

Dear Colleagues, Ladies and Gentlemen,

The Annual President Review used to be an information report on activities for the previous year and essentially it used to be a very simple announcement.

Please allow me to make a small analysis of the existing situation of our organisation and its further development within the framework of my speech today. This year we actually have the 55th anniversary of establishment of our organisation which was founded by six countries, i.e. Belgium, Germany, France, Italy and the Netherlands. It was established as a French not-for-profit organisation with the seat in Paris, but in fact it was managed from the BStBK office, namely from 1976 Bonn and later on (from 2001) from Berlin.

I myself have been taken part in the CFE activities since 1994 when the Czech Republic was adopted as an observer. It is necessary to stress also the fact that since 2000 the CFE has introduced a rule, corresponding to the EU habits, according to which one country has one vote, and only in the case of voting which concerns economic management issues, the organisation votes according to the amounts of membership contributions. A disadvantage of the CFE was, however, that the President's office term was one year, and therefore the President's position was more or less a honorary and loyalty matter without any major impacts on the organisation's operation. It was virtually managed by the General Secretary. Heinrich Weiler was in this position for 19 years. It was only six years ago when we have managed to extend the term of the President's office to two years, and this fact also made it possible to introduce necessary changes in the work of our organisation.

It lasted for years until we managed to rationally concentrate our activities in the EU centre, i.e. Brussels. The decision to strengthen the relationship to the EU was unanimous, however in practise it was perceived diversely. Especially our German colleagues understood this process as a weakening of their leading role. And only this year have we completed this process. A logical decision was also to cancel one job position in Berlin, which was financed from the means of CFE, or stated as BStBK soft contribution amounting to EUR 77,000. Christiane Keller, who was working on this post, prepared meetings of the Executive Board and General Assembly, she was doing excellent work both for the CFE

and at the same time also for BStBK. Next year she will retire and in this place I would like to express my sincere thanks to her for this work.

The issue which has significant impacts on our discussions today, i.e. the leave of BStBK representatives and possibly of other organisations from Germany arose at the moment when our German colleagues realised that they should pay their contributions in the same way as the others. I am very sorry to say in this place that in fact they have been misleading us by false for all the time, said in a diplomatic way. Because - when I wrote what the potential leave of BStBK would financially mean for the CFE in terms of cash flows, I found out that in fact we would be in positive numbers because we, as the CFE, will earn some EUR 3,000 as a consequence. Our German colleagues were honestly invoicing their contributions and till the end of last year still including per diem amounts for their representatives. This means that the other members of the CFE were bearing these expenses.

Tax advisers in Germany are a very powerful organisation and they represent almost one half of tax advisers in Europe. The system of tax consultancy in Germany has been used as a model for many countries which want to follow it. The force of this organisation should also correspond to its responsibility for the future of our profession at an international scale and should not be satisfied with the fact that its position in the largest economy of Europe is sufficient for it.

Henk Koller and I took part in the meeting of the BStBK Presidium held in Berlin in March this year. We were discussing about the CFE activities, and German colleagues expressed their wish aimed at a change in the CFE election system for voting according to the amounts of membership contributions, maintaining the General Secretariat in Berlin and support of Herbert Becherer in his further activities at the CFE. All these issues are in the competence of our GA. I personally expressed support to further activities of our colleague Becherer in the Executive Board e.g. on the General Secretary position. As far as the maintaining of the job position in Berlin is concerned, a decision about concentration of means in the Brussels office and therefore in fact also about termination of the rather unfair soft contribution on the part of BStBK was made already earlier.

The fact that we are interested in communication and close cooperation with our German colleagues is confirmed also by my participation in the Bundessteuerberaterkongress in May and also by my presence in Sommerfest held in Berlin two weeks ago.

The letter of our German colleagues and its reasoning is like a challenge with regard to the tradition of our organisation and the responsibility borne by our German colleagues for the tax advisor profession in Europe, as they form the largest tax advisors' organisation. All these issues are questions that could be open, as they concern, among other things, the status of our organisation which is within the responsibility of the General Secretary of the CFE, and Herbert Becherer was furthermore the 1st Vice President of the CFE.

Nevertheless, it is necessary for me to say that a proposal for discussion about these issues has never been pronounced on the part of our German colleagues before their decision about the leaving of the CFE. It is necessary to mention that Nora Kessler-Schmidt attended approximately only one half of the Executive Board's meetings, and as far as conference calls of the Executive Board are concerned, she did not take part in these discussions at all.

