

Taxation of savings income in the form of interest payments: repealing the Savings Directive

2015/0065(CNS) - 18/03/2015 - Legislative proposal

PURPOSE: to repeal Council Directive 2003/48/EC on the taxation of savings income.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: in 2003, the Council adopted [Directive 2003/48/EC](#) on the taxation of savings income received in the form of interest payments (the Savings Directive). This Directive served two main purposes: (i) avoiding distortions to the movement of capital and (ii) allowing effective taxation of interest payments made from paying agents established in one Member State to individuals resident in another Member State.

The amendments made to [Council Directive 2011/16/EU](#) on Administrative Cooperation in the Field of Taxation by [Council Directive 2014/107/EU](#) of December 2014 **extended the automatic exchange of information** to a full range of income in accordance with the **Global Standard** released by the OECD Council in July 2014 and ensured a coherent, consistent and comprehensive Union-wide approach to the automatic exchange of financial account information in the Internal Market. EU law is now fully aligned with the new global standard.

In order to **make sure that there is only one applicable standard** for automatic exchange of information within the EU, and to avoid situations where two standards are applied in parallel, the 2003 Directive should be repealed.

CONTENT: the proposal provides for the repeal of Council Directive 2003/48/EC on the taxation of savings income. In order not to leave any gaps in the reporting, the repeal of the Savings Directive needs to be well coordinated with the timing of the application of the 2014 Amending Directive on Administrative Cooperation.

Specifically, the proposal to repeal Directive 2003/48/EC also involves the **temporary exceptions necessary to protect acquired rights** and to take account of the **derogation allowed to Austria** under Directive 2014/107/EU.

Directive 2003/48/EC will be repealed with effect from **1 January 2016**. However, certain obligations shall continue to apply.

Directive 2003/48/EC shall continue to apply in its entirety with regard to Austria for an additional one year (until 31 December 2016).