

**MEMO# 35450**

September 27, 2023

# ICI Submits Joint Letter on EU Directive on Withholding Taxes (FASTER)

[35450]

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TO:  
ICI Members  
ICI Global Members  
Global Tax Committee  
Tax Committee

SUBJECTS: International/Global  
Tax RE: ICI Submits Joint Letter on EU Directive on Withholding Taxes (FASTER)

The ICI crafted and submitted the attached letter in coordination with 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.<sup>[1]</sup> The proposed FASTER directive requires unanimous approval by all Member States of the EU Council. If adopted, the proposal would come into force on 1 January 2027.

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.

ICI has shared this letter and our concern regarding appropriate proof of tax residency with the Internal Revenue Service.

Katie Sunderland  
Associate General Counsel

**Notes**

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

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