regulation by the European Commission

The European Commission has published a [Q&A](#) on the Foreign Subsidies Regulation (“[FSR](#)”). The FSR will broaden the scope of the EU’s existing state aid rules to give the European Commission the power to investigate financial contributions granted by non-EU governments to companies active in the EU. The FSR will apply from 12 July 2023 and therefore, as of this date the Commission can start ex officio investigations.

Although the Q&A are non-binding and subject to further development, they set out the views of the European Commission in relation to a number of elements of the FSR, including procedural aspects and implementation.

## Public Country-by-Country Reporting Regulations Signed into Law

The Department of Enterprise, Trade and Employment [confirmed](#) on 22 June 2023 that the [European Union \(Disclosure of income tax information by certain undertakings and branches\) Regulations 2023](#) have been signed into law transposing Directive 2021/2101/EU (known as the Public Country-by-Country Reporting (“[CbCR](#)”) Directive). The CbCR Directive requires multinational entities and standalone entities with a consolidated revenue over EUR 750 million for each of the last two consecutive financial years to publicly disclose certain information (including details as to revenues, number of employees and amount of tax paid) in respect of their activities in each EU Member State, as well as in certain third countries. This information will need to be published on the group’s website by December 2026 for in-scope entities with a 31 December year-end.

## Progress Report on Pillar One

On 30 June 2023, the European Commission issued a report with an update on progress on the implementation of Pillar One (the “[Progress Report](#)”). The Progress Report follows a specific obligation, incorporated in the EU’s Directive on Pillar Two, which required the Commission to provide an update on the implementation of Pillar One at an EU level.

The Progress Report noted that the technical work on the implementation of Pillar One is currently being advanced by the OECD’s Task Force on the Digital Economy (the “[TFDE](#)”). The Progress Report confirms that, in tandem with the work of the TFDE, work is underway to translate the relevant rules (relating to Amount A of Pillar One) into a Multilateral Convention. The Progress Report supports the OECD’s intention to finalise the draft Multilateral Convention on the implementation of Amount A as soon as possible (currently scheduled for July 2023) and notes the signing ceremony of the Multilateral Convention is expected to take place at the end of 2023. It notes work on a preliminary agreement on Amount B is also underway. The European Commission confirms that it is committed to working towards a timely and consistent implementation of Pillar One at EU level. The full Progress Report is available [here](#).

## Revenue Tax and Duty Manual on EU Reporting Obligations for Platform Operators (DAC7)

On 5 July 2023, Revenue published a [new tax and duty manual](#) in respect of the DAC7 reporting regime, which introduces new EU reporting obligations for platform operators. This manual provides further details regarding the practical application of the DAC7 reporting rules and should be read in conjunction with relevant primary and secondary legislation ie, section 891I of the Taxes Consolidation Act 1997 and S.I. No. 705/2022. The Manual provides general guidance on how the new rules will operate in Ireland and includes specific illustrative examples to assist registration operators in determining the scope of their reporting obligations. The guidance states that the Revenue DAC7 registration portal will open on 1 October 2023 and relevant platforms will be required to register before 30 November 2023.