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17th Meeting of the Franco-German Council of Ministers on 31 March 2015 Joint Communiqué by W. Schäuble and M. Sapin

Christian Kaeser (Siemens AG) · Saturday, May 2nd, 2015

The ministers signed a Supplementary Agreement (SA) amending the French-German Double Taxation Convention. The SA simplifies the taxation for pensioners by attributing the exclusive taxing right for pension payments from statutory social insurance to the resident state of the beneficiary of these payments. In return Germany and France agreed to mutually sustain the other side's fiscal loss resulting from the change in the taxing right. The SA also provides for a compensation of fiscal imbalances caused by the special provision for the taxation of cross border workers. Beyond that, the ministers addressed various other issues in their joint communiqué such as in the area of tax their ongoing commitment to finalizing deliberations on the financial transaction tax dossier.

In more detail, the two ministers demonstrated their support for the first pack issued by the commission to enhance transparency. France and Germany fully welcome this initiative as a first step and now expect quick and concrete results regarding automatic exchange on cross-border rulings as well as transparency on beneficial owners and country by country reporting between tax administrations. They also strongly encourage the Commission to go further and to issue, before the June Ecofin Council, a comprehensive proposal to deal with double non taxation and harmful tax competition.

Very positively they emphasized their strong support for improved arbitration mechanisms accompanying the measures to tackle base erosion and profit shifting. Both sides are working closely together to make sure that arbitration becomes a generally accepted part of tax agreements that effectively prevents double taxation, but does not produce new opportunities for tax avoidance or non-taxation.

This is an important step because if the industrialized countries themselves will not move to more effective tax dispute resolution mechanisms it will be difficult to convince the emerging countries that this is a necessity.

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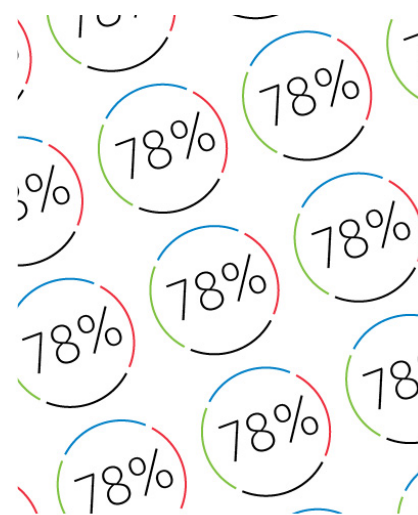
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