



Brussels, 25th October 2021

**EACB Comments on the European Commission’s roadmap consultation
“New EU system for the avoidance of double taxation and prevention of tax abuse
in the field of withholding taxes”**

The members of the EACB gladly take the opportunity to comment on the European Commission’s roadmap consultation on the withholding taxes and new EU system to avoid double taxation.

We appreciate the Commission’s efforts to explore possible solutions to the withholding tax relief procedures for cross-border investors, which are currently burdensome and costly, entail double taxation and hamper cross-border investments in the EU.

Of the alternatives mentioned, the EACB Members support the establishment of a standardized EU-wide system for withholding tax relief at source, which is Option 2 of the current EU initiative. Due to the Common Reporting Standard (CRS) for the Automatic Exchange of Information in tax matters, financial institutions need to know anyway whether a customer can claim at-source relief from withholding tax. Furthermore, in addition to the issuers of the security, those obliged to deduct taxes should also be added.

If this option fails to be implemented, EACB would then support improving withholding tax refund procedures to make them more efficient, as stated under Option 1. We believe that faster, more efficient and more transparent procedures can also provide relief. In this respect, withholding tax refund procedures should use standardized forms and should be based on the common definitions and processes throughout the EU. Such single forms, translated in all EU languages, with the single address in each Members State, would allow to swiftly simplify current procedures for refund. We would also welcome the development of digitized processes (such as single electronic form or a single website) in order to speedily facilitate the creation of a standardized and efficient relief at source system.

Incidentally, in its deliberations, the EU should make sure to take into account the experience gained at the OECD level in the Tax Relief and Compliance Enhancement (TRACE) project in order to achieve international compatibility. For instance, with the view to improve the procedures for tax relief for cross-border investors and making refund system more efficient, several measures have been discussed, such as maintaining a central office for such claims, and working towards standardizing such procedures across the European Union and OECD. Moreover, countries should develop consistent “quick refund” procedures pursuant to which withholding agents themselves are permitted to adjust initial over-withholding, rather than requiring investors to make a refund claim to the government in such cases.



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While the Commission refers to a case of abuse of current procedures and cites a large-scale tax fraud known as “Cum/Ex” scheme, it however remains unclear from the Impact Assessment how an introduction of EU system for tax relief at source would prevent such cases which stem from tax loopholes within national law.

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