

## Withholding tax

PensionsEurope has welcomed the European Commission's recent [Code of Conduct on Withholding Tax](#) that is one of the main deliverables of the EC's Capital Markets Union action plan in the area of taxation. The Code addresses the longstanding problems of long delays and high costs faced by investors seeking to claim withholding tax refunds. The Commission has estimated that the annual cost to investors of withholding tax refund procedures amounts to around 8.4 billion euro.

We hope and believe that the Code can be a remarkable step forward in smoothing withholding tax procedures in Europe. The Code is straightforward, and it contains good practical and concrete guidance. It can deliver small, but very important, improvements in various steps of refund procedures. In the Code, we find it particularly important to encourage using efficient and user-friendly digital withholding tax procedures and efficient internal IT systems. Preferably, Member States start working on a single, pan-European, IT platform to accommodate withholding tax procedures.

In order that the Code will be useful and it will deliver, all EU Member States and national tax authorities should make a strong commitment to the Code and follow it. That should also apply to everyone in each tax authority of the Member States. The Commission should continue being very engaged together with Member States, and it should actively coordinate the work and thoroughly follow up in accordance with Section 11 of the Code. Second, we think that the Commission should establish an expert group consisting of tax experts from industry representatives to follow the developments in line with the Code and to provide further comments and expertise from the industry side.

The Code mainly focuses on improving refund procedures, but it also contains references to relief at source which PensionsEurope has emphasized to be the best practice for pension funds. Ideally, tax relief is granted by means of a relief at source, to reduce operational impact for tax payers and Member States (including double refunds by mistake), but also to prevent any unwarranted delays in receiving such refunds. The Commission and Member States should further work to make it possible.

During the last two years PensionsEurope has had good and constructive dialogue with the EC on withholding tax barriers and we have published two papers on possible solutions. We aim to publish a position paper on removing withholding barriers to cross-border investment beyond Code of Conduct in March 2018.