



**COUNCIL OF
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Combating tax fraud: Adoption of directive on strengthened mutual assistance and the exchange of information

The Council today¹ adopted a directive aimed at strengthening administrative cooperation in the field of direct taxation so as to enable the member states to better combat tax evasion and tax fraud.

In the light of greater taxpayer mobility and a growing volume of cross-border transactions, the directive sets out to fulfil the member states' growing need for mutual assistance – especially via the exchange of information – so as to enable them to better assess taxes due.

One of a number of measures implementing the EU's strategy against tax fraud, launched in 2006, the text provides for an overhaul of directive 77/799/EEC, on which administrative cooperation in the field of taxation has been based since 1977.

The directive will ensure that the OECD standard for the exchange of information on request is implemented in the EU. It will thus prevent a member state from refusing to supply information concerning a taxpayer of another member state on the sole grounds that the information is held by a bank or other financial institution. The directive identifies certain details that must be specified in requests for information, namely the identity of the person under investigation and the tax purpose for which the information is sought.

¹ The directive was adopted without discussion at a meeting of the Economic and Financial Affairs Council.

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The directive also sets out a step-by-step approach aimed at ensuring automatic exchange of information for eight categories of income and capital¹. From 2015, member states will communicate automatically information for a maximum of five categories, provided that that information is available. By 1 July 2017, the Commission will provide a report and, if need be, a proposal. The Council will examine that proposal with the aim of removing the condition of availability and extending the number of categories from five to eight.

In addition, the directive will:

- extend cooperation between member states to cover direct taxes of any kind;
- establish time limits for the provision of information on request and other administrative enquiries;
- allow officials of one member state to participate in administrative enquiries on the territory of another member state;
- provide for feedback on the exchange of information;
- provide that information exchange be made using standardised forms, formats and channels of communication.

Adoption of the directive follows an agreement reached at the Council's meeting on 7 December.

The deadline for transposition of the directive into the national laws of the member states is 1 January 2013.

¹ Income from employment, directors' fees, dividends, capital gains, royalties, certain life insurance products, pensions, and ownership of and income from immovable property.