

MEMO# 33833

October 19, 2021

Comments Requested by October 22: Draft Letter to EU Commission on Withholding Tax Initiative

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TO: Global Tax Committee

Tax Committee RE: Comments Requested by October 22: Draft Letter to EU Commission on Withholding Tax Initiative

The EU Commission released an [Inception Impact Assessment](#) in advance of its upcoming proposal on a "new EU-wide common system for the avoidance of double taxation and prevention of tax abuse in the field of withholding taxes." The initiative aims to facilitate cross-border investment and to prevent tax abuse by making withholding tax relief procedures on dividend and/or interest payments for non-resident investors more efficient and by increasing the ability of tax administrations to exchange information.

The roadmap identifies three potential policy options (either separate or combined) that will be considered:

Option 1: Improving withholding tax refund procedures to make them more efficient.

Option 2: Establishment of a fully-fledged common EU relief at source system.

Option 3: Enhancing the existing administrative cooperation framework to verify entitlement to treaty benefits.

The attached draft letter to the Commission states ICI's strong support for a widely applicable, practical, and reliable mechanism for providing investors with appropriate treaty relief. The letter describes the current treaty relief difficulties for collective investment vehicles and the potential benefits of a Treaty Relief and Compliance Enhancement (TRACE)-like regime.

Please provide any comments to the draft letter by **close of business on Friday, October 22nd** to the undersigned at katie.sunderland@ici.org. A broader public consultation on this initiative will follow soon and ICI will provide more detailed comments at that time.

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Assistant General Counsel

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