

Taxation of savings income in the form of interest payments. Savings Directive

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The Council adopted the "Tax Package". In doing so, the Council adopted the Council Directive on taxation of savings income in the form of interest payments and the Council Directive on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States. It also agreed to the Resolution of the Council and of the representatives of the governments of the Member States, meeting within the Council on taxation of savings income in the form of interest payments. Lastly, it took note of the following statements for the Council minutes. With regard to the directive on taxation of savings: The Council reaffirms that the exchange of information, on as wide a basis as possible, is to be the ultimate objective of the European Union in line with international developments. It assesses that sufficient reassurances have been obtained with regard to the application of the same measures applying the same procedures as the 12 Member States or as Austria, Belgium and Luxembourg, in all relevant dependent or associated territories (the Channel Islands, Isle of Man, and the dependent or associated territories in the Caribbean) and asks the Member States concerned to ensure that all relevant dependent or associated territories will apply those measures from the date of implementation of the Directive, it being understood that, if and when Austria, Belgium and Luxembourg will implement automatic exchange of information, any territory applying the withholding tax will also implement automatic exchange of information from the same date as those Member States. The Council also states that chapter III with the exception of Articles 14 and 15 of the Directive shall not be granted to the new Member States. The Council calls on the Commission to continue negotiations, in close conjunction with the Presidency of the Council, with the Swiss Confederation, the Principality of Liechtenstein, the Republic of San Marino, the Principality of Monaco, the Principality of Andorra and the United States of America, in order to press for the exchange of information as the ultimate objective of the European Community, and to report back to the Council by 31 December 2006 on the progress of those negotiations. The Commission is also called upon, during the transitional period referred to in Article 10 of the Directive, to enter into discussions with other important financial centres with a view to providing the adoption by those jurisdictions of measures equivalent to those to be applied within the Community. As regards the Directive on interest/royalties: The Council 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. The Council invites the Commission to propose any necessary amendments to this Directive in due time.