



**COUNCIL OF
THE EUROPEAN UNION**



10737/09 (Presse 168)

PROVISIONAL VERSION

PRESS RELEASE

2948th Council meeting

Economic and Financial Affairs

Luxembourg, 9 June 2009

President

Mr Eduard Janota
Minister for Finance of the Czech Republic

P R E S S

Rue de la Loi 175 B – 1048 BRUSSELS Tel.: +32 (0)2 281 6319 / 6319 Fax: +32 (0)2 281 8026
press.office@consilium.europa.eu <http://www.consilium.europa.eu/Newsroom>

10737/09 (Presse 168)

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Main results of the Council

*The Council approved conclusions on the reform of the EU's **supervisory framework for financial services**, and agreed to submit them to the **European Council** (18 and 19 June) along with certain issues that remain outstanding.*

The conclusions set out the Council's position on a communication from the Commission on European financial supervision, which builds on the recommendations of the De Larosière group. The new framework is aimed at strengthening the supervisory system and rebuilding trust in the financial system following the global financial crisis. It involves the creation of:

- a European Systemic Risk Board to continuously assess the stability of the financial system as a whole. Where necessary, it will issue risk warnings and recommendations to policy makers and supervisors, and monitor their follow-up;*
- three European supervisory authorities, dealing with the banking, insurance and securities industries, working in a network with national supervisors, inter alia in preparing technical standards, ensuring the consistent application of EU law and resolving disputes between national supervisors.*

The Commission has been asked to present legislative proposals with the aim of ensuring that the new supervisory framework will be in place during the course of next year.

*The Council adopted conclusions on the international financing of **climate change** measures, which will also be referred to the European Council, and on the promotion internationally of **good governance** in tax matters.*

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¹ Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks. Documents for which references are given in the text are available on the Council's Internet site (<http://www.consilium.europa.eu>). Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's Internet site or may be obtained from the Press Office.

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PARTICIPANTS

The governments of the Member States and the European Commission were represented as follows:

Belgium:

Mr Jean DE RUYT Permanent Representative

Bulgaria:

Mr Boyko KOTZEV Permanent Representative

Czech Republic:

Mr Eduard JANOTA Minister for Finance
Mr Tomáš ZÍDEK Deputy Minister for Finance, International Relations and
Financial Policy Section

Mr Peter CHRENKO Deputy Minister for Finance, Tax and Customs Section
Ms Klára HÁJKOVÁ Deputy Minister for Finance, Financial Services

Denmark:

Mr Claus Hjort FREDERIKSEN Minister for Finance

Germany:

Mr Peer STEINBRÜCK Federal Minister for Finance

Estonia:

Mr Jürgen LIGI Minister for Finance

Ireland:

Mr Rory MONTGOMERY Permanent Representative

Greece:

Mr Ioannis PAPATHANASIOU Minister of Economic and Finance

Spain:

Ms Elena SALGADO Deputy Prime Minister and Minister for Economy

France:

Ms Christine LAGARDE Minister for Economic Affairs, Finance and Employment

Italy:

Mr Giulio TREMONTI Minister for Economic Affairs and Finance

Cyprus:

Mr Charilaos STAVRAKIS Minister for Finance

Latvia:

Mr Einars REPŠE Minister for Finance

Lithuania:

Mr Algirdas Gediminas ŠEMETA Minister for Finance

Luxembourg:

Mr Luc FRIEDEN Minister for Justice, Minister for the Treasury and the
Budget

Hungary:

Mr Péter OSZKÓ Minister for Finance

Malta:

Mr Tonio FENECH Minister of Finance, Economy and Investment

Netherlands:

Mr Wouter BOS Minister for Finance, Deputy Prime Minister

Austria:

Mr Josef PRÖLL Vice Chancellor and Federal Minister for Finance

Poland:

Mr Jan VINCENT-ROSTOWSKI Minister for Finance

Portugal:

Mr Manuel LOBO ANTUNES Permanent Representative

Romania:

Mr Cosmin COMAN

State Secretary, Ministry of Finance

Slovenia:

Mr Franc KRIŽANIČ

Minister for Finance

Slovakia:

Mr Ján POČIATEK

Minister for Finance

Finland:

Mr Jyrki KATAINEN

Deputy Prime Minister, Minister for Finance

Sweden:

Mr Anders BORG

Minister for Finance

Mr Mats ODELL

Minister for Local Government and Financial Markets

United Kingdom:

