[38.03.19] Repeal of EU Savings Directive

1. Repeal of the Savings Directive

On 10 November 2015, the Council of the European Union adopted a Directive repealing the Savings Tax Directive (EUSD). As a result of the repeal of the EUSD, Irish paying agents will no longer be required to report interest payment information to Revenue on payments made to individuals resident in another EU Member State under the EUSD. With the exception of Austria, where the repealing Directive will be effective from 1 January 2017, the repeal applies to all EU Member States from 1 January 2016. This means that Austrian paying agents will be required to apply the provisions of the EUSD for a longer period than other Member States but Member States will cease to exchange EUSD information with Austria once exchanges, of information in respect of 2015 interest payments, are complete in 2016.

2. Impact of Repeal on Irish paying agents reporting 2015 Payments

Reporting under the EU Saving Directive is still required in respect of interest payments made in 2015. The final EUSD reports relating to individuals resident in other Member States are due to be filed with Revenue by 31 March 2016.

3. Impact of Repeal on Irish paying agents reporting 2016 Payments

As a result of the repeal, Irish paying agents will no longer be required to report interest payment information relating to individuals resident in other Member States (including Austria) to Revenue under the EU Saving Directive. Instead, reporting of financial information will be under Directive 2014/107/EU for mandatory automatic exchange of information in the field of taxation (DAC2).

Financial Information reporting for non-EU countries will be under the Common Reporting Standard (CRS) developed by the OECD. DAC2 and CRS come into force on 1 January 2016 with the commencement of due diligence procedures by Irish Financial Institutions to identify account holders who are tax resident in other countries.

Reporting to Revenue under DAC2/CRS by Irish Financial Institutions will commence in 2017 when information relating to non-resident account holders and their accounts will be filed with Revenue for exchange with partner jurisdictions.

4. Current position for certain third countries

The EU also has agreements, with Andorra, Liechtenstein, Monaco, San Marino and Switzerland, which provide for measures equivalent to those laid down in the Savings Directive.

The European Council has recently adopted an Amending Protocol to the Agreements between the European Community and San Marino, Liechtenstein and Switzerland and negotiations are ongoing with Andorra and Monaco. The Amending Protocol will align information reporting by these third countries with the requirements on EU Member States under DAC2, with San Marino and Liechtenstein set to exchange information in 2017. Switzerland, Monaco and Andorra will continue to operate the un-amended agreements until the end of 2016.

5. Current position for certain associated and dependent territories of the United Kingdom and the Kingdom of the Netherlands

Ireland will cease the operation of bilateral exchange agreements with Jersey and Guernsey for interest payments on or after 1 January 2016. Paying Agents will no longer be required to report information under these agreements once returns in respect of 2015 are filed with Revenue. Future information exchanges between Ireland and these jurisdictions will take place under CRS, which will be effective from 1 January 2016. Discussions regarding Ireland's remaining bilateral agreements with certain other associated and dependent territories of the United Kingdom and the Kingdom of the Netherlands are ongoing. Revenue will issue notification of new arrangements for reporting for these territories once discussions are finalised.