

Common system of taxation applicable to interest and royalty payments made between associated companies of different Member States. Tax package

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Following a deep debate at the Council, it seems that all delegations but one agree the present draft Directive provided that Spain, Portugal and Greece may continue to apply their present withholding tax rates until the application by the Member States of the savings directive and that the transitional periods granted in article 6 take effect from that date. These periods shall be eight years for Portugal and Greece and six years for Spain. All delegations but one and the Commission agree that the benefits of the Interest and Royalty Directive should not accrue to companies that are exempt from tax on income covered by that Directive. All delegations but one invite the Commission to propose any necessary amendments to this Directive in due time.