

**MEMO# 33862**

October 26, 2021

## **ICI Submits Letter to EU Commission on Withholding Tax Initiative**

[33862]

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TO: ICI Members

ICI Global Members

Global Tax Committee

Tax Committee SUBJECTS: International/Global

Tax RE: ICI Submits Letter to EU Commission on Withholding Tax Initiative

ICI submitted the attached letter to the EU Commission regarding the [Inception Impact Assessment](#) on an upcoming proposal for 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 letter 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.

A broader public consultation is expected later this year and a legislative proposal for a Directive has been tentatively scheduled for Q4 2022.

Katie Sunderland

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