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

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The Committee (Rapporteur, Fernando PÉREZ ROYO (PES, E) approved a Commission proposal aimed at introducing a minimum effective taxation on savings income. This proposal, part of the so-called Monti package against harmful tax competition, seeks to plug a loophole which allows individuals to escape taxes by placing their savings in another Member State, as few states tax savings income for nonresidents. Under the terms of the proposal, Member States are obliged to either impose a withholding tax of at least 20%, or provide information on income to the tax authorities in the individuals' country of residence. While supporting the main objectives of the proposal, the Committee adopted a small number of amendments calling for, in particular, lowering the minimum tax rate to 15% as this is the rate most commonly used in international tax agreements. Other amendments aim at clarifying the scope of the directive, although amendments seeking to exclude Eurobonds from the directive were not carried. The Committee also agreed with the Commission's and Council's intentions of seeking to extend the proposed system to third countries, although it did not consider that the entry into force of the directive should be postponed until such agreements have been concluded. Agreements should according to the Committee first be concluded with those neighbouring countries granting nonresidents particularly favourable tax treatment and then over time be extended to at least all OECD countries.