Basic information

2023/0187(CNS) CNS - Consultation procedure Directive	Procedure completed
Faster and Safer Relief of Excess Withholding Taxes **Subject** 2.50 Free movement of capital 2.70 Taxation	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	DORFMANN Herbert (EPP)	12/09/2024
	Shadow rapporteur FUGLSANG Niels (S&D) ZĪLE Roberts (ECR) BOYER Gilles (Renew) ANDRESEN Rasmus (Greens/EFA) SARAMO Jussi (The Left) AUST René (ESN)	

Former committee responsible	Former rapporteur	Appointed
ECON Economic and Monetary Affairs	DORFMANN Herbert (EPP)	27/06/2023
ECON Economic and Monetary Affairs		

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	4067	2024-12-10

European Commission

Commission DG	Commissioner
Taxation and Customs Union	GENTILONI Paolo

Key events

Date	Event	Reference	Summary
19/06/2023	Legislative proposal published	COM(2023)0324	Summary
11/09/2023	Committee referral announced in Parliament		
23/01/2024	Vote in committee		
26/01/2024	Committee report tabled for plenary, 1st reading/single reading	A9-0007/2024	Summary
28/02/2024	Decision by Parliament	T9-0102/2024	Summary
28/02/2024	Results of vote in Parliament		
30/05/2024	Amended legislative proposal for reconsultation published	09925/2024	Summary
04/06/2024	Formal reconsultation of Parliament		
14/10/2024	Vote in committee		
22/10/2024	Committee report tabled for plenary, reconsultation	A10-0011/2024	Summary
14/11/2024	Decision by Parliament	T10-0033/2024	Summary
14/11/2024	Results of vote in Parliament		
10/12/2024	Act adopted by Council after consultation of Parliament		
10/01/2025	Final act published in Official Journal		

Technical information

Procedure reference	2023/0187(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	Treaty on the Functioning of the European Union TFEU 115
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/12336 ECON/10/00401

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE752.746	09/10/2023	
Amendments tabled in committee		PE756.221	16/11/2023	
Amendments tabled in committee		PE756.226	20/11/2023	
Committee report tabled for plenary, 1st reading/single reading		A9-0007/2024	26/01/2024	Summary

Text adopted by Parliament, 1st reading/single reading		T9-0102/2024	28/02/2024	Summary
Committee draft report		PE765.063	09/10/2024	
Committee final report tabled for plenary, reconsultation		A10-0011/2024	22/10/2024	Summary
Text adopted by Parliament after reconsultation		T10-0033/2024	14/11/2024	Summary

Council of the EU

Document type	Reference	Date	Summary
Amended legislative proposal for reconsultation	09925/2024	30/05/2024	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2023)0324	19/06/2023	Summary
Document attached to the procedure	SEC(2023)0243	19/06/2023	
Document attached to the procedure	SWD(2023)0215	19/06/2023	
Document attached to the procedure	SWD(2023)0216	19/06/2023	
Document attached to the procedure	SWD(2023)0217	19/06/2023	
Commission response to text adopted in plenary	SP(2024)270	08/07/2024	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	IT_SENATE	COM(2023)0324	30/10/2023	
Contribution	CZ_SENATE	COM(2023)0324	08/11/2023	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EDPS	Document attached to the procedure	N9-0081/2023 OJ C 000 13.11.2023, p. 0000	13/11/2023	
EESC	Economic and Social Committee: opinion, report	CES3253/2023	13/12/2023	

Additional information

Source	Document	Date
EP Research Service	Briefing	16/02/2024

European Commission	EUR-Lex	

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

Transparency				
Name	**Role**	**Committee**	**Date**	**Interest representatives**
ANDRESEN Rasmus	Shadow rapporteur	ECON	14/11/2023	Bürgerbewegung Finanzwende e. V.
DORFMANN Herbert	Rapporteur	ECON	08/09/2023	European Federation of Investors and Financial Services Users

Final act	
Directive 2025/0050 OJ OJ L 10.01.2025	Summary

Delegated acts	
Reference	**Subject**
2026/2578(DEA)	Examination of delegated act

Faster and Safer Relief of Excess Withholding Taxes

2023/0187(CNS) - 26/01/2024 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, following a special legislative procedure (consultation), the report by Herbert DORFMANN (EPP, IT) on the proposal for a Council directive on Faster and Safer Relief of Excess Withholding Taxes.

