Basic information

2015/0175(NLE) NLE - Non-legislative enactments	Procedure completed
EC/Liechtenstein Agreement: taxation of savings income in the form of interest payments. Protocol See also Directive 2003/48/EC 2001/0164(CNS) See also Decision 2005/353/EC 2004/0191(CNS) **Subject** 2.50.02 Savings 2.70.01 Direct taxation 2.80 Cooperation between administrations 7.30.30.06 Action to combat economic fraud and corruption **Geographical area** Liechtenstein	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	LOONES Sander (ECR)	10/09/2015
	Shadow rapporteur SCHWAB Andreas (PPE) KOFOD Jeppe (S&D) VIEGAS Miguel (GUE/NGL)	

Committee for opinion	Rapporteur for opinion	Appointed
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
JURI Legal Affairs	The committee decided not to give an opinion.	
LIBE Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3435	2015-12-08

European Commission	Commission DG	Commissioner
	Taxation and Customs Union	MOSCOVICI Pierre

Key events

Date	Event	Reference	Summary
07/08/2015	Legislative proposal published	COM(2015)0395	Summary
11/11/2015	Committee referral announced in Parliament		
13/11/2015	Vote in committee		
18/11/2015	Committee report tabled for plenary, 1st reading/single reading	A8-0334/2015	Summary
02/12/2015	Decision by Parliament	T8-0421/2015	Summary
02/12/2015	Results of vote in Parliament		
08/12/2015	Act adopted by Council after consultation of Parliament		
08/12/2015	End of procedure in Parliament		
24/12/2015	Final act published in Official Journal		

Technical information

Procedure reference	2015/0175(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 2005/353/EC 2004/0191(CNS)
Legal basis	Treaty on the Functioning of the European Union TFEU 218-p6b-ab Treaty on the Functioning of the European Union TFEU 115 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/8/04380

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE569.772	20/10/2015	
Committee report tabled for plenary, 1st reading/single reading		A8-0334/2015	18/11/2015	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0421/2015	02/12/2015	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	11798/2015	20/10/2015	Summary

European Commission

Document type	Reference	Date	Summary
Commission document (COM)	COM(2015)0394	07/08/2015	
Legislative proposal	COM(2015)0395	07/08/2015	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2015/2453
OJ L 339 24.12.2015, p. 0001 Summary

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

2015/0175(NLE) - 02/12/2015 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 562 votes to 30, with 49 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 Liechtenstein 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** which seeks to implement the Global Standard for the automatic exchange of financial account information between EU Member States and Liechtenstein. This Standard was published by the OECD Council in July 2014.

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

2015/0175(NLE) - 07/08/2015

PURPOSE: to conclude, on behalf of the European Union, the Amending Protocol to the Agreement between the European Community and the Principality of Liechtenstein 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 Liechtenstein providing for measures equivalent to those laid down in the Directive.

The importance of **automatic exchange of information** as a means to combat cross-border tax fraud and tax evasion by ensuring full tax transparency and cooperation between tax administrations worldwide has also been recognised at the international level. In this regard, 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 Global Standard was released by the OECD Council 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 Liechtenstein** 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 14 May 2013, the Council reached an agreement on the Negotiating Mandate.

On the basis of a proposal presented by the Commission in June 2013, the Council on 9 December 2014 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, the Commission adopted a proposal to repeal Directive 2003/48/EC.

The Commission considered it crucial to ensure that the amendment of the existing Savings Agreement with Liechtenstein is in line with EU and international developments. This will increase tax transparency in Europe and will be the legal basis for implementing the OECD Global Standard on automatic exchange of information between Liechtenstein and the EU.

CONTENT: under this proposal, the Council is called upon to **approve, on behalf of the European Union, the Amending Protocol** to the Agreement between the European Community and the Principality of Liechtenstein 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 Liechtenstein.

It also replaces the existing articles and Annexes with a new set of provisions comprising 10 Articles, an Annex I that reflects the OECD Common Reporting Standard 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 Liechtenstein 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;
- provisions on amendments to the Agreement, including a quick mechanism for provisional application by one of the Contracting Parties of amendments to the Global Standard, on the condition of consent by the other Party.

The Amending Protocol includes provisions on the entry into force and application. It 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 Liechtenstein to Member States and final exchange of information under the voluntary disclosure mechanism.

The revised Agreement is supplemented by two Joint Declarations of the contracting parties.

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

2015/0175(NLE) - 20/10/2015

PURPOSE: to conclude, on behalf of the European Union, the Amending Protocol to the Agreement between the European Community and the Principality of Liechtenstein 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.

