

**ISLA, ISDA & AFME Response to EU Tax Omnibus – Call for evidence regarding  
Beneficial Ownership**

**Tax Omnibus Call for evidence: Beneficial ownership**

The International Securities Lending Association (**ISLA**), the International Swaps and Derivatives Association (**ISDA**) and the Association for Financial Markets in Europe (**AFME**) are grateful for the opportunity to respond to the European Commission's Call for Evidence on the Taxation Omnibus highlighting the need for greater harmonisation and simplification with respect to the meaning and application of "beneficial ownership" for tax purposes, particularly in the context of interest and dividends.

Given the alignment between this issue and the objectives of the Tax Omnibus, as well as the overlap with the EU Directives under consideration, we consider it appropriate to submit this letter as part of the Call for Evidence.

As outlined in our joint association response, divergent rules are applied in different Member States with respect to beneficial ownership of an income payment (such as interest or a dividend), as well as different approaches to the date on which this should be tested and this gives rise to a fragmented landscape across the EU. This fragmentation creates unnecessary burdens for taxpayers, introduces barriers to cross-border investment within and into the EU and – as highlighted in the Draghi Report - **adversely impacts the competitiveness of the EU's capital markets**.

Different Member States also impose direct procedural obstacles to asserting beneficial ownership, whether through different documentary requirements or the requirement to track individual company data (such as annual general meeting dates at which dividends are approved) which are not always readily available in the market. Monitoring the divergent administrative approach of different Member States is burdensome for taxpayers and the associations recommend that the approach should be harmonised wherever possible, as described in our submission.

In summary, what the associations are asking for with respect to beneficial ownership falls squarely within the purpose and goals of the Tax Omnibus, namely:

- simplifying EU law and making it more consistent and simpler for taxpayers to understand and apply,
- removing administrative barriers and burdens for taxpayers,
- harmonising certain minimum standards, and
- preventing tax avoidance.

These objectives could be achieved within the mechanisms of the Parent-Subsidiary Directive, the Interest and Royalties Directive and/or the FASTER Directive.

We trust our comments are of assistance and we would be pleased to discuss them in more detail with you.

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