7431/03 (Presse 79)

2497th Council meeting

- ECONOMIC AND FINANCIAL AFFAIRS -

Brussels, 19 March 2003

President : **Mr Nikos CHRISTODOULAKIS**

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- *Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.*
- *The documents whose references are given in the text are available on the Council's Internet site http://ue.eu.int.*
- *Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the above mentioned Council Internet site or may be obtained from the Press Office.*

PARTICIPANTS

The Governments of the Member States and the European Commission are represented as follows:

Belgium:	
Mr Didier REYNDERS	Minister for Finance
Denmark:	
Mr Thor PEDERSEN	Minister for Finance
Germany:	
Mr Hans EICHEL	Federal Minister for Finance
Mr Caio Kai KOCH-WESER	State Secretary, Federal Ministry of Finance
Greece:	
Mr Nikos CHRISTODOULAKIS	Minister for the National Economy and Finance
Spain:	
Mr Rodrigo DE RATO Y FIGAREDO	Second Deputy Prime Minister and Minister for Economic Affairs
Mr Estanislao RODRÍGUEZ-PONGA Y SALAMANCA	State Secretary for Finance
France:	
Mr Pierre SELLAL	Ambassador, Permanent Representative
Ireland:	
Ms Anne ANDERSON	Ambassador, Permanent Representative
Italy:	
Mr Giulio TREMONTI	Minister for the Economy and Finance
Luxembourg:	
Mr Jean-Claude JUNCKER	Prime Minister, Minister for Finance
Mr Luc FRIEDEN	Minister for the Treasury and the Budget
Netherlands:	
Mr Hans HOOGERVORST	Minister for Finance
Mr Steven van EIJCK	State Secretary for Finance
Austria:	
Mr Gregor WOSCHNAGG	Ambassador, Permanent Representative
Portugal:	
Mr Vasco VALDEZ	State Secretary for Tax Affairs
Finland:	
Mr Sauli NIINISTÖ	Minister for Finance
Sweden:	
Mr Gunnar LUND	Minister at the Ministry of Finance, with responsibility for EMU Issues
United Kingdom:	
Mr Nigel SHEINWALD	Ambassador, Permanent Representative

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Commission:	
Mr Frits BOLKESTEIN	Member

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Other participants:	
Mr Johnny ÅKERHOLM	Chairman of the Economic and Financial Committee

ITEMS DEBATED

TAX PACKAGE - PRESIDENCY CONCLUSIONS

Following a deep debate at the Council, the Presidency drew these conclusions:

"1. All delegations but one reached political agreement as follows, and reaffirmed their commitment to formally adopting the Tax Package as soon as possible.

With regards to the Directive on Taxation of savings:

2. All delegations but one agree the present draft Directive as well as to the related draft statements for the minutes of the Council and the draft resolution of the Council and the representatives of the Governments of the Member States meeting within the Council as set out in doc. 7226/03 FISC 36.

3. All delegations but one state that subject to a final scrutiny by the High Level Group the draft agreement with Switzerland as submitted to the Council on 19 March 2003, including the extension of benefits of the parent/subsidiary and interest/royalty directives with a derogation for Spain, constitutes the final offer for an agreement between the EU and this country. The four elements of this agreement relating to the Savings Taxation constitute also the basis for agreements between the European Union and Liechtenstein, Andorra, Monaco and San Marino.

   All delegations but one encourage the Commission to finalise the draft agreement with the aforementioned European third countries as soon as possible.

With regard to the Directive on interest/royalties:

4. All delegations but one agree the present draft Directive as set out in doc. 5926/03 FISC 13 + COR 1 + REV 1 (it) + REV 2 (it) + COR 2 (en, fr), provided that Spain, Portugal and Greece may continue to apply their present withholding tax rates until the application by the Member States of the savings directive and that the transitional periods granted in article 6 take effect from that date. These periods shall be eight years for Portugal and Greece and six years for Spain.

5. All delegations but one and the Commission agree that the benefits of the Interest and Royalty Directive should not accrue to companies that are exempt from tax on income covered by that Directive. All delegations but one invite the Commission to propose any necessary amendments to this Directive in due time.

With regard to the Code of Conduct:

6. All delegations but one agree that the Council will approve the following draft conclusions at the same time as adopting the two aforementioned Directives:

- Welcomes the progress achieved by the Code of Conduct Group (Business Taxation) as set out in its report (7018/1/03 FISC 31 REV 1 (en)).
- Notes that the descriptions in Annex 1 of 14812/02 FISC 299, as updated by the descriptions in Annex A of 7018/1/03 FISC 31 REV 1 (en), form an agreed basis for the evaluation of rollback.
- Notes that the Code Group has considered the proposed revised or replacement measures of Member States and of dependent or associated territories for those listed in Annex C of SN 4901/99 against the established criteria of the Code of Conduct and, as set out in Annex B of 7018/1/03 FISC 31 REV 1 (en), has found that none of these are harmful within the meaning of the Code.
- Agrees that the proposed revised or replacement measures are adequate to achieve rollback of all the harmful features of the 66 measures listed in Annex C of SN 4901/99.

- Agrees to an extension of benefits beyond the end of 2005 as set out in paragraphs 15 and 17 of the Code of Conduct Group's report (7018/1/03 FISC 31 REV 1 (en)) and in paragraph 10 of the Annex to 5566/03 FISC 8.
- Approves the proposals for exchange of publicly available information arising from the Group's work on transparency and exchange of information, as set out in paragraphs 21 and 22 of 8848/02 FISC 129.
- Approves the proposals for exchange of information in individual cases arising from the Groups work on transparency and exchange of information in the area of transfer pricing, as set out in 11077/02 FISC 208.
- Reaffirms its request to the Group to monitor standstill and the implementation of rollback and report to the Council by the end of the year.

7. All delegations but one agree, due to exceptional circumstances, to examine favourably a Belgian request for a Decision under Article 88 (2) third sub-paragraph of the Treaty in relation to the renewal of approvals granted under the Belgian Co-ordination centres regime, and to take the decision as soon as possible."

ENERGY TAXATION

All delegations but one agreed on the Presidency compromise on the proposal for a Directive for the taxation of energy products and electricity.

ANY OTHER BUSINESS

The Council heard a request by the Italian delegation concerning the application of article 88 §2 for milk quotas in Italy.