CONTENT: with this proposal, the Council is called to approve, on behalf of the EU, the Amending Protocol to the Agreement between the European Community and Liechtenstein 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 text of the Amending Protocol aligns the Agreement between the European Community and the Principality of Liechtenstein 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 with the latest developments at international level concerning the automatic exchange of information, namely, with **the Global Standard for automatic exchange of financial account information in tax matter**s, developed by the Organisation for Economic Cooperation and Development (OECD).

The Union, its Member States and the Principality of Liechtenstein have actively participated in the work of the Global Forum of the OECD for supporting the development and implementation of that Standard.

The text of the Agreement, as amended by the Amending Protocol, is the legal basis for implementing **the Global Standard in relations between the European Union and Liechtenstein.**

The Amending Protocol introduces a new body of provisions comprising 10 articles, an Annex I which sets out the common standard on reporting and due diligence for financial accounting information established at the OECD, an Annex II setting out complementary reporting rules and Annex III which sets out the list of competent authorities in Liechtenstein and each Member State.

For more details on the Amending Protocol, please see the summary of the initial legislative proposal of 7.8.2015.

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

2015/0175(NLE) - 08/12/2015 - Final act

PURPOSE: to conclude an the Amending Protocol to the Agreement between the European Community and Liechtenstein to allow tax administrations to extend the automatic exchange of information and to improve cross-border access to information on private savers.

NON-LEGISLATIVE ACT: Council Decision (EU) 2015/2453 on the conclusion, on behalf of the European Union, of the Amending Protocol to the Agreement between the European Community and Liechtenstein the 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: by this Decision, the Council approves the Amending Protocol to the Agreement between the European Community and Liechtenstein 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 is hereby approved on behalf of the Union. That directive (2003/48/EC) has since been repealed to eliminate an overlap with Directive 2014/107/EU, which includes strengthened provisions to prevent tax evasion.

The Amending Protocol to the Agreement between the EU and Liechtenstein was signed on 28 October 2015. The text of the Protocol aligns the Agreement with the latest developments at international level concerning **automatic exchange of information**, namely 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, will allow the implementation of the Global Standard in relations between the EU and Liechtenstein, and accordingly, prevent tax fraud and tax evasion.

ENTRY INTO FORCE: 08.12.2015.

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

2015/0175(NLE) - 07/08/2015 - 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 Liechtenstein 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 Liechtenstein providing for measures equivalent to those laid down in the Directive.

The importance of **automatic exchange of information** as a means to combat cross-border tax fraud and tax evasion by ensuring full tax transparency and cooperation between tax administrations worldwide has also been recognised at the international level. In this regard, 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 Global Standard was released by the OECD Council 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 Liechtenstein** 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 14 May 2013, the Council reached an agreement on the Negotiating Mandate.

On the basis of a proposal presented by the Commission in June 2013, the Council on 9 December 2014 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, the Commission adopted a proposal to repeal Directive 2003/48/EC.

The Commission considered it crucial to ensure that the amendment of the existing Savings Agreement with Liechtenstein is in line with EU and international developments. This will increase tax transparency in Europe and will be the legal basis for implementing the OECD Global Standard on automatic exchange of information between Liechtenstein and the EU.

CONTENT: under this proposal, the Council is called upon to **approve, on behalf of the European Union, the Amending Protocol** to the Agreement between the European Community and the Principality of Liechtenstein 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 Liechtenstein.

It also replaces the existing articles and Annexes with a new set of provisions comprising 10 Articles, an Annex I that reflects the OECD Common Reporting Standard 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 Liechtenstein 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;
- provisions on amendments to the Agreement, including a quick mechanism for provisional application by one of the Contracting Parties of amendments to the Global Standard, on the condition of consent by the other Party.

The Amending Protocol includes provisions on the entry into force and application. It 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 Liechtenstein to Member States and final exchange of information under the voluntary disclosure mechanism.

The revised Agreement is supplemented by two Joint Declarations of the contracting parties.

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

2015/0175(NLE) - 18/11/2015 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Sander LOONES (ECR, BE) 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 Liechtenstein 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 recommended the European Parliament to **approve the conclusion of the Amending Protocol to the Agreement**.

The Amending Protocol seeks to implement the Global Standard between EU Member States and Liechtenstein. It aims at ensuring that Liechtenstein applies strengthened measures that are equivalent to the EU legal framework and that it complies with the automatic exchange of financial account information promoted by the 2014 OECD global standards.