

## Basic information

2015/0285(NLE)

NLE - Non-legislative enactments

EC/Andorra Agreement: taxation of savings income in the form of interest payments. Protocol

See also Directive 2003/48/EC 2001/0164(CNS)

See also Decision 2005/356/EC 2004/0192(CNS)

### Subject

2.50.02 Savings

2.70.01 Direct taxation

2.80 Cooperation between administrations

Procedure completed

## Key players

European Parliament	<b>Committee responsible</b>		<b>Rapporteur</b>	<b>Appointed</b>
	<b>ECON</b> Economic and Monetary Affairs		VIEGAS Miguel (GUE/NGL)	10/09/2015
			Shadow rapporteur SCHWAB Andreas (PPE) KOFOD Jeppe (S&D) LOONES Sander (ECR) VAN NIEUWENHUIZEN Cora (ALDE)	
	<b>Committee for opinion</b>		<b>Rapporteur for opinion</b>	<b>Appointed</b>
	<b>IMCO</b> Internal Market and Consumer Protection		The committee decided not to give an opinion.	
Council of the European Union	<b>Council configuration</b>		<b>Meetings</b>	<b>Date</b>
	General Affairs		3484	2016-09-20
	Economic and Financial Affairs ECOFIN		3445	2016-02-12
European Commission	<b>Commission DG</b>		<b>Commissioner</b>	
	Taxation and Customs Union		MOSCOVICI Pierre	

## Key events

Date	Event	Reference	Summary
11/12/2015	Legislative proposal published	COM(2015)0631 	Summary
12/02/2016	Act adopted by Council after consultation of Parliament		
25/02/2016	Committee referral announced in Parliament		
25/02/2016	Vote in committee		
29/02/2016	Committee report tabled for plenary, 1st reading/single reading	A8-0047/2016	Summary
09/03/2016	Decision by Parliament	T8-0077/2016	Summary
09/03/2016	Results of vote in Parliament		
20/09/2016	Act adopted by Council after consultation of Parliament		
20/09/2016	End of procedure in Parliament		
01/10/2016	Final act published in Official Journal		

Technical information	
Procedure reference	2015/0285(NLE)
Procedure type	NLE - Non-legislative enactments
Procedure subtype	Consultation of Parliament
Amendments and repeals	See also Directive 2003/48/EC 2001/0164(CNS) See also Decision 2005/356/EC 2004/0192(CNS)
Legal basis	Treaty on the Functioning of the European Union TFEU 115 Treaty on the Functioning of the European Union TFEU 218-p6b-ab Treaty on the Functioning of the European Union TFEU 218-p8-a2
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/05318

Documentation gateway				
<b>European Parliament</b>				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE575.281	02/02/2016	
Committee report tabled for plenary, 1st reading/single reading		A8-0047/2016	29/02/2016	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0077/2016	09/03/2016	Summary
<b>European Commission</b>				
Document type	Reference	Date	Summary	
	COM(2015)0631			

Legislative proposal		11/12/2015	<a href="#">Summary</a>
Document attached to the procedure	COM(2015)0632 	11/12/2015	

Additional information		
Source	Document	Date
European Commission	<a href="#">EUR-Lex</a>	

Final act	
<a href="#">Decision 2016/1751</a> <a href="#">OJ L 268 01.10.2016, p. 0038</a>	<a href="#">Summary</a>

## EC/Andorra Agreement: taxation of savings income in the form of interest payments. Protocol

2015/0285(NLE) - 29/02/2016 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Miguel VIEGAS (GUE/NGL, PT) on the proposal for a Council decision on the conclusion, on behalf of the European Union, of the Amending Protocol to the Agreement between the European Community and the Principality of Andorra providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments.

The committee called on the European Parliament to approve the conclusion of the Amending Protocol to the Agreement.

To recall, the European Union and Andorra signed an agreement on 12 February 2016 on the automatic exchange of financial account information, aimed at improving international tax cooperation and compliance.

Under the new agreement, the EU Member States and Andorra will automatically exchange information on the financial accounts held on their territories by each other's residents, starting in 2018 for information collected since 1 January 2017. The aim is to address situations where a taxpayer seeks to hide capital representing income or assets for which taxes have not been paid.

The agreement aims at ensuring that Andorra applies strengthened measures that are equivalent to the EU legal framework and that comply with the procedures for automatic exchange of financial account information promoted by the 2014 OECD Global standard.

As a result of the new agreement, tax administrations in the Member States and in Andorra will be able to:

- identify correctly and unequivocally the taxpayers concerned;
- administer and enforce their tax laws in cross-border situations;
- assess the likelihood of tax evasion being perpetrated;
- avoid unnecessary further investigations.

The EU and Andorra have agreed for the agreement to have an entry into force on 1 January 2017, subject to the completion of their respective internal procedures. The committee strongly urged that the agreement is concluded and ratified as soon as possible in order to ensure a timely entry into force.

## EC/Andorra Agreement: taxation of savings income in the form of interest payments. Protocol

2015/0285(NLE) - 11/12/2015 - Legislative proposal

PURPOSE: to conclude, on behalf of the European Union, the Amending Protocol to the Agreement between the European Community and the Principality of Andorra providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND : following the adoption of [Council Directive 2003/48/EC](#) ('the Savings Directive'), and in order to preserve the level playing field of economic operators, the EU signed **Agreements with Switzerland, Andorra, Liechtenstein, Monaco and San Marino** providing for measures equivalent to those laid down in the Directive. Member States also signed agreements with the dependent territories of the United Kingdom and the Netherlands.

