EC/Liechtenstein agreement: cooperation to combat fraud and other illegal activity to the detriment of their financial interests

2008/0234(NLE) - 23/11/2009 - Document attached to the procedure

PURPOSE: to propose an amended version of the proposal to conclude the Cooperation Agreement between the EU and its Member States, of the one part, and Liechtenstein, of the other part, to combat fraud and any other illegal activity to the detriment of their financial interests and to ensure exchange of information on tax matters (amended proposal on the signing and provisional application of the Cooperation Agreement).

PROPOSED ACT: Council Decision.

BACKGROUND: on 10 December 2008, the Commission adopted a proposal for a Council Decision on the signing, on behalf of the European Community, of the Cooperation Agreement between the European Community and its Member States, of the one part, and the Principality of Liechtenstein, of the other part, to combat fraud and any other illegal activity to the detriment of their financial interests as well as a proposal for a Council Decision on the conclusion, on behalf of the European Community, of the Cooperation Agreement between the European Community and its Member States, of the one part, and the Principality of Liechtenstein, of the other part, to combat fraud and any other illegal activity to the detriment of their financial interests (see previous initial legislative document – COM(2008)0839).

Following the conclusions adopted by the ECOFIN Council on 10 February 2009, Liechtenstein is expected to encompass in the agreement with the EU at least a similar scope of obligations as it had agreed with third Countries. The Council also mandated the Commission to negotiate changes to ensure effective administrative assistance and access to information with regard to all forms of investments, in particular foundations and trusts.

Liechtenstein, followed by other countries, issued an official statement, by which it recognises the standard for cooperation under the OECD Article 26 of the Model Convention on income and capital (2005). Such a standard should not be restricted to cases of tax fraud and tax evasion but should cover all exchanges of information, including for tax cooperation purposes.

In 2009, the Commission renegotiated the 2008 Agreement with Liechtenstein. For information on the content of the Agreement and details of the amendments, please refer to the summary of 24/11/2009.

This proposal, whose contents are the same as the initial proposal, concerns the signature and the provisional application of the Agreement.