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## **PRESS STATEMENT**

ELIMINATING TAX OBSTACLES - EUROPEAN COURT OF JUSTICE IN 'DANNER CASE'

### **EFRP WARMLY WELCOMES COURT JUDGEMENT**

EFRP warmly welcomes the European Court of Justice's judgement today in the 'Danner Case' (Case C-136/00).

It constitutes a significant step on the way to establishing pan-European pension funds. Governments will now have to take more care in ensuring that their tax legislation allows payment of occupational pension contributions to a cross border pension fund without discriminatory tax treatment.

In its Report on Pan-European Pension Funds <sup>1</sup>, EFRP argued in favour of non-discriminatory treatment between national and foreign pension institutions in respect of contributions.

Also the European Commission, in its Communication "Elimination of tax obstacles to the cross-border provision of occupational pensions" (COM(2001)214) subscribed to this approach. Moreover, the Commission provided a full legal analysis of Community law concluding that different tax treatment of contributions to occupational pension schemes according to whether they were paid into a national or a foreign scheme was discriminatory and hence contrary to the EC Treaty.

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<sup>1</sup> A European Institution for Occupational Retirement Provision (EIORP) - July 2000

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The Court has now endorsed key aspects of this analysis. The judgment makes the legal basis for launching infringement procedures more secure should Member States seek to continue unjustifiable tax discrimination.

Eliminating such discrimination will not remove all tax obstacles to cross-border membership of pension schemes. However, this is an issue where retaining momentum on several fronts is needed to achieve a breakthrough and the judgement Danner case contributes to this.

The next step in the process of building pan-European pension provision is an early adoption of the pending IORP Directive and the EFRP is working hard to make this happen.

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## **About the EFRP**

*The European Federation for Retirement Provision represents the various national associations of pension funds and similar institutions for pension provision. The EFRP has members in all EU Member States, except for Greece.*

*Its membership at large consists of institutions for occupational (2<sup>nd</sup> pillar) retirement some of them also operating purely individual pension schemes. In some Member States up to 90-95 % of the work force have their occupational pension funded through EFRP membership (e.g., Denmark, Netherlands, Sweden). Whereas in Germany, Spain, Ireland, the United Kingdom 80 % of the occupational pension provision is funded by EFRP members.*

*EFRP members are non-profit making associations.*

*Members and beneficiaries are usually represented in their governance structures; many of them are managed on a paritarian basis between unions/employees and employers.*

*83 million of EU citizens are covered for their occupational pension plan by EFRP Member Associations.*

*The EFRP's aim is to provide Europe with a financing vehicle (pension fund or similar) – not precluding any others catered for by commercial undertakings – that is affordable for large sections of the population and that provides a degree of intra- and inter-generational solidarity. This is feasible if the conditions for investments and the proper prudential framework facilitate this type of collectively organised occupational pension provision.*

*Through its Member Associations EFRP represents € 2.819 billion of assets managed for future occupational pension payments.*

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