15/01/2010 Spain scrambling to forge accord on savings tax.

Europolitics reports:

Spanish Finance Minister Elena Salgado is having a series of meetings with her EU counterparts to try to hammer out an accord on a revision of the Savings Tax Directive ahead of a Council meeting, on 19 January. EU finance ministers will convene in Brussels to make up ground lost in December 2009, when Austria and Luxembourg put their foot down over the automatic sharing of savers' bank account information.

Changes to Directive 2003/48/EC were proposed in November 2008 to close loopholes for interest paid via tax-exempt trusts and charities, as well as to include interest payments on life insurance and other complex financial products. The revision is being negotiated alongside anti-fraud agreements with Switzerland, Liechtenstein, Andorra, San Marino and Monaco, as well as two directives on administrative cooperation (COM(2009)29) and tax recovery (COM(2009)28).

Moves to combat tax evasion have intensified since last April's G20 meeting in London, when the Organisation for Economic Cooperation and Development (OECD) published a black list of tax havens, naming and shaming the five non-EU tax centres — alongside Austria, Luxembourg and Belgium — for not following through on promises to sign tax information exchange agreements with at least 12 other countries (the internationally agreed standard).

Austria and Luxembourg — as well as Belgium - have a temporary opt-out under EU savings tax rules, which came into force in 2005, allowing them to continue applying a withholding tax to non-residents' interest payments, rather than swapping bank account data with other countries. But if Liechtenstein and the other four non-EU states agree to exchange information on request — which is part and parcel of the new anti-fraud agreements — it will trigger the end of the EU's transitional period. It means Austria, Belgium and Luxembourg will have to switch to automatic data sharing with other EU member states, while Switzerland and the rest of the non-EU jurisdictions will not. Luxembourg is furiously opposed to mandatory data-sharing if foreign tax shelters are not subject to similar rules, while France is pushing to tighten up standards across *the board.*

Luxembourg's behaviour annoys me intensely. There is only one reason for the European Union Savings Tax Directive: it is designed to stop tax evasion.

In that case it seems to me that Luxembourg is supporting tax evasion.

And that makes me very angry.