The committee responsible approved the Commission proposal subject to the following amendments:

Digital tax residence certificate (eTRC)

Member States should provide for an automated process to issue digital tax residence certificates (eTRC) to a person deemed resident in their jurisdiction for tax purposes. Members stated that Member States should issue the eTRC based on the available information within **three working days** from submission of a request. The eTRC should include information on the double tax treaty.

If more than five working days are required to verify the tax residency of a specific taxpayer, the Member State should inform the person requesting the certificate of the additional time needed and the reasons for the delay that, in any case, should be **no longer than five working days**.

Certified financial intermediary

Member States should:

- ensure that a financial intermediary is **registered** in their national register of certified financial intermediaries within two months from submission of a request;

- inform all other Member States about rejections of registration as soon as possible;

- update their national registers to reflect the status of financial intermediaries no longer holding certification;

- take the necessary measures to require certified financial intermediaries in their national register to report to the competent authority the information referred to in Annex II as soon as possible within a maximum of **20 calendar days** after the record date;

- provide that certified financial intermediaries do not need to report information referred to in Annex II, heading E, if the total dividend paid to the registered owner on the owner's shareholding in a company does not exceed **EUR 1500**;

- require certified financial intermediaries in their national register to keep the documentation supporting the information reported for six years.

Request for relief at source or quick refund

Member States should take the necessary measures to ensure that certified financial intermediaries requesting relief on behalf of a registered owner verify the risks of **residence and citizenship by investment schemes** that present a potentially high risk.

Quick refund system

Member States should process a refund request made in accordance with the directive within 25 calendar days from the date of such request. They should apply interest on the amount of such refund for each day of delay after the 25th day, unless the Member State has reasonable doubts on the legitimacy of the refund request.

Member States may reject a refund request if any verification procedure or tax audit, based on risk assessment criteria and according to the national legislation, is initiated.

Monitoring and exchange in information

To ensure the integrity of the internal market the European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA) should regularly monitor the risk for ***cum-cum and cum-ex*** in the Union.

Member States should introduce coordinated cooperation and mutual assistance between national competent authorities, tax authorities and other law enforcement bodies, such as the European Public Prosecutor's Office (EPPO) to **detect and prosecute illegal withholding tax reclaim schemes**.

Evaluation

The Commission should examine and evaluate the functioning of this Directive, after national rules transposing the Directive come into effect, every five years. A report on the evaluation of the Directive and on the applicable rules to withholding taxes in the Member States, including on a potential need to amend specific provisions of this Directive, will be submitted to the European Parliament and the Council by December 2031 and every 5 years.

In the evaluation report, the Commission should:

- examine further possible measures to facilitate self-processed withholding tax claims for small investors who engage directly with tax authorities without the intermediation of certified financial intermediaries;

- assess how the procedures for withholding tax relief can be further simplified for **retail investors**;

- conduct a comprehensive analysis of the development of the service fees financial intermediaries charge registered owners for the implementation of the quick refund procedure and the relief at source procedure;

- examine whether a relief at source system could be envisaged as a procedure **for all Member States**; and introduce further measures to facilitate such a system for small and medium-sized enterprises;

- examine whether Member States are still impacted by or prone to dividend arbitrage and dividend stripping schemes such as the cum-ex and cum-cum schemes and whether existing measures within the field of withholding taxes are sufficient to combat tax fraud, tax evasion and tax avoidance;

- consider further measures, if necessary, to ensure that all dividends, interest, capital gains, royalty payments, professional service payments and relevant contract payments generated in the Union are taxed at least once at an effective rate;

- examine the potential of **distribution ledger systems** or other technological tools to render the system more efficient and fraud proof through better identification of the beneficial owner;

- examine possible measures to digitalise relief and refund processes, and claims;

- assess the acceptance of **electronic or digital signatures** and use of e-ID to facilitate the verification process for individual investors.

