Occupational pensions: tax obstacles to the cross-border provision

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PURPOSE : to present a Communication on how to tackle obstacles to cross-border provision of occupational pensions. CONTENT : the present Communication sets out a comprehensive strategy to address the tax obstacles that currently can act as a major disincentive to individuals wishing to contribute to pension schemes outside their home Member State and pension institutions that wish to provide pensions across borders. It is proposed that the Commission will monitor Member States' national rules in this field and take necessary steps to ensure their compliance with the Treaty, in particular with the rules on non-discrimination and where necessary bringing cases before the Court of Justice on the basis of Article 226 of the EC Treaty. In addition, the Commission suggests measures to safeguard Member States' tax revenues in cases of cross-border pension provision. The Commission also suggests a co-ordinated approach to eliminate the tax obstacles, particularly double taxation, which arise from the diversity of Member States' occupational pension taxation systems. The report recommends wider application of the approach already applied in 11 Member States (the "EET" system of Exempt contributions, Exempt investment income and capital gains of the pension institutions, Taxed Benefits). Furthermore, the elimination of tax obstacles to the cross-border provision of occupational pensions will enable pension institutions to operate with greater efficiency in meeting the needs of workers and employers. It will make pension institutions more efficient suppliers of capital to business in their capacity as investors in the economy.