



## Taxation of income from savings: Luxembourg calls upon the Commission to speed up its negotiations with the third party countries

During the forthcoming Ecofin meeting on 15 November 2013, the taxation of savings will once again be on the agenda. The plan is to secure the consent of all Member States of the European Union to adopt an extension to the scope of the “taxation of income from savings” directive. Luxembourg is surprised that this point features on the agenda of the meeting of the Ministers of Finance, in spite of the lack of any indication provided prior to this meeting concerning the state of the negotiations conducted by the European Commission with the third party countries, including Switzerland. Indeed, in its conclusions of May 2013, the European Council stated that the negotiations with these third party countries “*will begin as soon as possible to ensure that these countries continue to apply measures equivalent to those in the EU. In the light of this, and noting the consensus on the scope of the revised Directive on the taxation of savings income, the European Council called for its adoption before the end of the year*”.

This link established by the European Council is important; for the automatic exchange of information within the EU must inevitably be accompanied by the introduction of equivalent measures in the third party countries. Thus, on 6 September 2013, the G20 reiterated its commitment to the fact that the automatic exchange of information should become the international standard for tax purposes, applicable to all. This is what Luc Frieden, Luxembourg’s Finance Minister had explained a few months earlier in April 2013 in Dublin, during the informal meeting of the Ministers of Finance of the EU, when he announced that Luxembourg would switch to the automatic exchange of information for the taxation of income from savings within the EU by 2015: **that any step towards more exchange of information had to be accompanied by an enhanced “level playing field”**.

Since April 2013, Luxembourg has taken three concrete actions illustrating its determination to make progress: (1) a decision to implement like its EU partners the automatic exchange of information on interest payments from 2015; (2) a commitment to promoting the automatic exchange as a global standard by the signature in May 2013 of the multilateral convention of the OECD; and (3) a commitment to a “level playing field” by requesting that the adoption of the new scope of the “taxation of income from savings” directive be linked to the introduction of equivalent measures in the other third party countries and, in particular, in Switzerland.

Today, Luxembourg notes, however, that the discussions conducted with the third party countries have not yet yielded results that would suffice to meet the circumstances defined by the European Council for the adoption of the new scope of the “taxation of income from savings” directive. In this situation, Luxembourg wishes to emphasise once more the importance of ensuring that the same standard is applied by all the major financial centres in order to avoid a flight of capital out of the EU and preserve the EU’s capacity to invest in order to bolster the economy and growth.

Luxembourg calls upon the Commission to speed up its negotiations with the third party countries so as to be able to progress with the revision of the “taxation of income from savings” directive.

Ministry of Finance, Luxembourg, 14 november 2013