



**COUNCIL OF
THE EUROPEAN UNION**

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"A" ITEM NOTE

From: General Secretariat of the Council
To: Council

Subject: Council Directive amending Directive 2003/48/EC on taxation of savings
income in the form of interest payments
- Adoption of the legislative act **(LA)**

1. The European Council conclusions of 19-20 December 2013 and 20-21 March 2014 called for an adoption of the amended Savings Directive by the end of March 2014¹.
2. The text of the Savings Directive was agreed at experts' level under previous Presidencies. It was submitted repeatedly to ECOFIN, where political agreement could not yet be reached.

¹ EUCO 217/13, paragraph 27.

3. Important new international developments have confirmed the global trend towards automatic exchange of information in the area of taxation, such as the US Foreign Account Tax Compliance Act (FATCA), the development within the OECD of a global standard of automatic exchange of information for tax purposes and the commitment of the majority of EU Member States to adopt early this new global standard within a certain timeline.
4. In May 2013 the Council mandated the Commission to negotiate agreements with five third countries (Switzerland, Liechtenstein, Monaco, Andorra, San Marino) on the basis of the text of the amended EU Savings Directive.
5. The Savings Directive was again submitted for discussion at the ECOFIN Council on 11 March 2014. Commissioner Šemeta circulated in advance a report in the form of a letter to the Presidency and Ministers reflecting the state of play of negotiations with the five third countries and confirming their willingness to discuss on the basis of 'automatic exchange of information'. The Ministers agreed that, once the European Council has politically endorsed it on 20-21 March 2014, the formal adoption of the Directive would take place at the Council formation meeting following the European Council. Coreper on 12 March 2014 discussed the follow-up after ECOFIN.
6. On 20-21 March 2014, the European Council adopted the following conclusions²:

"4. The European Council welcomes the Commission's report on the state of play of negotiations on savings taxation with European third countries (Switzerland, Liechtenstein, Monaco, Andorra and San Marino) and calls on those countries to commit fully to implementing the new single global standard for automatic exchange of information, developed by the OECD and endorsed by the G20, and to the early adopters initiative.

² EUCO 7/1/14 REV 1, paragraph 4.

The European Council calls on the Commission to carry forth the negotiations with those countries swiftly with a view to concluding them by the end of the year, and invites the Commission to report on the state of play at its December meeting. If sufficient progress is not made, the Commission's report should explore possible options to ensure compliance with the new global standard.

In the light of this, the Council will adopt the Directive on taxation of savings income at its next March 2014 meeting.

The European Council invites the Council to ensure that, with the adoption of the Directive on Administrative Cooperation by the end of 2014, EU law is fully aligned with the new global standard."

7. Against this background, and being aware of the significance and effectiveness of this tool in the fight against tax fraud and evasion, the Presidency intends to submit this Directive to the upcoming Council (Agriculture and Fisheries) for adoption as an "A" item.
8. The Council (Agriculture and Fisheries) is therefore invited to adopt, at its meeting on 24 March 2014, the text of the Council Directive amending Directive 2003/48/EC on taxation of savings income in the form of interest payments, as finalised by the Lawyer/Linguists (docs 17162/13 FISC 244 + COR 1), as an "A" item.