Basic information

1998/0193(CNS) CNS - Consultation procedure Directive	Procedure lapsed or withdrawn
Savings, taxation: minimum of savings income in the form of interest payments within the Community **Subject** 2.50.02 Savings	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs, Industrial Policy	PÉREZ ROYO Fernando (PSE)	25/06/1998

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2167	1999-03-15
Economic and Financial Affairs ECOFIN	2268	2000-06-05
Economic and Financial Affairs ECOFIN	2143	1998-12-01
Economic and Financial Affairs ECOFIN	2225	1999-11-29
Economic and Financial Affairs ECOFIN	2181	1999-05-25
Economic and Financial Affairs ECOFIN	2103	1998-06-05
Economic and Financial Affairs ECOFIN	2297	2000-10-17
Economic and Financial Affairs ECOFIN	2212	1999-11-08

Key events

Date	Event	Reference	Summary
20/05/1998	Legislative proposal published	COM(1998)0295	Summary
05/06/1998	Debate in Council		
13/07/1998	Committee referral announced in Parliament		
01/12/1998	Resolution/conclusions adopted by Council		
26/01/1999	Vote in committee		Summary
26/01/1999	Committee report tabled for plenary, 1st reading/single reading	A4-0040/1999	
09/02/1999	Debate in Parliament		
15/03/1999	Debate in Council		

25/05/1999	Debate in Council		
08/11/1999	Debate in Council		
29/11/1999	Debate in Council		
05/06/2000	Debate in Council		
17/10/2000	Debate in Council		Summary
20/07/2001	End of procedure in Parliament		

Technical information

Procedure reference	1998/0193(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	EC Treaty (after Amsterdam) EC 094
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	ECON/4/10280

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0040/1999 OJ C 150 28.05.1999, p. 0004	26/01/1999	
Text adopted by Parliament, 1st reading/single reading		T4-0095/1999 OJ C 150 28.05.1999, p. 0154-0186	10/02/1999	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(1998)0295 OJ C 212 08.07.1998, p. 0013	20/05/1998	Summary
Document attached to the procedure	SEC(1998)2010	23/11/1998	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0194/1999 OJ C 116 28.04.1999, p. 0018	24/02/1999	

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

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

1998/0193(CNS) - 20/05/1998 - Legislative proposal

OBJECTIVE: the proposal for a Directive seeks to ensure a minimum of effective taxation of savings income in the form of interest payments made in each Member State to natural persons resident for tax purposes in another Member State. SUBSTANCE: in the absence of any coordination of national systems, it is currently possible for natural persons who are resident in the Member States to evade all forms of taxation of interest received in a Member State other than that where they reside. This causes distortions in the operation of the internal market and losses of tax revenue by the Member States. While respecting the principles of subsidiarity and proportionality, the proposal is based on the 'coexistence' model, whereby each Member State may choose between two systems: it may either provide information on income from savings to other Member States where the recipients reside or it may withhold tax at source at a rate of 20%. Each Member State must choose one of these two options and apply it alone to all interest payments made within its territory to residents of other Member States. It is, however, possible for a beneficial owner who receives a payment in a Member State which has opted for the withholding-tax system to receive different treatment by applying for a certificate: the beneficial owner may agree to be taxed solely in the Member State where he is resident for tax purposes, in the same way as a beneficial owner receiving a payment in a Member State which has opted for the information system.

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

1998/0193(CNS) - 10/02/1999 - Text adopted by Parliament, 1st reading/single reading

The proposal for a Council Directive to ensure a minimum of effective taxation of savings income in the form of interest payments within the Community was approved by the European Parliament, subject to amendments in the following areas: - stressing that a regulation of this kind must include third countries; - presenting the proposed directive as part of a more general package of measures aimed at fighting harmful tax competition in the internal market; - providing that the minimum tax rate on savings must apply to interest received by physical persons either directly or indirectly through undertakings for collective investment in transferable securities (Ucits); - pointing out that under international tax agreements, only in exceptional circumstances will the withholding tax applied by the source State to interest paid to a non-resident exceed 15%; - giving priority in reaching agreement with third countries to those neighbouring countries which grant non-residents a particularly favourable tax treatment, liable to undermine the effectiveness of the proposed directive, before extending it to at least all other OECD member countries; - indicating the need to take additional steps to harmonise taxation of capital gains; - providing that, in the event of repurchase before maturity by a person not subject to the proposed directive, the repurchase price shall replace value at redemption. The rapporteur was Fernando Pérez Royo (PSE,ES).

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

1998/0193(CNS) - 23/11/1998 - Document attached to the procedure

PURPOSE: to present Commission plans for addressing the external dimension of taxation on savings. CONTENT: The Commission proposes taking steps to establish exploratory contacts on this subject with third countries, initially based on proximity to the Community. Such a criterion would indicate first contacts should include Switzerland, Liechtenstein, Andorra, Monaco and San Marino. Priority is also given to contacts with certain fundamental Community partners such as the United States and Japan. Preliminary contacts would focus on three key elements: - the need to ensure a minimum of effective taxation on savings income at the international level; - the specific elements of the measures which could be considered equivalent to those envisaged by the co-existence model; - the adoption of the paying agent method. The Commission considers the establishment of such contacts to be a matter of urgency for the ECOFIN Council, as technical discussions within the Council on the proposal for a directive could produce concrete results by the end of the German Presidency. The Commission also proposes raising the issue of adoption of equivalent measures, in the context of pre-accession discussions with the candidate countries.

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

1998/0193(CNS) - 17/10/2000

The Council reviewed the progress made on the three strands of the tax package: savings taxation, interest and royalties and the code of conduct (business taxation). With regard to savings taxation, further to the conclusions of the Feira European Council, the Working Party on Tax Questions was to deal with all of the questions relating to the basic substances of the Directive, on which agreement should be reached by the end of the year. The Working Party has studied all of these questions, with the exception of the rate of withholding tax. On most of the subjects discussed a majority agreement was emerging, in particular as regards the scope of the Directive (definition of interest), revenue sharing and the paying agent mechanism. Further technical work still needed to be done on these three matters: the nature of information to be transmitted on the basis for assessment of the withholding tax as regards coupon washing, zero-rate coupons and capitalisation funds; - the treatment of bodies such as partnerships, trusts, etc; - the procedure for identifying the beneficial owner and the type of information to be provided on that owner. The Council has instructed the Working Party on on Tax Questions to pursue its work with determination in order to be able to submit the terms of an overall compromise in time for the Council meeting on 27 November. With regard to the Directive on interest and royalties, the Working Party on Tax Questions should endeavour to resolve the outstanding issues, in particular on non-application of the Directive in certian specific cases and on the transitional period for Greece, Spain and Portugal, at the same time as the other two strands of the tax package. Lastly, the Council has confirmed the code of conduct Group's mandate to continue its proceedings with determination on a framework for freezing and dismantling national measures held to be damaging to competition, and to report to the Council on the progress achieved at its meeting on 27 November.