

# **EC/Andorra Agreement: taxation of savings income in the form of interest payments. Protocol**

2015/0285(NLE) - 29/02/2016 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Miguel VIEGAS (GUE/NGL, PT) on the proposal for a Council decision on the conclusion, on behalf of the European Union, of the Amending Protocol to the Agreement between the European Community and the Principality of Andorra providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments.

The committee called on the European Parliament to approve the conclusion of the Amending Protocol to the Agreement.

To recall, the European Union and Andorra signed an agreement on 12 February 2016 on the automatic exchange of financial account information, aimed at improving international tax cooperation and compliance.

Under the new agreement, the EU Member States and Andorra will automatically exchange information on the financial accounts held on their territories by each other's residents, starting in 2018 for information collected since 1 January 2017. The aim is to address situations where a taxpayer seeks to hide capital representing income or assets for which taxes have not been paid.

The agreement aims at ensuring that Andorra applies strengthened measures that are equivalent to the EU legal framework and that comply with the procedures for automatic exchange of financial account information promoted by the 2014 OECD Global standard.

As a result of the new agreement, tax administrations in the Member States and in Andorra will be able to:

- identify correctly and unequivocally the taxpayers concerned;
- administer and enforce their tax laws in cross-border situations;
- assess the likelihood of tax evasion being perpetrated;
- avoid unnecessary further investigations.

The EU and Andorra have agreed for the agreement to have an entry into force on 1 January 2017, subject to the completion of their respective internal procedures. The committee strongly urged that the agreement is concluded and ratified as soon as possible in order to ensure a timely entry into force.