



TECHNOLOGY

MARCH

ACCOUNTANCY INITIATIVES

TOMORROW'S ACCOUNTANT SUPERHEROES - INTERVIEW SERIES CONTINUED

Within the framework of its 2018 Digital Day – Accountancy Europe interviewed the speakers about the future role of the accountant.

In the next round of the interview series - **“Becoming multi-skilled professionals to address an avalanche of new data”** - Thomas Thoomse Smith, Project Director at the UK's Financial Reporting Council Lab, explains why huge volumes of data bring great opportunities for accountants and auditors. However, to create value from the avalanche of new, also non-financial data, it is imperative to evolve skills and mindset: “Our clients are already starting to use artificial intelligence and other digital technologies. They need us to be competent and comfortable with it too.” Find out more [here](#).

In the interview titled - **“Auditors, bitcoin and the need for mutual trust”** - Olaf Riedel, IT Audit Partner at EY, showcases how apparent drawbacks of bitcoin hold a concrete opportunity for the audit profession: “Just imagine, if the blockchain was held by a number of companies rather than distributed over PCs that are connected to the internet. Then, someone would have to make sure the companies use the right means that establish mutual trust. Auditors can do this job, making sure that this network of companies works ethically and honestly with the blockchain.” Find out more [here](#).

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF) -DIGITALISING EU LISTED COMPANIES' FINANCIAL INFORMATION

From 1 January 2020 on, EU law requires listed companies to report their financial statements in the European Single Electronic Format (ESEF). This harmonised format makes reports machine-readable. With ESEF, the European Commission aims to facilitate access, analysis and comparability of financial statements and make reporting easier. This eventually serves to support investors in their investment decisions.

Accountancy Europe published a [factsheet](#) with an overview of these digital reporting requirements, including practical advice for preparers of financial information and the implications for statutory auditors.

SAVE THE DATE: DIGITAL DAY 2019 & DIGITALISATION AWARDS

The third edition of our Digital Day will take place on **19 November 2019**. The event will explore the cost of innovation. Digitalisation is our friend for business growth, but what is its full impact? In times where we all embrace technology, we dare to ask:

- How much does it cost to go digital?
- How environmentally friendly is it?
- Do we go digital in proportion with our business needs?

[Stay tuned](#) for further information on speakers and registration!

Also, we are launching a new award to celebrate member bodies' digital initiatives. More information will come soon – so stay tuned and get ready to share your most innovative projects with us!

POLICY DEVELOPMENTS

EUROPEAN DIGITAL SERVICES TAX – SUSPENDED

[Digital Services Tax] At the Economic and Financial Affairs Council (ECOFIN) meeting on 12 March Member States failed to reach a consensus on the Digital Services Tax (DST) proposal as presented by France and Germany. The revised watered-down version of the DST proposal would apply 3% tax rate only to on-line advertising and no longer on total revenues.

Ireland, Sweden, Denmark, and Finland remained opposed to the European solution. Other Member States felt that given the limited scope - costs to set up this tax would outweigh the benefits. Some other pointed out that the watered-down version of the DST was lacking ambition. Overall, a solution at the OECD level was a preferred way forward.

Meanwhile, given the lack of progress at an international level, Austria, France, Spain, UK decided to go ahead with their own projects to tax large digital companies. For example, Spain has based its model on the original European Commission's proposal, the UK plans to impose a 2% DST on tech giants, starting in April 2020. This tax is targeting the largest tech firms with annual global sales of more than £500 million (€560 million). Once an international solution is found, the national approaches to digital tax would cease.

To recall, on 21 March 2018 the EC put forward a two-phased approach for the taxation of the digital economy: a [long-term proposal](#) to establish rules for digital activities and a [short-term interim solution](#) referred to as the Digital Services Tax (DST).

The long-term proposal seeks to introduce the concept of significant digital presence (SDP) into the tax system. This should enable subjecting business activities to corporate tax when they generate significant digital value in a jurisdiction without having lots of physical investments, plants, resources, or work force, for example the GAFSA companies (Google, Amazon, Facebook and Apple). The short-term interim solution targeting the digital giants would impose 3% turnover tax on the provision of certain types of digital services. These measures aim at ensuring fair taxation of the digital economy.

