

MEMO# 14311

January 8, 2002

ADOPTION BY EU PARLIAMENT OF REPORT ON TAX OBSTACLES OF EU OCCUPATIONAL PENSIONS

[14311] January 8, 2002 TO: INTERNATIONAL COMMITTEE No. 4-02 RE: ADOPTION BY EU PARLIAMENT OF REPORT ON TAX OBSTACLES OF EU OCCUPATIONAL PENSIONS On December 13, 2001, the Parliament adopted the report of the Economic and Monetary Affairs Committee (EMAC) on the Commission's communication on eliminating tax obstacles to the cross-border provision of occupational pensions.¹ The Commission's communication is intended to complement the proposed European Union (EU) directive on occupational pensions by addressing the tax aspects of cross-border occupational pensions. A copy of the EMAC report is attached. Parliament generally was supportive of the Commission's communication and welcomed it as a first step to the elimination of tax obstacles to the accumulation, management, and payment of occupational pensions. Parliament makes several specific recommendations to achieve further progress in this area. Recognizing that adopting legislation in this area will be difficult because of the requirement of unanimity among member states in the area of taxation, Parliament suggests that the Commission and the member states find a solution to the problems in cross-border provision of pensions through coordination. Parliament takes the view that member states should work towards: (1) introducing the EET system (Exempt contributions, Exempt investment income and capital gains, and Taxed benefits) throughout the European Union; (2) coordinating the form and extent of taxation; (3) recognizing each other's occupational pension schemes and supervision of these schemes; and (4) facilitating the creation of a pan-European pension fund that would allow employees of a multinational company to belong to the same pension institution regardless of the member state in which they are employed. Moreover, Parliament recommends that the Commission initiate proceedings as soon as possible before the European Court of Justice for cases involving tax discrimination of cross-border pensions and to take other measures, including proposing legislation, if sufficient progress is not being made. Parliament also urges the Commission to develop an automatic exchange of information and assistance with tax collection. Parliament requests that the Commission submit an action plan for the coordination of taxation on pensions. ¹ See Memorandum to International Committee No. 32-01 (Apr. 25, 2001) ² Finally, Parliament seeks confirmation from the Council, the Commission, and the member states of the proposed deadline of December 31, 2003 for the implementation of the directive on occupational pensions. Parliament completed its first reading of the directive in July 2001 and is awaiting resolution of issues in the Council. Jennifer S. Choi Associate Counsel Attachment (in .pdf format)

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