

MEMO# 35432

September 12, 2023

FOR YOUR REVIEW: Joint Letter on EU Directive on Withholding Taxes (FASTER)

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TO: Global Tax Committee

Tax Committee RE: FOR YOUR REVIEW: Joint Letter on EU Directive on Withholding Taxes (FASTER)

For your review is a draft joint letter from the ICI and the Investment Association to the European Commission re the recently proposed [Council Directive](#) (known as "FASTER") for improving tax treaty relief on cross-border investments.^[1] The letter focuses on the impact of the FASTER proposal on non-EU collective investment vehicles (CIVs) and their ability to benefit from the FASTER directive or even to continue to avail themselves of existing withholding tax relief mechanisms, including at source relief.

Specifically, the letter recommends the following:

- **Appropriate Proof of Tax Residency.** Specify that certificates of residency in paper form are acceptable to the extent the non-EU investor's home country does not issue digital forms. The standard of what is "appropriate proof of tax residency" should be harmonized across the EU and not set on a Member State-by-Member State basis.
- **Existing Relief At Source Systems and Standard Refund Systems.** Ensure that Member States will still be able to provide non-US CIVs with reduced withholding tax rates under existing procedures, including at-source relief.
- **Certified Financial Intermediaries (CFI) Due Diligence and Financial Arrangements.** Ensure that the due diligence requirements to verify information about holding periods of underlying shares and financial arrangements are workable and harmonized across Member States.

Please provide comments to Katie Sunderland (katie.sunderland@ici.org) or Keith Lawson (lawson@ici.org) by end of the day on Thursday, September 14, 2023.

Katie Sunderland

Notes

[1] See [ICI Memorandum No. 35367](#), "FASTER: EU Directive on Withholding Taxes," dated July 03, 2023.

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