

Council of the European Union adopts FASTER

12 December 2024

In brief

What happened?

On 10 December 2024, the Council of the EU adopted the Faster and Safer Relief of Excess Withholding Taxes (FASTER) Directive. As covered in a recent [tax policy alert](#), the [FASTER Directive](#) seeks to put in place more harmonised procedures for cross-border dividend payments subject to withholding taxes and simplify the system to make the Capital Markets Union (CMU) more attractive to investors. It also aims to address the problems of tax fraud and abuse that can be linked to securities investments.

Member states will have to transpose the Directive into national legislation by 31 December 2028, and the national rules will apply from 1 January 2030. Whilst these timelines might appear to be far into the future, there is the possibility that EU Member States can choose to implement the FASTER requirements earlier than the required timelines under the Directive.

Why is it relevant?

FASTER aims to transform investment processes across the EU, strengthening the CMU and enhancing the fight against tax fraud through:

- Streamlined withholding tax and refund procedures will simplify cross-border investments in listed equities and bonds;
- The introduction of a common EU digital tax residence certificate will provide uniformity; and
- Fast-track mechanisms, such as “relief at source” and “quick refund” systems, will expedite tax relief as well as also promoting “safer” mechanisms in the form of anti-avoidance provisions.

Actions to consider

Businesses (especially those who will play a role in determining the application of withholding taxes to beneficial owners, such as the certified financial intermediaries mentioned in the Directive) should start to prepare for FASTER. The below are examples of what can be done as part of such preparations:

- **Transformation Program Requirements:** Develop a comprehensive transformation program requirements document. This should include system updates, operational adjustments, and stakeholder training to ensure readiness. Detailed regulatory requirements are expected by mid-2025.
- **Exploring Member State Impacts:** Focus on Germany as a case study to understand implementation challenges and opportunities within a complex market environment, leveraging insights to guide strategies for other Member States.
- **Compliance Preparation:** Identify and prioritise key compliance actions, including robust due diligence processes, verification of tax residence, and streamlined withholding tax mechanisms to meet the evolving regulatory landscape effectively.

Let's talk

For a deeper discussion of how FASTER might affect your business, please contact:

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