It is absolutely appropriate to discuss about the future of tax consultancy in Europe. The historical development seems to shift, under the pressure of politicians of the European Union, towards perception of tax advisers more as intermediaries between tax administrations and taxpayers than as unambiguous defenders of taxpayers' interests. I myself am of the opinion that taxes should be consistently collected on the basis of a clear text of the law, and tax advisers acting as taxpayers' defenders should exert maximum efforts to defend their interests.

On the other hand, the CFE must respect deep historical roots and the social and political climate in individual member states, as well as the development of tax adviser profession in such countries as the United Kingdom and the Netherlands. At the level of the European Commission it can mainly struggle for the respecting of the title of tax adviser as a highly qualified professional with in-depth knowledge of both economics and law.

The opening of our Brussels office in 2005, and mainly the activities performed in recent years have brought specific results. As the CFE we are represented in

all work bodies of the European Commission relating to taxes and we are perceived as an important partner by all responsible staff members of the European Commission. On our table we have an overview of our participation in these bodies. It is of course an issue how we are able to use, within our national organisations, the CFE activities at the European level. It is also thanks to everyday informal work of Uta Gayer and Rudolf Reibel in our office and their vicinity to the European Commission and their relations towards officers in the Tax Unit.

In June this year it was for the first time in the history when I took part in the IOTA meeting in Belgrade, on the basis of an invitation. We have presentations from this conference of the tax administrations' representatives on our web site. I was surprised by the low feedback of the OECD representative's speech on BEPS among the tax administrations' representatives. In fact no discussion took place. When I was asking, during the coffee break, several directors of tax administrations why this topic was little interesting for them, they answered that the way to them is still too long. That there will be many changes in the legislative process in their Parliaments and that it may be a possible future but that they are currently working on solutions of other problems. I just wanted to indicate how differently the BEPS process may be understood.

I would like to use this opportunity to express my thanks for the work of some of my colleagues at the Executive Board.

Ian Hayes as a co-author of the Taxpayer Charter was bringing a global spirit. Gottfried Schelmann was bringing a sense of reality through his pragmatic approach and his experience. Henk Koller, thanks to his consistent approach, made our economic management much clearer and was not afraid to open the topics which were not discussed for a long time.

I would like to highlight the work of the Chairpersons of our committees very much. This is material work with material deliverables which makes sense for tax advisers in individual countries. The Fiscal Committee under the leadership of Piergiorgio Valente provides excellent work, and for example the idea of TOP 5, it is regular information about the current development at the European level in the field of taxes, clearly moves us nearer towards our individual members. In the work of the Professional Affairs Committee under the

leadership of Dick Barmentlo it is possible to see how the topics concerning our profession and its future have grown. It is just the work of these committees upon which we must build the future of our organisation.

And what is the future of our organisation? Do we want it to remain just an umbrella organisation for its member organisations? Are certain concerns of major member organisations appropriate when they are afraid that if we have a strong CFE, we will thus reduce possibilities of national organisations? Of course, when looking for possible answers, the easiest way is that we should remain a club enabling meetings of its members from time to time and not doing too many activities. On the other hand, we have a good chance of being a much stronger partner for the European Commission. We are involved where we need to be. We still need the hands which are to be formed by the best experts from individual member organisations.

Two years ago I was speaking to you also with an idea of making our operation more global, and I am glad that after a long discussion we have approved the global tax forum this spring as a certain platform for the future cooperation with other organisations in the world.

If we want to be a strong organisation, we must produce strong opinions and unify strong personalities. To be able to do so, we need also financial means and we must obtain them not only from membership contributions but also from various grants and other resources. Continuous discussions about the amounts of membership contributions undermine the strength of our organisation and lead to its stagnation.

Ladies and Gentlemen,

Our organisation is facing important decisions and it is necessary for us to take further gradual steps with the largest possible consent of our member organisations. We must remove all niggling quarrels which could divide us already at the beginning of the process. And such a niggling aspect which might divide us is also the candidature of two people on the post of the CFE President. Because no matter who may win, there will always be a dissatisfied part of the organisation supporting the defeated candidate.

For this reason I have decided to take my candidature back and in the interest of supporting the unity of our organisation to express my full personal support to my colleague and I would like to stress that also my friend Henk Koller. I have explained my attitude to my colleagues in the Czech Chamber of Tax Advisers as well and I thanked them for their confidence and nomination.

I would like to ask you not to have to think over personalities in the following discussion and about to whom you should provide your vote, but to concentrate on material solutions of the issues and about future steps which we are to take at the level of the CFE.

Thank you for your attention.