

## Additional comments by SSMA to the public consultation: New EU system for the avoidance of double taxation and prevention of tax abuse in the field of withholding taxes

In addition to the answers provided in the form for the public consultation, SSMA would like to make the following remarks.

### **2. For which of the following payments, do you think that the issue of inefficient WHT procedures is relevant**

The most important thing is that dividends from listed companies are part of the WHT procedure. Second in importance are interests related to debt instruments in listed companies. However, institutional investors also invest in unlisted companies and therefore it could be beneficial if the process also includes dividends from, and debt securities in, unlisted companies, if practically possible without prolonging the implementation of a common WHT procedure.

### **4. What are in your view the consequences of the problems encountered with WHT refund procedures?**

Regarding whether there is a high risk that the system is abused, SSMA's view is that it differs among countries within the EU. In some countries the risk is indeed of great importance. But as it is not a big issue in most countries, SSMA believes that it is of medium importance.

### **18. As a financial intermediary, which mechanism would you prefer to have in place across EU to manage the return on your clients' investments in order to remove barriers to cross-border investment?**

The most important thing in SSMA's view is to have, as the main option, a common system for relief at source. Still, it is very important that it is also possible to file for refund, if for some reason the beneficial owner is not able to obtain relief at source. Also, even though we want a common system for relief at source, we are not convinced that the TRACE system is the best option.

### **20. In case the EU initiative consists of simplifying and streamlining the WHT refund procedures, which measures do you think will be more effective to achieve these goals?**

SSMA is positive to standardized and same language form for refund requests across all Member States' tax administrations. We think that this common form should be identical for all member states and available in all member state languages.

As regards a central repository at EU level to store tax residence certificates issued by Member States' tax administrations SSMA finds this to be a good idea in theory. But we are concerned that it raises questions/challenges when it comes to, e.g., GDPR and security, and we believe that there is a risk that such a project will cause major delays in the harmonization work regarding WHT.

As regards a digital passport to attest investors' entitlement to tax treaty benefits, the SSMA is positive to the idea. However, the SSMA is not sure how the commission intends for such a system to work in practice and, therefore, not able to endorse the proposal without more information.

**23. Which payments do you think should be covered under a potential EU relief at source system?**

The most important thing is that dividends from listed companies are part of the WHT procedure. Second in importance, are interests related to debt instruments in listed companies. However, institutional investors also invest in unlisted companies and therefore it could be beneficial if the process also includes dividends from, and interests related to, debt securities in unlisted companies, if practically possible without prolonging the implementation of a common WHT procedure.

**28. What would be the preferred or best way to establish authorized intermediaries in a relief at source system?**

SSMA is of the opinion that the best option would be a combination of the alternatives in the sense that the respective EU-based financial intermediaries should request to be registered as authorized intermediaries based on approval by the national tax authority (not a tax authority in a different member state) where such an approval would be valid in other member states as well, and that the intermediaries that receive an approval by the national tax authority, are registered in a comprehensive public register of authorized intermediaries within the EU, which is kept at EU level.

**29. Do you think that it would be appropriate to broaden the administrative cooperation framework in the EU (based on the Directive on administrative cooperation – DAC) to include the automatic exchange of additional financial information related to the payments received**

To broaden the administrative cooperation framework could be sensible but it is hard to have a strong opinion without knowing more about the details of such a system.

**32. In which countries should the relevant information be reported by the financial intermediary closest to the investor (multiple option are available)?**

The SSMA believes that financial intermediaries only should have to report information to the tax authority in the country where the intermediaries themselves are registered. However, for such a system to work, the SSMA believes that the current system that national tax authorities use to exchange information with other national tax authorities would have to be changed or updated.

**33. According to works at international and EU level in this field, it is relevant to report the following information in order to achieve the goal of ensuring tax treaty benefits entitlement: the identification information and treaty residence status of the beneficial owners of the income paid and the nature and amount of income earned by those investors. Do you agree with this approach?**

SSMA agrees with the approach but would like to emphasize that it is important that the system is structured so that the financial intermediaries only need to turn to their national tax authority. The financial intermediaries at a national level should not have to contact foreign authorities.