

## The EU begins to get tough on savings

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The EU has, [as reported on this blog](#), been considering plans to amend the EU Savings Directive. These plans are, of course, exploratory at this stage but cover changes to ensure:

- 1) The definition of a Paying Agent would include foreign branches of outside the EU who have headquarters within EUSD jurisdiction e.g. the Singapore branch of a UK bank.
- 2) The definition of a beneficial owner encompasses:
  - Private Companies if the ultimate owner(s) are in the EU as shown by a banks 'know your client' procedure;
  - The Settlor of Discretionary Trusts if they are revocable or have settlor reserved powers. Nominee Settlers will not be acceptable.
  - In the case of Foundations the provider of the source of funds, which need not be the founder, will be considered the beneficial owner.
  - All partners in all types of partnership.
- 3) That the definition of interest is broadened to include many products which have been designed to evade the current definition.
- 4) In the case of insurance policies the insurance company will be considered the paying agent and will apply the EUSD as soon as it receives interest. The beneficial owner is the policyholder.
- 5) International pensions will be treated as if they are insurance products except the pension provider is deemed to be the Paying Agent.

These are important changes. They overcome some of the major deficiencies in the EU Savings Directive, including the fact that it does not apply to trusts, private companies and partnerships. It also extends some of the financial products to which it applies, but importantly it does not as yet cover dividends.

None the less, [TJN](#) warmly welcomes these proposals and strongly suggests those with an interest in this issue make clear to their MEPs and others that this is the case.