Savings, taxation: minimum of savings income in the form of interest payments within the Community

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The Council reviewed the progress made on the three strands of the tax package: savings taxation, interest and royalties and the code of conduct (business taxation). With regard to savings taxation, further to the conclusions of the Feira European Council, the Working Party on Tax Questions was to deal with all of the questions relating to the basic substances of the Directive, on which agreement should be reached by the end of the year. The Working Party has studied all of these questions, with the exception of the rate of withholding tax. On most of the subjects discussed a majority agreement was emerging, in particular as regards the scope of the Directive (definition of interest), revenue sharing and the paying agent mechanism. Further technical work still needed to be done on these three matters: the nature of information to be transmitted on the basis for assessment of the withholding tax as regards coupon washing, zero-rate coupons and capitalisation funds; - the treatment of bodies such as partnerships, trusts, etc; - the procedure for identifying the beneficial owner and the type of information to be provided on that owner. The Council has instructed the Working Party on on Tax Questions to pursue its work with determination in order to be able to submit the terms of an overall compromise in time for the Council meeting on 27 November. With regard to the Directive on interest and royalties, the Working Party on Tax Questions should endeavour to resolve the outstanding issues, in particular on non-application of the Directive in certian specific cases and on the transitional period for Greece, Spain and Portugal, at the same time as the other two strands of the tax package. Lastly, the Council has confirmed the code of conduct Group's mandate to continue its proceedings with determination on a framework for freezing and dismantling national measures held to be damaging to competition, and to report to the Council on the progress achieved at its meeting on 27 November.