



Plenary sitting

A10-0011/2024

22.10.2024

REPORT

on the draft Council directive on Faster and Safer Relief of Excess Withholding Taxes
(09925/2024 – C10-0002/2024 – 2023/0187(CNS))

Committee on Economic and Monetary Affairs

Rapporteur: Herbert Dorfmann

(Renewed consultation – Rule 86 of the Rules of Procedure)

(Simplified procedure – Rule 52(1) of the Rules of Procedure)

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or ~~strikeout~~. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the draft Council directive on Faster and Safer Relief of Excess Withholding Taxes
(09925/2024 – C10-0002/2024 – 2023/0187(CNS))**

(Special legislative procedure – renewed consultation)

The European Parliament,

- having regard to the Council draft (09925/2024),
 - having regard to the Commission proposal to the Council (COM(2023)0324),
 - having regard to its position of 28 February 2024¹,
 - having regard to Article 115 of the Treaty on the Functioning of the European Union , pursuant to which the Council consulted Parliament again (C10-0002/2024),
 - having regard to Rule 84 and 86 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A10-0011/2024),
1. Approves the Council draft;
 2. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
 3. Asks the Council to consult Parliament again if it intends to substantially amend the text approved by Parliament;
 4. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

¹ Texts adopted, 28.02.2024, P9_TA(2024)0102 (Not yet published in the Official Journal).

EXPLANATORY STATEMENT

On 28 July 2023, the Council consulted the Parliament on a proposal for a Council Directive on Faster and Safer Relief of Excess Withholding Taxes¹.

The Parliament delivered its opinion on 28 February 2024².

On 14 May 2024, the Council reached a general approach on the draft Directive³.

However, given fundamental differences between the 19 June 2023 text of the Commission on which the Parliament was initially consulted and the text unanimously agreed in Council, the latter decided to re-consult the Parliament.

According to the agreed text by the Council, the directive will introduce a common EU digital tax residence certificate (eTRC) and two fast-track procedures complementing the existing standard refund procedure for withholding taxes, as proposed by the Commission. However, the deadlines for the issuance of the eTRC and the quick refund system have been prolonged, making the tax relief ‘less fast’ than originally foreseen by the Commission’s proposal.

A key change is the exemption provided to Member States who already have a comprehensive relief-at-source system in place and who have a relatively small financial market, i.e. when their market capitalisation ratio is below a threshold of 1,5% (as reported by ESMA).

The Directive further introduces a reporting obligation for financial intermediaries, who will have to register in national registers established pursuant to this Directive in order to be able to request the fast-track procedures. The Council agreed to create a European Certified Financial Intermediary Portal to simplify the procedure.

Finally, the Council agreement extends the original deadline for the entry into force of 1 January 2027, as foreseen by the Commission’s proposal, to 1 January 2030.

In its letter requesting re-consultation, the Council is asking the Parliament to deliver its opinion as soon as possible and by 31 January 2024 at the latest. This is because Member States want to start working, together with tax authorities, the Commission and business stakeholders, on implementing acts. These implementing acts should, for instance, lay down standard computerised forms, including the linguistic arrangements, and technical protocols, including security standards, for the EU-wide eTRC.

The text agreed in the Council, although not fully in line with the EP opinion, still introduces a faster tax relief process compared to the current situation. The introduction of an electronic tax residency certificate (eTRC) was supported by the Parliament, Council, and the Commission.

¹ [19.06.2023 COM\(2023\)0324](#) Proposal for a COUNCIL DIRECTIVE on Faster and Safer Relief of Excess Withholding Taxes.

² [European Parliament legislative resolution of 28 February 2024 on the proposal for a Council directive on Faster and Safer Relief of Excess Withholding Taxes](#)

³ Draft Council Directive on Faster and Safer Relief of Excess Withholding Taxes which was agreed at the of the Council (Economic and Financial Affairs) of 14 May 2024 [9925/24](#)

Overall, the deal struck by the Council is not only a step in the right direction towards facilitating cross-border investments and completing the Capital Markets Union (CMU). It also introduces some important measures to detect potential tax fraud or abuse in relation with withholding taxes.

However, it is regrettable that the Council decided to postpone the entry into force until 2030, given the current importance of the completion of the CMU, as recently highlighted by the reports by Mario Draghi and Enrico Letta. In view of legal certainty and citizens' interest to have a faster withholding tax refunding process, the Council should adopt quickly the COM(2023)0324 proposal on Faster and Safer Relief of Excess Withholding Taxes.

Taking into account the time needed to transpose the Directive in Member States' legislation and the political will to speed up its adoption, your rapporteur proposes that Parliament approves the proposal without amendments pursuant to a simplified procedure without amendments (rule 52).

**ANNEX: ENTITIES OR PERSONS
FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

The rapporteur declares under his exclusive responsibility that he did not receive input from any entity or person to be mentioned in this Annex pursuant to Article 8 of Annex I to the Rules of Procedure.

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Faster and Safer Relief of Excess Withholding Taxes
References	09925/2024 – C10-0002/2024 – COM(2023)0324 – C9-0204/2023 – 2023/0187(CNS)
Date Parliament was consulted	28.7.2023
Committee(s) responsible	ECON
Rapporteurs Date appointed	Herbert Dorfmann 12.9.2024
Simplified procedure - date of decision	14.10.2024
Discussed in committee	14.10.2024
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