



European Commission
Directorate-General for
Taxation and Customs Union
Unit D.2 "Direct Tax Policy & Cooperation"
Rue de Spa 3,
B-1049 Brussels

e-mail: TAXUD-D2-Consultation@ec.europa.eu

14 April 2011

Re: DTA/PWE/GCA/MBR

Dear Sir or Madam,

Re: European Commission's Consultation on taxation problems that arise when dividends are distributed across borders to portfolio and individual investors and possible solutions

FEE (the Federation of European Accountants) is pleased to provide you with its comments on the European Commission's Consultation on taxation problems that arise when dividends are distributed across borders to portfolio and individual investors and possible solutions. FEE's ID number on the European Commission's Register of Interest Representatives is 4713568401-18¹.

FEE welcomes the European Commission's consultation on tax problems that arise when dividends are distributed across borders to portfolio and individual investors in the EU and possible solutions.

The consultation outlines seven possible options on how to enhance the current situation where there is an inherent risk of double or multiple taxation of dividends in the hands of receiving shareholders.

Having considered the seven possible options and taking into account that none of them would be the optimum solution (all of them having advantages and disadvantages), we are in favour of option 4: "Application of a general EU-wide reduced rate of withholding tax with information exchange".

¹ FEE is the Fédération des Experts comptables Européens (Federation of European Accountants). It represents 45 professional institutes of accountants and auditors from 33 European countries, including all of the 27 EU Member States. In representing the European accountancy profession, FEE recognises the public interest. It has a combined membership of more than 500.000 professional accountants, working in different capacities in public practice, small and big firms, government and education, who all contribute to a more efficient, transparent and sustainable European economy.

According to the suggested option, taxpayer would have a choice: (i) reduced rate of withholding tax combined with information exchange or (ii) higher tax rate if the taxpayer does not opt for information exchange.

Overall, this option would leave Member States the flexibility to continue levying withholding tax, if any, and only adapt the relevant rate, if necessary. Though we are not convinced that this approach would not mean harmonisation (as outlined in the consultation paper), it appears to be an appropriate measure to approximate laws of the Member States that affect the functioning of the internal market and thus compatible with article 93 of the Treaty on the Functioning of the European Union.

For further information on this letter, please contact Petra Weymüller, FEE Project Manager, at +32 2 285 40 75 or via email at petra.weymuller@fee.be.

Yours sincerely,

A handwritten signature in grey ink, appearing to read 'Philip Johnson', with a long horizontal stroke extending to the right.

Philip Johnson
President