Completing National Tax Returns

In its judgment of 5 July 2012 (case C-558/10), the European Court of Justice restated two important principles with regard to our tax status, namely:

- The second paragraph of Article 12 (previously Article 13) of the Protocol on the Privileges and Immunities of the European Union precludes any national tax legislation from adding EU remuneration to income from other sources for the purpose of calculating the progressive increase of national taxes based on the total amount of the income from all sources (in the case at hand, a wealth tax). The notion of EU remuneration includes the pensions and allowances on termination of service, paid by the European Union to its officials and other staff, or to its former officials and former staff.

- Moreover, the Court confirmed the interpretation that the administration had given to the Humblet judgment (case 6/60) by expressly clarifying that: "In the interest of legal certainty, it must be held that, given that the income paid by the Union and subject to the Union's own tax cannot be taxed either directly or indirectly by a Member State and given that it is withdrawn from the tax sovereignty of the Member States, a person in receipt of such income is also exempt from any obligation to declare the amount of that income to the authorities of a Member State" (paragraph 30).

Some Member States have recently required from officials or retired officials the disclosure of the amount of their remuneration or pension received from the EU for tax purposes. The Court of Justice declares these practices incompatible with the Protocol.

In conclusion, remunerations, allowances or indemnities paid to EU officials or pensions paid to retired officials do not need to be declared to a Member State for tax purposes.

For more information about the judgment of 5 July 2012, please see the following link:

http://curia.europa.eu/juris/document/document.jsf?text=&docid=124742&pageIndex=0&doclang=EN&mode=doc&dir=&occ=first&part=1&cid=5798101