EUROPEAN COORDINATED PLAN ON ARTIFICIAL INTELLIGENCE

[AI] The Competitiveness Council adopted the [conclusions](#) of the coordinated plan for Artificial Intelligence “made in Europe”. The plan aims to ensure complementarity and synergies between national and EU actions related to AI. It also acts as a framework for development of national AI strategies. Member States are encouraged to roll out national AI strategies by mid-2019.

The EU regards AI as a matter of priority and works towards positioning the EU as a global leader not to fall behind US and China. To secure competitiveness in this space, the EU committed to significant investment in AI and to promote its uptake across Member States. The EC deems that ethical and legal frameworks should be integral to the development of AI and considers this as EU competitive advantage.

In its conclusions the Council (among others) highlighted the following:

- fostering the development and use of AI in Europe
- development of high-end applications in all economic sectors
- that every enterprise, small or large, high-tech or not, can grasp these digital opportunities
- the intention of the Commission to explore the use of AI in the monitoring and enforcement of Single Market rules for goods, services and people

ESTABLISHING THE DIGITAL EUROPE PROGRAMME FOR THE PERIOD 2021-2027

On 25 March, the European Parliament's Committee on Industry (ITRE) endorsed the provisional partial agreement resulting from interinstitutional negotiations on *Establishing the Digital Europe programme for the period 2021-2027*.

The programme identifies five specific interrelated objectives: high-performance computing, artificial intelligence, cybersecurity, advanced digital skills, and deployment, best use of digital capacities and interoperability. 9.2 billion euro budget is dedicated to the programme.

EBA LAUNCHES CENTRAL ELECTRONIC REGISTER UNDER THE PSD2

On 18 March, the European Banking Authority (EBA) [launched](#) its central electronic register of thousands payment and electronic money institutions operating under the Payments Services Directive (PSD2). The register will be a single source of information on several thousand payment and electronic money institutions as well as 150,000 agents. The aggregated information is supplied by national authorities and will be regularly updated. The register is freely accessible on the EBA website.

EBA's Executive Director, Adam Farkas, commented: "The EBA has worked hard to provide a freely accessible and reliable source of key information for market participants across the single market that will facilitate the roll out of PSD2, support the provision of the newly regulated payments services and improve transparency for consumers in the EU".

ACCOUNTANCY INITIATIVES

Please share your latest technology-related initiative by contacting [Iryna](#).

ICAS LAUNCHES THE CA AGENDA

Technological advances - automation, AI, blockchain and robotics - propel big changes for businesses, society and also for the profession. ICAS has launched its CA Agenda initiative - a new thought leadership and insight series - to better equip CAs with the knowledge and expertise necessary to decode the shifting landscape. Find out more [here](#).

ICAEW GUIDANCE - HOW DO YOU AUDIT A ROBOT?

ICAEW's Internal Audit Panel has produced the following guidance to support internal auditors in understanding the key risks associated with robotics, how to mitigate them, and how to maximise the value the business obtains from robotic software. Find out more [here](#).

DIGITALISATION OF TAX: INTERNATIONAL PERSPECTIVES

In this new [2019 edition](#), the ICAEW examines 12 countries' journeys in modernising their tax systems, and the pitfalls and problems they have learned from. The publication outlines six key lessons for successful transition to a digitalised tax system.

ROBOTS IN THE NEWS

Technology is getting so much news coverage that it is difficult to be exhaustive in one update. In an effort to be as comprehensive as possible, please see below some articles that we found most interesting.

- [Dutch Data Protection Authority Sets GDPR Fines Structure](#), Hogan Lovells
- [Europe's silver bullet in global AI battle: Ethics](#), Politico
- [A Global Approach to IoT Cybersecurity?](#), Hogan Lovells
- [Dutch Data Protection Authority States Cookie Walls Violate GDPR](#), Hogan Lovells
- [IMF Recommends Immediate Action on Malta's AML and CFT Supervision](#), Cointelegraph
- [Dark Side of the Moon: Extraterritorial Applicability of the UK Data Protection Act 2018 After Brexit](#), Hogan Lovells
- [Audit work set to go to tech firms](#), Accountancy Daily
- [Dividing the cryptocurrency sheep from the blockchain goats](#), WSJ

Is there an article missing that you think should be part of this list? Please send it to [lryna](#) and we will include it in our next update!