Where appropriate, the evaluation report should be accompanied by a legislative proposal.

Faster and Safer Relief of Excess Withholding Taxes

2023/0187(CNS) - 10/01/2025 - Final act

PURPOSE: to make withholding tax procedures in the EU more efficient and secure for investors, financial intermediaries, such as banks or investment platforms.

LEGISLATIVE ACT: Council Directive (EU) 2025/50 on faster and safer relief of excess withholding taxes.

CONTENT: to ensure the proper functioning of the Capital Markets Union (CMU), it is essential to remove obstacles to cross-border investment, while combating tax evasion and tax abuse. Such obstacles exist, for example, in cases of inefficient and excessively burdensome procedures for relieving

excess withholding tax on dividends or interest income paid to non-resident investors on listed shares or bonds. The current situation has proven to be inadequate in preventing recurrent risks of tax fraud, tax evasion and tax avoidance, as shown by numerous cases of multiple tax reclaim schemes and fraud involving the use of dividend arbitrage or dividend stripping (*Cum/Ex and Cum/Cum*).

The FASTER directive will **make tax relief procedures faster, simpler and, at the same time, safer**. It lays down the following rules concerning:

- the issuance of a digital tax residence certificate by Member States; and

- the procedure to relieve any excess withholding tax that can be levied by a Member State on dividends from publicly traded shares and, where applicable, on interest from publicly traded bonds paid to registered owners that are resident for tax purposes outside that Member State.

Common tax residence certificate

The directive will introduce a common EU digital tax residence certificate (eTRC) that tax paying investors would be able to use in order to benefit from the fast-track procedures to obtain relief from withholding taxes.

Member states will provide an **automated process** to issue digital tax residence certificates (eTRC) to a natural person or entity deemed resident in their jurisdiction for tax purposes. Member States will issue the eTRC, based on the information of which the issuing authority has knowledge on the date of issuance, within 14 calendar days of the submission of a request.

Member States will recognise an eTRC issued by another Member State as proof of tax residence of a taxpayer in that other Member State.

Fastrack procedures

The Directive allows Member States to have two fast-track procedures complementing the existing standard refund procedure for withholding taxes. This will make relief and refund processes faster and more closely harmonised across the EU.

Member States should use one or both of the following systems:

- a **"relief-at-source"** procedure where the relevant tax rate is applied at the time of payment of dividends or interest

- a **"quick refund"** system where the reimbursement of overpaid withholding tax is granted within a set deadline.

Member states will have an option to maintain their current procedures, and not apply Chapter III of the directive, if: (i) they provide a comprehensive relief-at-source system applicable to the excess withholding tax on dividends paid for publicly traded shares issued by a resident in their jurisdiction and (ii) their market capitalisation ratio is below a threshold of 1.5%. Nevertheless, if this ratio is exceeded for four consecutive years, all rules foreseen by the directive will become irrevocably applicable. In such cases Member States will have five years to transpose the rules of the directive into national law.

Standardised information for financial intermediaries

A standardised reporting obligation will provide national tax administrations with the necessary tools to check eligibility for the reduced rate and to detect potential abuse. Certified financial intermediaries will have to report the payment of dividends or interest to the relevant tax administration so that the latter can trace the transaction.

In particular, large EU financial intermediaries will be required to join a **national register of certified financial intermediaries**. This register will also be open to non-EU and smaller EU financial intermediaries on a voluntary basis. A European Certified Financial Intermediary **Portal** will act as a central dedicated website where the national registers will be accessible.

