

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

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The Committee has approved a proposal for a directive seeking to eliminate double taxation of cross-border interest and royalty payments between associated companies - a key component of the Commission's package of measures to tackle harmful tax competition between Member States. While the proposal allows Member States to take steps to prevent the rules being used for tax evasion or tax avoidance, the committee adopted amendments tabled by the rapporteur, Mr Carlo SECCHI (EPP, I), seeking to limit this right to cases where a transaction has tax evasion or tax avoidance as its sole objective. Other amendments seek to gradually phase out the various exceptions to the general ban on double taxation of royalty and interest payments. Finally, the committee adopted an amendment calling upon the Member States not to use the "package approach" as a tool for delaying approval of the various parts thereof, i.e. by demanding simultaneous approval of all its constituent parts.