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EU Finance Ministers agree on extended information exchange mechanism

European Commission – Information Exchange – Swiss harmful tax regimes - CCCTB

On October 14, 2014, EU finance ministers reached agreement on a revised Administrative Cooperation Directive. In a related press release Commissioner Semeta noted Switzerland's commitment to full automatic exchange of information and the Commission's intention to conclude new tax agreements with Switzerland, Andorra, Monaco, Lichtenstein and San Marino before the end of the year. He also noted Switzerland's commitment to removing harmful corporate tax regimes. The Commissioner also expressed the hope that the Italian Presidency would achieve its objective of presenting a compromise text on the Combined Consolidated Corporate Tax Base (CCCTB) by the end of the year.

Revised Administrative Cooperation Directive

The agreement on the revised directive follows last year's announcement by the European Commission to promote automatic information exchange as the EU and international standard by extending the scope of the EU Directive on Administrative

Cooperation to cover automatic information exchange on dividends, capital gains, account balances and other types of financial income. The revised directive is based on a proposed text from the European Commission in June 2013 (see Euro Tax Flash 215) with significant amendments to incorporate the OECD global standard on information exchange. An important difference from the original proposal is the date on which the new rules will come into effect. The original proposal was for the new rules to apply to reportable accounts for taxable periods as from January 1, 2014. Under the agreed proposal this date is understood to be January 1, 2016, except for Luxembourg and Austria that would apply the new rules from January 1, 2017.

In his statement, Commissioner Semeta commented that the EU is now fully aligned with the new global standard of automatic exchange being rolled out by the G20/OECD. In his view the global and EU requirements for operators will now be complementary, resulting in more certainty and fewer costs.

EU Tax Centre Comment

The incorporation of provisions based on the OECD's global standard is not surprising given the concern not to impose multiple reporting obligations on financial operators.

Should you require further assistance in this matter, please contact the EU Tax Centre or, as appropriate, your local KPMG tax advisor.

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