Once registered the financial intermediaries will need to report the necessary information to the relevant tax authorities so that the transaction can be traced.

Under the new rules, certified financial intermediaries requesting relief on behalf of a registered owner will need to carry out due diligence regarding the registered owner's eligibility to benefit from tax relief.

Lastly, Member States will impose penalties where the obligations arising from this Directive are not complied with.

ENTRY INTO FORCE: 30.1.2025.

TRANSPOSITION: no later than 31.12.2028.

APPLICATION: from 1.1.2030.

Faster and Safer Relief of Excess Withholding Taxes

2023/0187(CNS) - 30/05/2024 - Amended legislative proposal for reconsultation

The Council reached an agreement (general approach) on safer and faster procedures to obtain double taxation relief, which will help boost cross-border investment and help fight tax abuse. This initiative aims to make withholding tax procedures in the EU safer and more efficient for cross-border investors, national tax authorities and financial intermediaries, such as banks or investment platforms.

As a result of the changes made to the directive by the Council during the negotiations, the European Parliament is once again being consulted on the approved text.

Subject matter

The proposed directive lays down rules on the issuance of a digital tax residence certificate by Member States and the procedure to relieve any excess withholding tax that can be withheld by a Member State on dividends from publicly traded shares and, where applicable, interest from publicly traded bonds paid to registered owners who are resident for tax purposes outside that Member State.

Common tax residence certificate (eTRC)

The directive will introduce a common EU digital tax residence certificate (eTRC) that tax paying investors would be able to use in order to benefit from the fast-track procedures to obtain relief from withholding taxes. Member States will provide an **automated process** to issue digital tax residence certificates (eTRC) to a natural person or entity deemed resident in their jurisdiction for tax purposes.

Member States will issue the eTRC, based on the information of which the issuing authority has knowledge on the date of issuance, within 14 calendar days from submission of a request.

Standardised reporting for financial intermediaries

The directive will set a **standardised reporting obligation** for financial intermediaries (like banks or investment platforms). Member States will establish national registers where large (and optionally smaller) financial intermediaries will have to register to be certified. To simplify this registration procedure, the Council agreed to create a European Certified Financial Intermediary Portal. The portal will accommodate information exchange between Member States regarding the registration, the rejection, the removal of a financial intermediary or the measures imposed on certified financial intermediaries.

Once registered such financial intermediaries should be required to report information available to them about the dividend or interest payments, if applicable, that they handle.

Under the new rules, certified financial intermediaries requesting relief on behalf of a registered owner will need to carry out due diligence regarding the registered owner's eligibility to benefit from tax relief.

Fast-track procedures

The directive allows Member States to have two fast-track procedures complementing the existing standard refund procedure for withholding taxes.

Member States will have to use one or both of the following systems:

- a **'relief-at-source' procedure** where the relevant tax rate is applied at the time of payment of dividends or interest

- a **'quick refund' system** where the reimbursement of overpaid withholding tax is granted within a set deadline

The Council agreed that Member States must apply the fast-track procedures if they provide relief from excess withholding tax on dividends paid for publicly traded shares.

Member states will have an option to maintain their current procedures, and not apply Chapter III of the Directive, if:

- they provide a comprehensive relief-at-source system applicable to the excess withholding tax on dividends paid for publicly traded shares issued by a resident in their jurisdiction and their market capitalisation ratio is below a threshold of 1.5%. Nevertheless, if this ratio is exceeded for four consecutive years, all rules foreseen by the Directive will become irrevocably applicable. In such cases Member States will have five years to transpose the rules of the Directive into national law;

- they provide relief from excess withholding tax on interest paid for publicly traded bonds.

Lastly, penalties should be imposed by Member States where obligations stemming from this directive are not complied with.

Faster and Safer Relief of Excess Withholding Taxes

2023/0187(CNS) - 14/11/2024 - Text adopted by Parliament after reconsultation

The European Parliament adopted by 555 votes to 48, with 42 abstentions, following a special legislative procedure (renewed consultation), a legislative resolution on the draft Council directive on Faster and Safer Relief of Excess Withholding Taxes.

