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Economic and Financial Affairs

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President

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¹ • Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
 • Documents for which references are given in the text are available on the Council's internet site (<http://www.consilium.europa.eu>).
 • Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's internet site or may be obtained from the Press Office.

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ITEMS DEBATED

EUROPEAN SEMESTER 2017 - LESSONS LEARNED

The Council took stock of the 'European Semester' policy monitoring process in the light of lessons learned from the 2017 exercise.

The European Semester involves simultaneous monitoring of the member states' economic, fiscal and employment policies during a roughly six-month period every year. Covering a broad range of policy areas, it involves several Council configurations and preparatory committees.

The 2018 European Semester will start in November 2017 with the Commission's publication of its annual growth survey.

G20 AND IMF MEETINGS IN WASHINGTON DC

The Council discussed preparations for international finance meetings to be held in Washington DC between 12 and 15 October 2017, namely:

- a meeting of G20 finance ministers and central bank governors;
- IMF annual meetings.

The G20 meeting will feature a discussion on the state of the global economy, a compact with Africa, international financial institutions, financial regulation, taxation issues and the outlook for the Argentinian G20 presidency. It will be the last G20 ministerial meeting of the German G20 presidency, with Argentina taking over on 1 December 2017.

CLIMATE CHANGE

The Council adopted [conclusions](#) on climate change ahead of the 23rd conference of the parties (COP23) to the UN framework convention on climate change, to be held in Bonn from 6 to 17 November 2017.

The conclusions constitute a mandate for the EU's negotiators as concerns the financing aspects of climate change.

The Bonn conference will follow up on a global agreement reached at COP21 in Paris in December 2015.

The EU and its member states have committed to scale up their public finance contributions for the coming years. The conclusions call for the participation of a broader range of contributors, urging other developed countries to meet their commitments and to mobilise private finance.

OTHER BUSINESS

– Financial services - Legislative proposals

The Council was updated regarding work on legislative proposals on financial services.

[October 2017 note on financial services legislative proposals](#)

– VAT reform

The Commission presented proposals for a reform of the EU's VAT system, aimed at simplifying the VAT system and making it more fraud-proof and business-friendly.

The proposals set out to create a definitive VAT system to replace the current set-up which, dating from 1993, was conceived as a transitional VAT system.

[October 2017 proposal for a directive introducing a definitive VAT system](#)

[October 2017 proposal for a regulation on VAT as regards certain exemptions](#)

[October 2017 proposal for a regulation on VAT as regards the certified taxable person](#)

[October 2017 Commission communication on the follow-up to its VAT action plan](#)

– Taxation of the digital economy

The Commission presented a communication on taxation of the 'digital economy', and the presidency reported on an EU summit on digital issues held in Tallinn on 29 September 2017.

The presidency also presented next steps regarding taxation of the digital economy, following a discussion by finance ministers on 16 September 2017 at an informal meeting in Tallinn.

Conclusions will be prepared for the Council's meeting on 5 December 2017 as an input for discussions by the OECD and the spring 2018 G20 finance ministers meeting. These will reflect the member states' views on how to ensure fair taxation of the digital economy.

[September 2017 Commission communication on taxation of the digital economy](#)

[2017 Tallinn digital summit](#)

– ***Financial services - Implementation of legislation***

The Commission reported on the implementation of legislation on financial services.

MEETINGS IN THE MARGINS OF THE COUNCIL**– Eurogroup**

The Eurogroup met on 9 October 2017. It discussed possible future roles for the European Stability Mechanism, exchange rate developments (with a view to the autumn World Bank and IMF meetings) and best practices in financing cuts in labour taxation. Ministers were informed of the results of the 6th post-programme surveillance mission to Portugal, following completion of the country's financial assistance programme.

[Eurogroup main results](#)**– Ministerial breakfast**

Ministers held a breakfast meeting to discuss the economic situation. They also discussed the Commission's discretion in assessing compliance with the preventive arm of the Stability and Growth Pact, the EU's fiscal rulebook.

OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

Double taxation - Dispute resolution

The Council adopted a directive introducing a new system for resolving double taxation disputes within the EU.

The directive strengthens the mechanisms used to resolve disputes between member states that arise from the interpretation of agreements on the elimination of double taxation.

The aim is to encourage a favourable tax environment where compliance costs for businesses are reduced to a minimum.

Agreement on the directive was reached at the Council's meeting on 23 May 2017.

[Press release on adoption of 2017 directive on double taxation dispute resolution](#)

VAT - Estonia, Lithuania, Poland and Romania

The Council adopted decisions authorising a number of derogations from the EU's VAT rules.

It authorised:

- Estonia to continue restricting the right to deduct input VAT on expenditure linked to passenger cars (split between private and business use) ([12405/17](#) + [11978/17](#));
- Lithuania to continue exempting from VAT SMEs with a maximum annual turnover of €45 000 ([12403/17](#) + [11977/17](#));
- Poland to apply a reversal of liability for hard drives, with the taxable person to whom supplies are made becoming liable for the payment of VAT ([12407/17](#) + [11980/17](#));
- Romania to continue exempting SMEs from VAT, whilst increasing the annual turnover threshold to €85 500 ([12406/17](#) + [11979/17](#)).

Markets in financial instruments - Bank capital requirements

The Council decided not to object to Commission regulations:

- supplementing regulation 600/2014 on markets in financial instruments with regard to package orders ([12343/17](#) + [11702/17](#));
- amending regulation 575/2013 on bank capital requirements as regards the waiver on own funds requirements for certain covered bonds ([12569/17](#) + [11701/17](#)).

The regulations are delegated acts pursuant to article 290 of the Treaty on the Functioning of the European Union. They can now enter into force, unless the European Parliament objects.

Národná banka Slovenska

The Council adopted a decision approving Deloitte Audit s.r.o. as external auditor of Národná banka Slovenska, the national central bank of Slovakia, for the 2017-20 period ([12030/17](#) + [12446/17](#)).

It also agreed an option to extend the mandate to the years 2021-23.

BUDGETS

Flexibility instrument - European fund for sustainable development

The Council adopted a decision to mobilise the EU's budgetary flexibility instrument to provide the financing for the European fund for sustainable development (EFSD) ([12440/1/17 REV 1](#)).

This decision increases commitment appropriations in 2017 by €275 million above the expenditure ceiling of heading 4 (Global Europe) to finance the EFSD. The corresponding payment appropriations amount to €275 million in 2017.

Draft amending budget no 5/2017 - European fund for sustainable development

The Council adopted its position on draft amending budget (DAB) no 5 for 2017, approving an increase in commitment appropriations of €297.8 million, whereas the level of payment appropriations remains unchanged ([12439/17](#)).

This DAB provides financing of the European fund for sustainable development for an amount of €275 million in commitment and payment appropriations. It also increases the annual amount of the emergency aid reserve from €280 million to €300 million in 2011 prices.

FOREIGN AFFAIRS

Sanctions on North Korea

The Council transposed the sector-specific sanctions on the Democratic People's Republic of Korea imposed by UN Security Council resolution 2375 of 11 September.

See [press release](#)
