

## EUROPE NEWS

# EU Nears Agreement on Rules Aimed at Curbing Tax Evasion

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BRUSSELS—The European Union on Tuesday closed in on rules aimed at curtailing bank secrecy and tax evasion after the two remaining holdouts—Austria and Luxembourg—signaled that they would be ready to endorse the new law at a summit next week.

The so-called savings-tax directive would require the EU's 28 member states to automatically exchange information on accounts held by their citizens abroad, making it easier to find hidden funds and collect taxes on interest income.

Austria and Luxembourg, which have some of the most secretive banking systems in Europe, have been blocking agreement on the law since 2008. The two countries insisted that they would only agree after other countries often considered tax havens—Switzerland, Liechtenstein, Monaco, Andorra and San Marino—had signed up to the same rules.

On Tuesday, the EU's taxation commissioner, Algirdas Semeta, said those five countries were now all ready "to work toward alignment with the EU when it comes to tax transparency."

"All the conditions are met now to allow you, as finance ministers, to sign on the dotted line," he said.

Austria's Finance Minister Michael Spindelegger had already

told reporters Monday that his country was ready to agree to the information law now. "It's clear that we cannot wait until a deal with third parties is concluded," he said Tuesday.

His Luxembourg counterpart, Pierre Gramegna, wouldn't go quite as far, but indicated that there may be agreement next week, when the leaders of all EU countries meet in Brussels.

"This is such an important change in our policy that it has to be announced and taken by our prime minister," Mr. Gramegna said.

Negotiations in Europe on automatic exchange of information on bank accounts have picked up over the past year, after several prominent cases of tax evasion put governments under pressure to make progress on tax collection as many of them were slashing spending.

However, the biggest push for demanding more transparency came from the U.S., whose Foreign Account Tax Compliance Act, known as Fatca, has forced banks in other countries, including Switzerland, to provide more information to U.S. tax authorities.

"While it is again disappointing that we could not get political agreement on this file today, it is clear that we are very near the finishing line," Mr. Semeta said. "With the EU leaders' endorsement next week, I believe that the savings-tax directive will still be adopted before the end of this month."