Parliament **approved** the Council draft without amendments.

According to the Council draft, the directive will introduce a **common EU digital tax residence certificate** (eTRC) that tax paying investors would be able to use in order to benefit from the fast-track procedures to obtain relief from withholding taxes. Member States will provide an automated process to issue digital tax residence certificates (eTRC) to a natural person or entity deemed resident in their jurisdiction for tax purposes.

The directive allows Member States to have **two fast-track procedures** complementing the existing standard refund procedure for withholding taxes. Member States will have to use one or both of the following systems:

- a '**relief-at-source**' procedure where the relevant tax rate is applied at the time of payment of dividends or interest;

- a '**quick refund**' system where the reimbursement of overpaid withholding tax is granted within a set deadline.

The Council agreed that Member States must apply the fast-track procedures if they provide relief from excess withholding tax on dividends paid for publicly traded shares.

A key change is the exemption provided to Member States who already have a comprehensive relief-at-source system in place and who have a relatively small financial market, i.e. when their market capitalisation ratio is below a **threshold of 1.5%.**

The Directive further introduces a **reporting obligation** for financial intermediaries, who will have to register in national registers established pursuant to this Directive in order to be able to request the fast-track procedures. In order to simplify the procedure, a **European Certified Financial Intermediary Portal** will be created.

Lastly, the Council agreement extends the original deadline for the entry into force of 1 January 2027, as foreseen by the Commission's proposal, to 1 January 2030.

Faster and Safer Relief of Excess Withholding Taxes

2023/0187(CNS) - 19/06/2023 - Legislative proposal

PURPOSE: to make withholding tax procedures in the EU more efficient and secure for investors, financial intermediaries and Member State tax administrations.

PROPOSED ACT: Council Directive.

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

BACKGROUND: ensuring fair taxation in the internal market and the good functioning of the Capital Markets Union (CMU) are political priorities for the European Union (EU). In this context, removing obstacles to cross-border investment, while combating tax fraud and abuse is critical.

In the EU, investors may be generally obliged to pay tax twice on the income they receive from holding securities (namely dividends on holdings of equities and interest on holdings of bonds) in a cross-border context.

First, taxes may be levied in the country of the issuer of the securities (the source country) in the form of a tax withheld from the gross securities income, (withholding tax (WHT)). Secondly, taxes may be levied in the investor's country of residence (the residence country) in the form of income tax.

To avoid double taxation, many EU Member States have signed **double taxation treaties**, which avoid the same individual or company being taxed twice. These treaties allow a cross-border investor to submit a refund claim for any excess tax paid in another Member State.

The problem is that these **refund procedures** are often lengthy, costly and cumbersome, causing frustration for investors and discouraging cross-border investment within and into the EU. Currently, the withholding tax procedures applied in each Member State are very different. Some Member States have experienced large-scale tax abuse schemes known as **'Cum/Ex' and 'Cum/Cum'**. 'Cum/Ex' schemes work as fraudulent multiple reclaim schemes when entitled to a single reclaim.

In order to strengthen Member States' ability to prevent and fight against potential fraud or abuse, it is necessary to put in place a **common framework for the relief of excess withholding taxes** on cross-border investments in securities that is resilient to a risk of tax fraud or abuse.

CONTENT: the aim of this Commission proposal is to make EU withholding tax procedures more efficient, while strengthening them against the risk of tax fraud and abuse.

In particular, the proposal lays down rules on the issuance of a digital tax residence certificate by Member States and the procedure to relieve any excess withholding tax that can be withheld by a Member State on dividends from publicly traded shares and, where applicable, interest from publicly traded bonds paid to registered owners who are resident for tax purposes outside that Member State.

