

José Manuel Barroso
President of the European Commission

Brussels, 18.11.13
PRES – Ares(2013)3502780

Dear Herman,

Recent Eurobarometer evidence shows that 90% of European citizens continue to see the need for effective action to ensure that companies pay their fair share of taxes.

So David's letter of 14 November provides a very timely reminder of the importance and urgency of making real progress on the anti-abuse and transparency agenda which we agreed at our May meeting.

I will update you and colleagues on the state of play with this work ahead of our December meeting. The Commission will table the last of its proposals – a revision to the Parent-Subsidiary Directive to address double non-taxation of hybrid instruments – by the end of this month.

As the last ECOFIN meeting showed, some of our other proposals are already technically ready for adoption but do not yet have the necessary unanimous support from all Member States. If we are to be able to register concrete results in December, a significant political effort will be needed from Finance Ministers ahead of their next meeting.

That is especially the case for the Savings Tax Directive which has been on the table since 2008. Together with this year's proposal to expand the scope of the Administrative Cooperation Directive, this would ensure that the EU has full automatic exchange of information from the start of 2015 for all forms of income. What better way could there be to demonstrate to our international partners in the OECD our commitment to automatic exchange of information as the effective global norm?

Another key objective of the Commission's Savings Tax proposal is to close loopholes that are currently exploited through trusts and similar structures by ensuring proper reporting about beneficiaries and payments made to them. The Anti-Money Laundering proposal presented earlier this year would also place trustees under an obligation to disclose their status to banks.


Mr Herman VAN ROMPUY
President of the European Council
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Transparency on the beneficial ownership of companies is equally important. We have proposed an obligation for companies to make information on their beneficial owner available to banks and competent authorities. The Commission would also look favourably at central registers, as long as there are adequate guarantees that the information contained in them is reliable and up-to-date, and that they cannot become proxies for due diligence.

In May the European Council set out a clear determination to deliver a significant shift towards more fairness and more openness in corporate taxation. It is now time to get on and adopt the proposals that are on the table.

I am copying this letter to the President of the European Parliament, and the other Members of the European Council.

Yours sincerely,

A handwritten signature in black ink, consisting of a vertical line on the left that curves into a long, sweeping horizontal line that ends in a small hook on the right.

José Manuel BARROSO