

EC/Monaco agreement: taxation of savings income in the form of interest of payments (Directive 2003/48/EC)

2004/0264(CNS) - 05/11/2004 - Legislative proposal

PURPOSE : to conclude and sign the Agreement between the European Community and the Principality of Monaco providing for measures equivalent to those laid down in Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments.

PROPOSED ACT : Council Decision.

CONTENT : by its decision of 16 October 2001, the Council authorised the Commission to negotiate appropriate agreements with Switzerland, the United States of America, Andorra, Liechtenstein, Monaco and San Marino to ensure that these countries adopt measures equivalent to those to be applied within the Community to allow effective taxation of savings income in the form of interest payments

The Agreement with Monaco, which includes these four elements, is now being presented to the Council for signature and conclusion. It is accompanied by a Memorandum of Understanding between the European Community, of the one part, and the Principality of Monaco of the other part. This Memorandum of Understanding provides that the agreed measures will be implemented in good faith and that the Parties will not act unilaterally to undermine this arrangement without due cause. Should any significant difference between the scope of Council Directive 2003/48/EC and that of the Agreement be discovered or should the exchange of information not be applied in a fair manner, the Contracting Parties will immediately enter into consultations with a view to ensuring that the equivalent nature of the measures provided for by the Agreement, or the equitable character of the exchange of information, is maintained.

Finally, the Memorandum of Understanding states that the European Community and Monaco will examine the conditions conducive to the development of trade between Monaco and the Community in certain financial instruments and insurance services.