



Basic information	
2004/0076(CNS) CNS - Consultation procedure Directive	Procedure completed
Common system of taxation: possibility for certain Member States to apply transitional periods Amending Directive 2003/49/EC 1998/0087(CNS) Subject 3.45.04 Company taxation	

Key players				
European Parliament	Committee responsible		Rapporteur	Appointed
	ECON Economic and Monetary Affairs		RANDZIO-PLATH Christa (PSE)	06/04/2004
	Committee for opinion		Rapporteur for opinion	Appointed
	JURI Legal Affairs		The committee decided not to give an opinion.	
Council of the European Union	Council configuration		Meetings	Date
	Justice and Home Affairs (JHA)		2579	2004-04-29
European Commission	Commission DG		Commissioner	
	Taxation and Customs Union			

Key events			
Date	Event	Reference	Summary
01/04/2004	Legislative proposal published	COM(2004)0243 	Summary
06/04/2004	Vote in committee		
06/04/2004	Committee report tabled for plenary, 1st reading/single reading	A5-0276/2004	
19/04/2004	Committee referral announced in Parliament		
21/04/2004	Decision by Parliament	T5-0316/2004	Summary
29/04/2004	Act adopted by Council after consultation of Parliament		
29/04/2004	End of procedure in Parliament		
30/04/2004	Final act published in Official Journal		

Technical information	
Procedure reference	2004/0076(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
	Amending Directive 2003/49/EC 1998/0087(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 094
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/20868

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A5-0276/2004	06/04/2004	
Text adopted by Parliament, 1st reading/single reading		T5-0316/2004 OJ C 104 30.04.2004, p. 0420-0548 E	21/04/2004	Summary
European Commission				
Document type	Reference	Date	Summary	
Legislative proposal	COM(2004)0243 	01/04/2004	Summary	
Other institutions and bodies				
Institution/body	Document type	Reference	Date	Summary
ESC	Economic and Social Committee: opinion, report	CES0660/2004	28/04/2004	

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act
Directive 2004/0076 OJ L 195 02.06.2004, p. 0033-0035 Summary

Common system of taxation: possibility for certain Member States to apply transitional periods

2004/0076(CNS) - 01/04/2004 - Legislative proposal

PURPOSE : to amend Directive 2003/49/EC so as to incorporate transitional periods, relating to the application of the Directive, following requests by the Czech Republic, Latvia, Lithuania, Poland and Slovakia. **CONTENT** : to recall, Directive 2003/49/EC was adopted at the meeting of the "Economic and Financial Affairs" Council on 3 June 2003 as a part of the "Tax Package". Subsequently, on 30 December 2003, the Commission presented a proposal for a Council Directive amending Directive 2003/49/EC. The intentions of that amending proposal were twofold: - to take account of a Council statement made on 3 June 2003 which states that the benefit of the Interest and Royalty Directive should not accrue to companies that are exempt from tax on income covered by that Directive; - to take account of the recent adoption of the European Company (SE) and European Cooperative Society (SCE) statutes and reflect the developments in relation to the inclusion of other new entities in the scope of Council Directive 2003/123/EC and the proposal for amending the Merger Directive. As the Directive was adopted on 3 June 2003, after the signing of the Act of Accession on 16 April 2003, the Directive was not included in Chapter 9 of Annexe II of the Act of Accession. Thus no adaptation, on the basis of Art. 20 of the Act of Accession, was possible. Nevertheless, the Directive constitutes part of the community acquis and therefore applies from the date of accession - 1 May 2004. Since, in its present version, the Directive includes neither the list of companies referred to in Art. 3(a)(i) (reproduced in the Annex to the Directive), nor the relevant taxes of the Acceding States that should be listed in Art. 3(a)(iii), technical adaptations are necessary. For such adaptations, Art. 57 of the Act of Accession provides for a procedure that is regarded as appropriate for the inclusion of the list of relevant taxes and companies in the Acceding States. In May and July 2003, the Acceding States were invited formally to submit their requests for transitional periods. Taking into account their present economic situations, their status as capital importing countries, the ongoing economic transition and their relatively low level of budget revenues, Acceding States might face budgetary difficulties were they required to abolish withholding taxes on interest and royalties payments. At this stage, these countries would not be able to balance the loss of tax revenues, arising from such abolition, by receipts of additional domestic tax on income from interest and royalty payments received by associated companies from abroad, because they are net importers of capital. Therefore, the Commission proposes granting certain transitional arrangements, where these appear to be justified. On this basis, the Commission proposes that, with the exception of Slovakia, which only asked for two years, a transitional period of six years should be granted to all requesting states for the application of the Directive regarding the taxation of payments of royalties; and a transitional period of six years should be granted to Latvia and Lithuania regarding the taxation of payments of interest - it being considered that six years should be sufficient to allow appropriate adjustments to be made. For a period of four years, the rate of tax applied by Latvia and Lithuania, to payments of interest, may not exceed 10% and for the remaining two years, that rate may not exceed 5%. Granting such transitional periods is regarded as going beyond mere technical adaptations under Art. 57 of the Act of Accession, and therefore, it is proposed to provide for the transitional periods by way of a formal amending Directive of the Council.

Common system of taxation: possibility for certain Member States to apply transitional periods

2004/0076(CNS) - 21/04/2004 - Text adopted by Parliament, 1st reading/single reading

The European Parliament has approved the legislative resolution on the proposal for a Council directive amending Directive 2003/49/EC as regards the possibility for certain Member States to apply transitional periods for the application of a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States.

Common system of taxation: possibility for certain Member States to apply transitional periods

2004/0076(CNS) - 29/04/2004 - Final act

PURPOSE : to apply transitional periods for the application of a common system of taxation applicable to interest and royalty payments. **LEGISLATIVE ACT** : Council Directive 2004/76/EC amending Directive 2003/49/EC as regards the possibility for certain Member States to apply transitional periods for the application of a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States. **CONTENT** : the Council adopted a Directive amending Directive 2003/49/EC as regards the possibility for certain Member States (Czech Republic, Greece, Spain, Latvia, Lithuania, Poland, Portugal and Slovakia) to apply transitional periods for the application of a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States. **ENTRY INTO FORCE** : 01/05/2004.