Mr Alistair DARLING

Chancellor of the Exchequer

.....
Commission:

Mr Joaquín ALMUNIA

Member

Mr Charlie MCCREEVY

Member

Mr László KOVÁCS

Member

Ms Neelie KROES

Member

.....
Other participants:

Mr Jean-Claude TRICHET

President of the European Central Bank

Mr Philippe MAYSTADT

President of the European Investment Bank

Mr Thomas WIESER

President of the Economic and Financial Committee

Mr Christian KASTROP

Chairman of the Economic Policy Committee

TAXATION

Good governance in tax matters

The Council adopted conclusions to be found in document 10252/4/09 REV 4, as follows:

- "1. The Council takes note of the Commission Communication on promoting good governance in tax matters (9281/09) presented to the Council on 5 May 2009 and, subsequent to its May 2008 Conclusions, recalls the importance of implementing the good governance tax principles of transparency, exchange of information and fair tax competition as a means of ensuring a level playing field and of combating cross border tax fraud and evasion.
2. The Council welcomes the suggestion in this Communication to accelerate the ongoing work on legislative proposals concerning the savings taxation directive (15733/08), the administrative cooperation directive (6035/09) and the recovery directive (6147/09).
3. The Council is committed to further discuss and promote the principle of good governance in the tax area at international level and towards third countries without prejudice to Community and Member States' competences. It recalls the March 2009 European Council joint position that refers in this respect to the fight against tax evasion and the application of appropriate and gradual countermeasures towards uncooperative third country jurisdictions.
4. Recalling the Council Conclusions of 10 February 2009 the Council urges the Commission to swiftly present the negotiating result on the anti-fraud agreement with Liechtenstein. The Council notes the intention of the Commission to present negotiating directives for anti-fraud agreements with Monaco, Andorra, San Marino and Switzerland.
5. The Council welcomes the emerging broad international consensus on the need to enhance administrative cooperation and mutual assistance in the tax area and to apply the OECD standard as regards exchange of information on request (Article 26 paragraphs 4 and 5 OECD Model Convention), i.e. that provision of information can no longer be refused on the sole ground that the information is held by certain financial institutions, or on the sole ground that the requested state has no domestic interest in such information.

6. More specifically, as regards the ongoing review of the savings taxation directive, the Council notes the Presidency progress report. It welcomes the progress made and agrees that circumvention of savings taxation should be prevented and that the functioning of savings taxation should be improved in the framework of an overall agreement in particular by:
- an extension of the scope of the Directive to at least other substantially equivalent income than just interest from savings,
 - the introduction of a look through approach for payments to certain non-EU entities and arrangements and a more systematic application of paying agent upon receipt responsibilities, and
 - a broader use of personal identification numbers and the use of the information on actual tax residence, when available, in identification procedures.

It calls for a rapid continuation of work in order to find constructive solutions to outstanding issues, among others possible options for covering certain insurance products, detailed provisions to ensure the coverage of certain untaxed entities and arrangements within the EU and in the dependent and associated territories as well as questions on further decision making. The work should continue with a view to reaching a balanced political agreement in the autumn of 2009.

The Council also calls on the Commission to open consultations with Switzerland, Liechtenstein, Andorra, Monaco and San Marino on revising their respective agreements on savings taxation with the aim to ensure application of equivalent measures in line with international standards and the improvements agreed at EU level.

The Council encourages Member States with dependent or associated territories to consult with them to apply the same measures in the area of savings taxation as will apply at EU level.

The Council recalls that the issue of the transitional period remains to be addressed in accordance with Article 10 paragraph 2 of Directive 2003/48/EC subject to the conditions set out therein.

7. The Council also welcomes the proposals for the directives on administrative cooperation and recovery, expanding their scope as regards taxes and duties covered, simplifying the exchange of information by means of standardised forms, formats and channels of communication and facilitating recovery by using new or improved instruments. The Council stands ready to examine both proposals further and to continue its efforts in the autumn of 2009 to find solutions to outstanding issues that are fully consistent with the OECD standard (Article 26 OECD Model Convention).

8. The Council invites the future Presidency to report back on progress in the area of good governance in tax matters in the autumn of 2009."

MEETINGS IN THE MARGINS OF THE COUNCIL

The following meetings were held in the margins of the Council:

- ***Eurogroup***

Ministers of the euro area member states attended a meeting of the eurogroup on 8 June.

