

Taxation of savings income in the form of interest payments

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The Council discussed strengthening EU rules on the exchange of information concerning the taxation of savings income.

The amendments to directive 2003/48/EC are intended to prevent its circumvention, reflecting changes to savings products and developments in investor behaviour since it came into force in 2005. In particular, they aim to:

- enlarge the scope of directive 2003/48/EC to include life insurance contracts, as well as a broader coverage of investment funds;
- require tax authorities, using a "look-through" approach, to take steps to identify who is benefiting from interest payments.

The European Council in December called for the amending directive to be adopted by March, given its significance in combating tax fraud and tax evasion.

Once the European Council has politically endorsed this on 20 and 21 March, the formal adoption of the directive will take place at the Council formation meeting following the European Council.