The following actions intend to make life easier for investors, financial intermediaries and national tax authorities:

A common EU digital tax residence certificate (eTRC) will be introduced by all Member States and will make withholding tax relief procedures faster and more efficient. For example, investors with a diversified portfolio in the EU will need only one digital tax residence certificate to reclaim several refunds during the same calendar year. The digital tax residence certificate should be issued within one working day after the submission of a request. At present, most Member States still rely on paper-based procedures.

Two fast-track procedures complementing the existing standard refund procedure: a 'relief at source' procedure and a 'quick refund' system, which will make the relief process faster and more harmonised across the EU. Member States will be able to choose which one to use – including a combination of both.

- under the 'relief at source' procedure, the tax rate applied at the time of payment of dividends or interest is directly based on the applicable rules of the double taxation treaty provisions;

- under the ‘quick refund’ procedure, the initial payment is made taking into account the withholding tax rate of the Member State where the dividends or interest is paid, but the refund for any overpaid taxes is granted within 50 days from the date of payment.

These standardised procedures are estimated to save investors around EUR 5.17 billion per year.

A standardised reporting obligation will provide national tax administrations with the necessary tools to check eligibility for the reduced rate and to detect potential abuse. Certified financial intermediaries will have to report the payment of dividends or interest to the relevant tax administration so that the latter can trace the transaction. In particular, large EU financial intermediaries will be required to join a **national register** of certified financial intermediaries. This register will also be open to non-EU and smaller EU financial intermediaries on a voluntary basis.

Taxpayers investing in the EU through certified financial intermediaries will benefit from fast-track withholding tax procedures and avoid double taxation on dividend payments. The more financial intermediaries register, the easier it will be for tax authorities to process refund requests, regardless of the procedure used.

Budgetary implications

The main budgetary implications of the initiative for the Commission include implementing the electronic tax residence certificate and establishing the formats and communication channels to be used by financial intermediaries to report to the national tax authorities.

Faster and Safer Relief of Excess Withholding Taxes

2023/0187(CNS) - 28/02/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 541 votes to 36, with 23 abstentions, following a special legislative procedure (consultation), a legislative resolution on the proposal for a Council directive on Faster and Safer Relief of Excess Withholding Taxes.

Parliament approved the Commission proposal subject to the following amendments:

Cum-ex and cum-cum schemes

Parliament stressed that the these schemes both involve reclaims of dividend withholding tax to which the beneficiaries were not entitled and are estimated to have imposed a total cost to taxpayers of about **EUR 55 billion** between 2001 and 2012 in the 11 Member States concerned. The cum-ex and cum-cum schemes have been ruled illegal and should be prosecuted according to national law. The tax administrations should be equipped with tools to deal with refund/relief at source procedures in a secure and timely manner and increase their efforts in providing digitalised, automated and better-coordinated key features.

Digital tax residence certificate (eTRC)

Members stated that Member States should issue the eTRC based on the available information within **three working days** from submission of a request. The eTRC should include information on the double tax treaty. If more than five working days are required to verify the tax residency of a specific taxpayer, the Member State should inform the person requesting the certificate of the additional time needed and the reasons for the delay that, in any case, should be no longer than five working days.

In any case, Member States may prove the residence for tax purposes in their jurisdictions. Member States should take the appropriate measures to require an individual or entity deemed resident in their jurisdiction for tax purposes to inform tax authorities issuing the eTRC about any change that could affect the validity or the content of the eTRC.

Certified financial intermediary

Member States should:

- ensure that a financial intermediary is **registered** in their national register of certified financial intermediaries within two months from submission of a request;

- inform all other Member States about rejections of registration as soon as possible;

- inform without undue delay all other Member States that maintain a national register of the rejection of a certified financial intermediary from their national register, stating the reasons for the rejection;

- update their national registers to reflect the status of financial intermediaries no longer holding certification;

- take the necessary measures to require certified financial intermediaries in their national register to report to the competent authority the information referred to in Annex II as soon as possible within a maximum of 20 calendar days after the record date;

- provide that certified financial intermediaries do not need to report information referred to in Annex II, heading E, if the total dividend paid to the registered owner on the owner’s shareholding in a company does not exceed EUR 1500;

- require certified financial intermediaries in their national register to keep the documentation supporting the information reported for **six years**.

