



**PensionsEurope feedback to the European
Commission on its roadmap on the 'New EU
system for the avoidance of double taxation and
prevention of tax abuse in the field of
withholding taxes'**

October 2021

www.pensionseurope.eu

1. PensionsEurope feedback to the European Commission on its roadmap on the 'New EU system for the avoidance of double taxation and prevention of tax abuse in the field of withholding taxes'

PensionsEurope welcomes the European Commission's roadmap on the new EU system for the avoidance of double taxation and prevention of tax abuse in the field of withholding taxes (WHT). We support the current Commission's mandate call for removing all barriers to the completion of the Capital Markets Union (CMU) – particularly in the field of simplifying taxation. We agree with the important remarks of the Commission on the current challenges with WHT procedures across Europe, and we have explained those challenges and obstacles from pension funds' point of view in PensionsEurope position paper on the withholding tax refund barriers to cross-border investment in the EU¹.

We agree with the objective that a standardised relief at source system becomes the principal mechanism for WHT relief procedures and their streamlining. We have stressed for a long time that the relief at source is the best practice for pension funds. We warmly welcome the action of the Commission 'Action Plan for fair and simple taxation supporting the recovery strategy' to introduce a common, standardised EU-wide system for withholding tax relief at source. However, there are also many other recent WHT proposals which the EC should thoroughly consider.

PensionsEurope has proposed to the Commission to establish an EU tax register of recognised pension institutions in order that Member States can reciprocally and automatically recognise pension institutions. Furthermore, in many countries pension institutions invest cross border via specialised investments funds and/or vehicles to increase the economies of scale, and it is important to ensure a tax-neutral treatment of these investment structures as well.

In PensionsEurope position paper on smoothing WHT procedures beyond Code of Conduct - EU tax register of recognised pension institutions², beyond our tax register proposal, we also proposed developing and using one (standardised) form across the EU to determine whether a pension institution qualifies for tax relief in a respective Member State. Furthermore, the Next CMU High-Level Group proposed in its report³ developing a straightforward EU procedure for repayment of WHT to investors. There are also many other possible improvements including various possibilities and solutions for instance in the field of blockchain and cloud services.

Regarding the suggested policy options in the EC roadmap, we find that the option 2 (establishment of a fully-fledged common EU relief at source system) combined with the option 3 (enhancing the existing administrative cooperation framework to verify entitlement to double tax convention benefits) would be the best solution for both market participants (efficient and low cost) and tax authorities (sufficient

¹ See [PensionsEurope position paper on the withholding tax refund barriers to cross-border investment in the EU](#).

² See [PensionsEurope position paper on smoothing WHT procedures beyond Code of Conduct - EU tax register of recognised pension institutions](#).

³ See [the report of the Next CMU High-Level Group](#).

safeguards to mitigate abuse risks). The option 1 (improving WHT refund procedures to make them more efficient) would be the second-best solution, if there is not enough appetite amongst Member States for the options 2 and 3. In any case, the option 1 is always needed as a last resort if the option 2 does not work in practice for one reason or another.

Finally, PensionsEurope believes that establishing a cross-border investment-friendly tax environment in the EU not only requires removing unfair tax treatment but also introducing tax incentives. The EC's statement that "[...] Tax and other financial incentives, as well as collective bargaining play an important role [...]" in "improving the cost-effectiveness, safety and equitable access to supplementary pension schemes" is still valid and should be considered as well.⁴ Regarding financial incentives, for instance the OECD report 'Financial incentives for funded private pension plans OECD country profiles 2020'⁵ is very helpful. Rather recently also the High-level group of experts on pensions recommended in its final report⁶ (December 2019) that "*Member States should reserve tax and/or financial incentives in both the saving and the pay-out phase for supplementary pensions meeting minimum quality requirements. These incentives should reflect the diversity in characteristics of types of pensions and the related social policy of a Member State*".

⁴ EU White Paper 'An Agenda for Adequate, Safe and Sustainable Pensions' ([COM\(2012\) 55 final](#)).

⁵ See the OECD report '[Financial incentives for funded private pension plans OECD country profiles 2020](#)'.

⁶ See the [report of the High-level group of experts on pensions](#).

About PensionsEurope

PensionsEurope represents national associations of pension funds and similar institutions for workplace and other funded pensions. Some members operate purely individual pension schemes. PensionsEurope has **24 member associations** in 17 EU Member States and 4 other European countries⁷.

PensionsEurope member organisations cover different types of workplace pensions for over **110 million people**. Through its Member Associations PensionsEurope represents more than **€ 4 trillion of assets** managed for future pension payments. In addition, many members of PensionsEurope also cover personal pensions, which are connected with an employment relation.

PensionsEurope also has **22 Corporate and Supporter Members** which are various service providers and stakeholders that work with IORPs.

PensionsEurope has established a **Central & Eastern European Countries Forum (CEEC Forum)** to discuss issues common to pension systems in that region.

PensionsEurope has established a **Multinational Advisory Group (MAG)** which delivers advice on pension issues to PensionsEurope. It provides a collective voice and information sharing for the expertise and opinions of multinationals.

What PensionsEurope stands for

- A regulatory environment encouraging workplace pension membership;
- Ensure that more and more Europeans can benefit from an adequate income in retirement;
- Policies which will enable sufficient contributions and good returns.

Our members offer

- Economies of scale in governance, administration and asset management;
- Risk pooling and often intergenerational risk-sharing;
- Often “not-for-profit” and some/all of the costs are borne by the employer;
- Members of workplace pension schemes often benefit from a contribution paid by the employer;
- Wide-scale coverage due to mandatory participation, sector-wide participation based on collective agreements and soft-compulsion elements such as auto-enrolment;
- Good governance and alignment of interest due to participation of the main stakeholders.

Contact:

PensionsEurope

Montoyerstraat 23 rue Montoyer – 1000 Brussels, Belgium

Tel: +32 (0)2 289 14 14

[*info@pensionseurope.eu*](mailto:info@pensionseurope.eu)

⁷ EU Member States: Austria, Belgium, Bulgaria, Croatia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Portugal, Romania, Spain, Sweden. Non-EU Member States: Iceland, Norway, Switzerland, UK.