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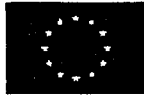
Journalnummer
400.C.2-0

Kontor
EU-sekr.

12. juni 2001

Til underretning for Folketingets Europaudvalg vedlægges i forbindelse med Det Europæiske Råd i Göteborg den 15.-16. juni 2001 formandskabets rapport vedrørende skattepakken, 9548/01.

Den danske version af rapporten fremsendes, så snart den måtte foreligge.



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 7 June 2001

9548/01

LIMITE

FISC 105

REPORT

from: the Presidency
to: the European Council (Göteborg, 15/16 June 2001)
Subject : Tax Package

1. The Nice European Council on 7, 8 and 9 December 2000 asked the Presidency and the Commission to report on all aspects of the tax package to the European Council when it meets in Göteborg.

This report is a response to that remit. It has been prepared in close collaboration with the Commission services.

Taxation of Savings

2. The Commission intends to adopt before the end of June a **modified proposal** for a Directive on taxation of savings income, in line with the Conclusions of the ECOFIN Council on 26 and 27 November 2000. The technical examination of this proposal in the competent Working Party should start as soon as such proposal has been submitted to the Council.

3. According to the Conclusions of the ECOFIN Council on 26 and 27 November 2000 on the tax package, a number of issues related to a technical implementation of the **exchange of information** procedure need to be reviewed in an ad hoc Working Party. The Council agreed that this review should be made in parallel with the discussions with third countries.

Since then, the examination of this issue has been transferred to the Working Party on Tax Questions. Discussions held so far have indicated that Member States converged on the principle that the exchange of information should be electronic and based on a standard format in order to facilitate the matching of information in the recipient country. As a starting point, it was agreed to build on the work already done by the Committee on Fiscal Affairs (CFA) of the OECD. Further work is needed in order to determine how such a standard format could be designed.

4. In line with the Conclusions of the Nice European Council, discussions were initiated with the **United States and other third countries** (Switzerland, Liechtenstein, Monaco, Andorra and San Marino) in order to encourage the adoption of equivalent measures for the taxation of savings. The Member States concerned have undertaken to make the necessary arrangements for the adoption of the same measures as those applicable in the European Union in all **dependent or associated territories** referred to in the Feira Conclusions. At the ECOFIN Council meeting of 5 June 2001, the Presidency and the Commission reported on the discussions initiated with the non-member Countries and the Member States concerned reported on their discussions with their dependent or associated territories.

5. Following the discussions with third countries, the Presidency and the Commission are happy to note that the attitude of these countries is open and constructive in relation to the approach adopted at Community level. The United States expressed that a Community solution based on exchange of information is in line with the principles for taxation of savings applied by the United States. The other third countries declared their willingness to discuss the introduction of measures that could be considered "equivalent" to the EU system.

Given the co-operative spirit shown by the authorities of all these third countries, the Presidency and the Commission are jointly of the opinion that this would justify moving on to a more formal negotiation phase. The Council agreed, at its meeting on 5 June, that the Council, at its meeting in October, should agree on a mandate for negotiations with third countries.

Code of Conduct (Business taxation)

6. According to its programme of work built on the framework and remit provided by the Conclusions of the 26 and 27 November 2000 ECOFIN Council, the Code of Conduct Group has focused its work between February and June 2001 in four areas:
- rollback;
 - standstill;
 - the extension of benefits beyond the end of 2005 for those already benefiting at the end of 2000;
 - transparency and exchange of information in relation to the agreed elements of transfer pricing.
7. At its meeting on 5 June 2001, the Council took note of the Group's report to the ECOFIN Council and approved the work programme on transparency and exchange of information on transfer pricing as set out in Annex 1 to the Group's report. The Council further asked the Code of Conduct Group to take forward its work on standstill and rollback, and report to the Council by the end of the year on the progress achieved.

Interest and Royalties

8. With regard to the proposal for a Directive on the abolition of withholding taxes on interest and royalties between associated companies, the Council at its meeting of 26 and 27 November 2000 already agreed on all outstanding points. The Presidency since then established a revised version of the proposal taking into account the Conclusions of the ECOFIN Council.

Further work

9. According to the Conclusions of the Stockholm European Council, work shall be pursued in line with the Feira and Nice European Council Conclusions to reach an agreement on the tax package as a whole as soon as possible, and no later than by the end of 2002, according to the parallel timetable for the various parts of the package.

A strict timetable setting up the sequence for the forthcoming work will be needed to meet this objective. The timetable will have to take into account the interrelations between, on the one hand, the adoption of the Directive of taxation on savings and the reassurances to be obtained from third countries, and dependent or associated territories, and, on the other hand, between the various parts of the tax package. The ECOFIN Council intends to decide, at its meeting in July 2001, on a parallel timetable for the various parts of the tax package for the forthcoming work in this area until the end of 2002.

10. At its meeting on 5 June 2001, the ECOFIN Council agreed that a High Level Working Party will be established in order to assure the co-ordination of work and to achieve parallel progress on the tax package.