Request for relief at source or quick refund

Member States should take the necessary measures to ensure that certified financial intermediaries requesting relief on behalf of a registered owner verify the risks of **residence and citizenship by investment schemes** that present a potentially high risk.

Quick refund system

Member States should process a refund request made in accordance with the directive within 25 calendar days from the date of such request. They should apply interest on the amount of such refund for each day of delay after the 25th day, unless the Member State has reasonable doubts on the legitimacy of the refund request.

Member States may reject a refund request if any verification procedure or tax audit, based on risk assessment criteria and according to the national legislation, is initiated.

Monitoring and exchange in information

To ensure the integrity of the internal market the European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA) should regularly monitor the risk for cum-cum and cum-ex in the Union.

Member States should introduce coordinated cooperation and mutual assistance between national competent authorities, tax authorities and other law enforcement bodies, such as the European Public Prosecutor's Office (EPPO) to **detect and prosecute** illegal withholding tax reclaim schemes.

Evaluation

A report on the evaluation of the Directive and on the applicable rules to withholding taxes in the Member States, including on a potential need to amend specific provisions of this Directive, will be submitted to the European Parliament and the Council by December 2031 and every 5 years.

In the evaluation report, the Commission should:

- examine further possible measures to facilitate **self-processed** withholding tax claims for small investors who engage directly with tax authorities without the intermediation of certified financial intermediaries;

- assess how the procedures for withholding tax relief can be further simplified for **retail investors**;

- examine whether a relief at source system could be envisaged as a procedure for **all Member States**; and introduce further measures to facilitate such a system for small and medium-sized enterprises;

- examine whether Member States are still impacted by or prone to dividend arbitrage and dividend stripping schemes such as **the cum-ex and cum-cum schemes** and whether existing measures within the field of withholding taxes are sufficient to combat tax fraud, tax evasion and tax avoidance;

- consider further measures, if necessary, to ensure that all dividends, interest, capital gains, royalty payments, professional service payments and relevant contract payments generated in the Union are taxed at least once at an effective rate;

- examine the potential of **distribution ledger systems** or other technological tools to render the system more efficient and fraud proof through better identification of the beneficial owner;

- examine possible measures to **digitalise** relief and refund processes, and claims;

- assess the acceptance of **electronic or digital signatures** and use of e-ID to facilitate the verification process for individual investors.

Where appropriate, the evaluation report should be accompanied by a legislative proposal.

Faster and Safer Relief of Excess Withholding Taxes

2023/0187(CNS) - 22/10/2024 - Committee final report tabled for plenary, reconsultation

The Committee on Economic and Monetary Affairs adopted, following a special legislative procedure (consultation), the report by Herbert DORFMANN (EPP, IT) on the draft Council directive on Faster and Safer Relief of Excess Withholding Taxes.

The committee recommended that Parliament should approve the Commission proposal without amendments.

According to the agreed text by the Council, the directive will introduce a **common EU digital tax residence certificate** (eTRC) and **two fast-track procedures** complementing the existing standard refund procedure for withholding taxes, as proposed by the Commission. However, the deadlines for the issuance of the eTRC and the quick refund system have been prolonged.

A key change is the exemption provided to Member States who already have a comprehensive relief-at-source system in place and who have a relatively small financial market, i.e. when their market capitalisation ratio is below a threshold of 1.5%.

The Directive further introduces a reporting obligation for financial intermediaries, who will have to register in national registers established pursuant to this Directive in order to be able to request the fast-track procedures. In order to simplify the procedure, a European Certified Financial Intermediary Portal will be created.

Lastly, the Council agreement extends the original deadline for the entry into force of 1 January 2027, as foreseen by the Commission's proposal, to 1 January 2030.