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EU and Monaco sign deal on automatic exchange of tax data

On 12 July 2016, the European Union and Monaco signed an agreement aimed at improving tax compliance by private savers.

The agreement will contribute to efforts to **clamp down on tax evasion**, by requiring the EU member states and Monaco to exchange information automatically.

This will allow their tax administrations improved cross-border access to information on the **financial accounts** of each other's residents.

Upgrade

The agreement upgrades a 2004 agreement that ensured that Monaco applied measures equivalent to those in an EU directive on the taxation of savings income. The aim is to extend the automatic exchange of information on financial accounts in order to prevent taxpayers from hiding capital representing income or assets for which tax has not been paid.

The text was signed in Brussels:

on behalf of the EU, by Peter Kažimír, minister for finance of Slovakia and president of the Council;
on behalf of Monaco, by Serge Telle, minister of state.

The signature took place in the presence of Pierre Moscovici, commissioner for economic and financial affairs, taxation and customs, who also signed the document.

The Council adopted a decision on 12 July 2016 to **authorise the signature** on behalf of the EU.

The EU and the OECD

The agreement ensures that Monaco applies strengthened measures that are equivalent to **measures in force in the EU**. However, whereas the 2004 agreement was based on the EU's taxation savings directive, that directive has now been repealed. Directive 2003/48/EC was repealed in November 2015 in order to eliminate an overlap with directive 2014/107/EU, which includes **strengthened provisions** to prevent tax evasion.

The agreement also complies with the automatic exchange of financial account information promoted by a 2014 OECD **global standard**.

The EU signed similar agreements with Switzerland on 27 May 2015, Liechtenstein on 28 October 2015, San Marino on 8 December 2015 and Andorra on 12 February 2016. It approved the conclusion of the agreements with Switzerland and Liechtenstein on 8 December 2015 and San Marino on 16 April 2016.

Coverage

The agreement sets out to limit the opportunities for taxpayers to avoid being reported to the tax authorities by shifting assets. Information to be exchanged concerns not only income such as **interest and dividends**, but also **account balances and proceeds** from the sale of financial assets.

Tax administrations in the member states and in Monaco will be able to:

identify correctly and unequivocally the taxpayers concerned;
administer and **enforce their tax laws** in cross-border situations;

assess the likelihood of tax evasion being perpetrated;
avoid unnecessary further investigations.

The EU and Monaco must now ratify or approve the agreement in time to enable its entry into force. The parties will strive to enable entry into force on **1 January 2017**.

EU- Monaco agreement on the automatic exchange of financial account information
Savings taxation directive repealed
OECD global standard for the automatic exchange of financial account information

Press office - General Secretariat of the Council
Rue de la Loi 175 - B-1048 BRUSSELS - Tel.: +32 (0)2 281 6319
press.office@consilium.europa.eu - www.consilium.europa.eu/press