The importance of automatic exchange of information as a means to combat cross-border tax fraud and tax evasion has been recognised at international level. **The Organisation for Economic Cooperation and Development (OECD) was mandated by the G20 to develop a single global standard** for automatic exchange of financial account information. The OECD Council released the Global Standard in July 2014.

Following the adoption of a proposal to update the Savings Directive, the Commission adopted on 17 June 2011 **a recommendation for a mandate to initiate negotiations with several countries, including Andorra**, in order to upgrade the EU's Agreements with those countries in line with international developments and to ensure that those countries continue to apply measures equivalent to those in the EU.

On the basis of a proposal presented by the Commission in June 2013, the Council adopted [Directive 2014/107/EU](#) amending Directive 2011/16/EU and extending the mandatory automatic exchange of information between EU tax authorities to a full range of financial items in accordance with the Global Standard.

As Directive 2014/107/EU is generally broader in scope than Directive 2003/48/EC and provides that in cases of overlap of scope, Directive 2014/107/EU prevails, on 18 March 2015 the Commission adopted [a proposal](#) to repeal Directive 2003/48/EC.

The Commission considers it crucial to ensure that the amendment of the existing Savings Agreement with Andorra is in line with EU and international developments.

This will be the legal basis for implementing the OCDE Global Standard on automatic exchange of information between Andorra and the EU.

CONTENT: the proposal calls upon the Council to **approve, on behalf of the EU, the Amending Protocol to the Agreement between the European Community and Andorra** providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments.

**The Amending Protocol implements the Global Standard between EU Member States and Andorra.** Its introduces a new set of provisions comprising 10 Articles, an Annex I that reflects the OECD Common Reporting Standard (CRS) which is part of the Global Standard, an Annex II that reflects important parts of the OECD Commentaries to the Global Standard and an Annex III that lists the Competent Authorities of Andorra and of each Member State.

**The new Articles reflect the articles of the OECD Model Competent Authority agreement for the implementation of the Global Standard.** They include, inter alia:

- a full set of provisions on exchange of information upon request that follows the latest text of the OECD Model Tax Convention;
- a more detailed set of provisions on data protection;
- an additional stage of consultation before any Member State or Andorra undertakes to suspend the Agreement.

Furthermore, the Protocol:

- deals with issues on the transition from the existing Agreement to the amended Agreement, with regard to requests for information, credits available to beneficial owners for withholding tax, final payments of withholding tax by Andorra to Member States and final exchanges of information under the voluntary disclosure mechanism;
- includes a Protocol on additional safeguards related to the exchange of information on request. The text specifies that exchanges on the basis of a group request are not excluded.

The revised Agreement is supplemented by four Joint Declarations of the contracting parties and one Unilateral Declaration by Andorra.

## **EC/Andorra Agreement: taxation of savings income in the form of interest payments. Protocol**

2015/0285(NLE) - 09/03/2016 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 647 votes to 29, with 21 abstentions, a legislative resolution on the proposal for a Council decision on the conclusion, on behalf of the European Union, of the Amending Protocol to the Agreement between the European Community and the Principality of Andorra providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments.

Parliament approved the conclusion of the Amending Protocol to the Agreement.

To recall, the European Union and Andorra signed an agreement on 12 February 2016 on the automatic exchange of financial account information, aimed at improving international tax cooperation and compliance.

The agreement aims at ensuring that Andorra applies strengthened measures that are equivalent to the EU legal framework and that comply with the procedures for automatic exchange of financial account information promoted by the 2014 OECD Global standard.

As a result of the new agreement, tax administrations in the Member States and in Andorra will be able to:

- identify correctly and unequivocally the taxpayers concerned;
- administer and enforce their tax laws in cross-border situations;
- assess the likelihood of tax evasion being perpetrated;
- avoid unnecessary further investigations.

The Agreement shall enter into force on 1 January 2017, subject to the completion of their respective internal procedures.

## EC/Andorra Agreement: taxation of savings income in the form of interest payments. Protocol

2015/0285(NLE) - 20/09/2016 - Final act

PURPOSE: to approve the conclusion of an Agreement between the EU and Andorra aiming to improve tax compliance by private savers.

NON-LEGISLATIVE ACT: Council Decision (EU) 2016/1751 on the conclusion, on behalf of the European Union, of the Amending Protocol to the Agreement between the European Community and the Principality of Andorra providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments.

CONTENT: the Council approved, on behalf of the European Union, the Amending Protocol to the Agreement between the European Community and the Principality of Andorra providing for measures equivalent to those laid down in [Council Directive 2003/48/EC](#) on taxation of savings income in the form of interest payments.

The Amending Protocol to the Agreement between the European Community and the Principality of Andorra was signed on 12 February 2016. It aligns the Agreement with the latest developments at international level concerning **automatic exchange of information**, namely with the Global Standard for automatic exchange of financial account information in tax matters developed by the Organisation for Economic Cooperation and Development (OECD).

The text of the Agreement, as amended by the Amending Protocol, is the legal basis for **implementing the OCDE Global Standard on automatic exchange of information between Andorra and the EU**. It will extend the automatic exchange of information on financial accounts in order to prevent taxpayers from hiding capital representing income or assets for which tax has not been paid.

ENTRY INTO FORCE: 21.10.2016.