- ***EIB annual governors' meeting***

Ministers met in their capacity as governors of the European Investment Bank for the EIB's annual governors' meeting.

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Over lunch, ministers discussed preparations for forthcoming G-20 meetings, in particular with regard to reform of the International Monetary Fund and the World Bank.

They also approved updates to the Council's "roadmaps" for ongoing work with regard to:

- the so-called Lamfalussy process for financial services regulation and supervision;
- EU financial stability arrangements;
- actions to be taken in response to recent turbulence on financial markets.

OTHER ITEMS APPROVED

ECONOMIC AND FINANCIAL AFFAIRS

VAT - Tax evasion linked to import*

The Council reached political agreement on a directive tightening the rules for the exemption from value added tax (VAT) upon importation which is currently subject of abuse through fraud ([10430/09](#)).

The new directive forms part of a Commission proposal on two anti-fraud measures linked to cross-border transactions. The second part of the proposed measures concerns joint and several liability on which negotiations continue.

VAT - Technical amendments

The Council agreed on a general approach, pending the European Parliament's opinion in first reading, with a view to incorporating technical amendments into directive 2006/112/EC on the common system of value added tax.

It instructed the Council's preparatory bodies to finalise its decision-making process once the Parliament has delivered its opinion.

Packaged retail investment products - *Council conclusions*

The Council adopted the conclusions set out in document [10496/09](#).

Risk management of credit institutions

The Council decided not to oppose the adoption by the Commission of a directive on technical provisions concerning the risk management of credit institutions.

International accounting standards

The Council decided not to oppose the adoption by the Commission of a regulation concerning certain international accounting standards.

By adopting the regulation, the EU is adopting amendments that the International Accounting Standards Board (IASB) has made to International Accounting Standard 39 and International Financial Reporting Standard 7. The regulation clarifies the effective date and transition measures of the amendments to the two standards issued by the IASB in October 2008.

VAT - Treatment of insurance and financial services

The Council took note of a progress report on two related proposals as regards the value added tax treatment of insurance and financial services ([10219/1/09](#)).

Taxation on interest payments

The Council took note of a progress report on a draft directive concerning taxation on interest payments ([10277/1/09](#)).

Payment services in the EU - Approval of a corrigendum

The Council approved a corrigendum to directive 2007/64/EC, adopted by the Council in October 2007, on payment services in the internal market ([9602/09](#)).

EUROPEAN SECURITY AND DEFENCE POLICY

EU rule of law mission in Kosovo

The Council adopted a joint action amending joint action 2008/124/CFSP¹ on the EU rule of law mission in Kosovo (EULEX KOSOVO), increasing the financial reference amount to cover the mission's expenditure until 14 June 2010, from EUR 205 million to EUR 265 million ([9652/09](#)).

¹ OJ L 42, 16.2.2008, p. 92.

In February 2008, the Council adopted the abovementioned joint action, which applies until 14 June 2010. However, that joint action provided a financial reference amount intended to cover the expenditure related to the mission only until 14 June 2009.

The mission, which is conducted under the EU's European security and defence policy, assists Kosovo authorities, judicial authorities and law enforcement agencies in their progress towards sustainability and accountability and in further developing and strengthening an independent multi-ethnic justice system and multi-ethnic police and customs service, ensuring that these institutions are free from political interference and adhering to internationally recognised standards and European best practices.

For more information see also the EULEX KOSOVO mission website: <http://www.eulex-kosovo.eu/>.

EU exercise programme for the 2010-2014 period

The Council approved a draft EU exercise programme for the 2010 - 2014 period. This programme will be transmitted to NATO for information purposes.

EUROPEAN ECONOMIC AREA

Amendment to the EEA agreement

The Council approved a draft decision, to be adopted by the European Economic Area (EEA) joint committee, amending protocol 30 to the EEA agreement on specific provisions on the organisation of cooperation in the field of statistics ([9872/09](#)).

STATISTICS

Data requirements for the balance of payments, trade in services and foreign investment

The Council decided not to oppose measures proposed by the Commission in a draft Regulation amending regulation 184/2005 on Community statistics concerning the balance of payments, international trade in services and foreign direct investment, as regards the update of data requirements ([7774/09](#)).

Regulation 184/2005 ¹ establishes a common framework for the systematic production of Community statistics in this field. Due to economic and technical developments in the area of balance of payments, it is necessary to regularly update the data requirements and to adapt the level of the breakdown laid down in this regulation.

¹ OJ L 35, 8.2.2005, p. 23.