

Digitalising WHT procedures – overview of the FASTER Directive and the electronic certificate of residence (eTRC)

*IOTA Digital Workshop on Practical Application of Double Taxation Avoidance Conventions:
Tax Residency Issues*

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Agenda

1. Why the directive?
2. FASTER Directive streamlines withholding tax procedures with three building blocks
3. The content of the eTRC is defined in the Directive
4. Technical requirements for eTRC
- Annex I of the Directive

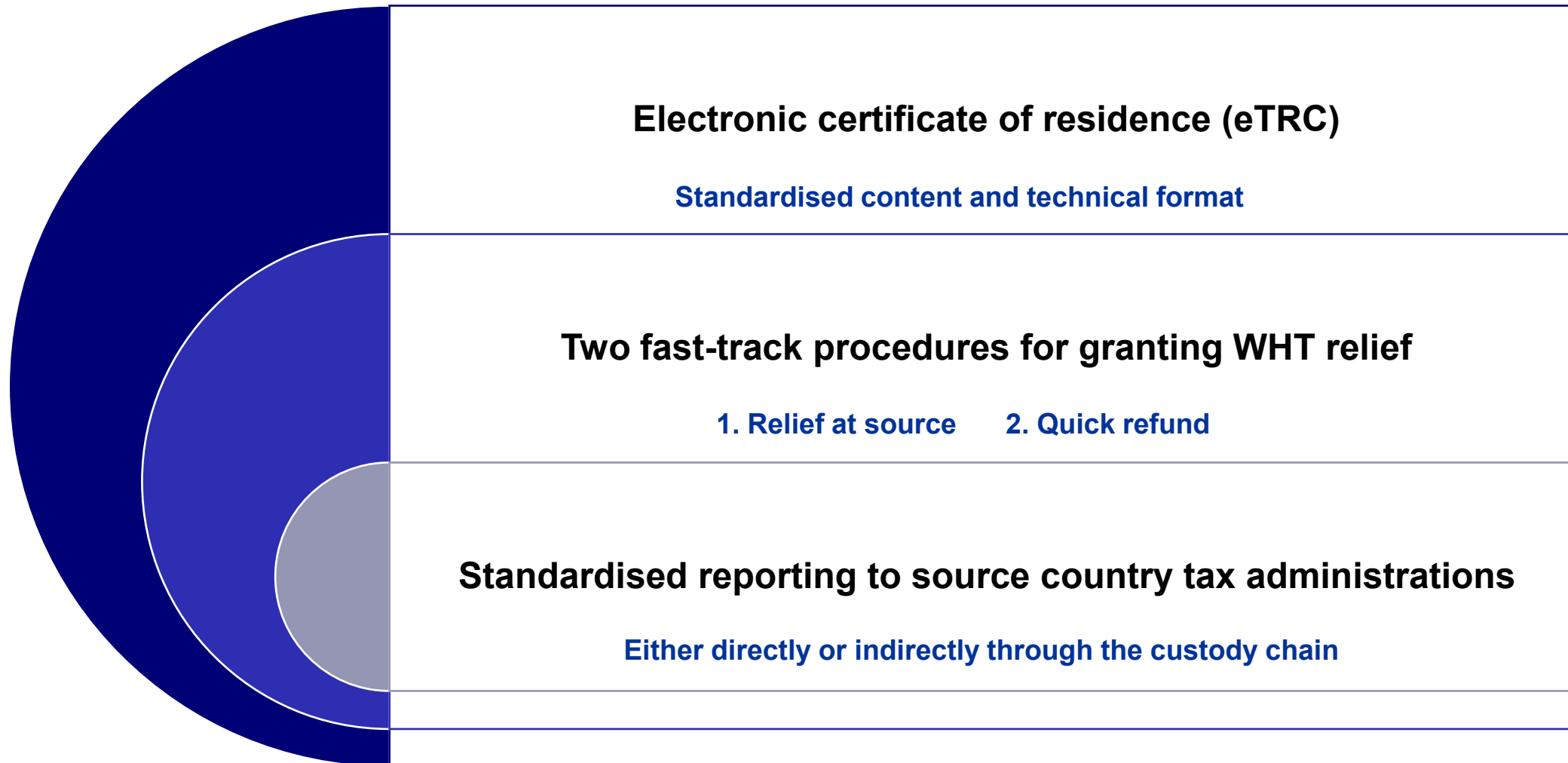


Why the directive?

- Ensuring fair taxation in the internal market and the good functioning of the capital markets union (CMU) are among the key political priorities for the Union
- Standard refund procedures vary from Member State to Member State and the procedures are often inefficient and disproportionately burdensome
- Two main objectives:
 - Removing *obstacles to cross-border investment* (=faster)
 - *Combating tax fraud and tax abuse* (=safer)
- [Council Directive \(EU\) 2025/50 of 10 December 2024 on faster and safer relief of excess withholding taxes \(FASTER Directive\)](#)
- Scope: Withholding tax on dividends from publicly traded shares and, where applicable, on interest from publicly traded bonds paid to registered owners that are resident for tax purposes outside that Member State
- Member states will have to transpose the directive into national legislation by 31 December 2028, and national rules will have to become applicable from 1 January 2030

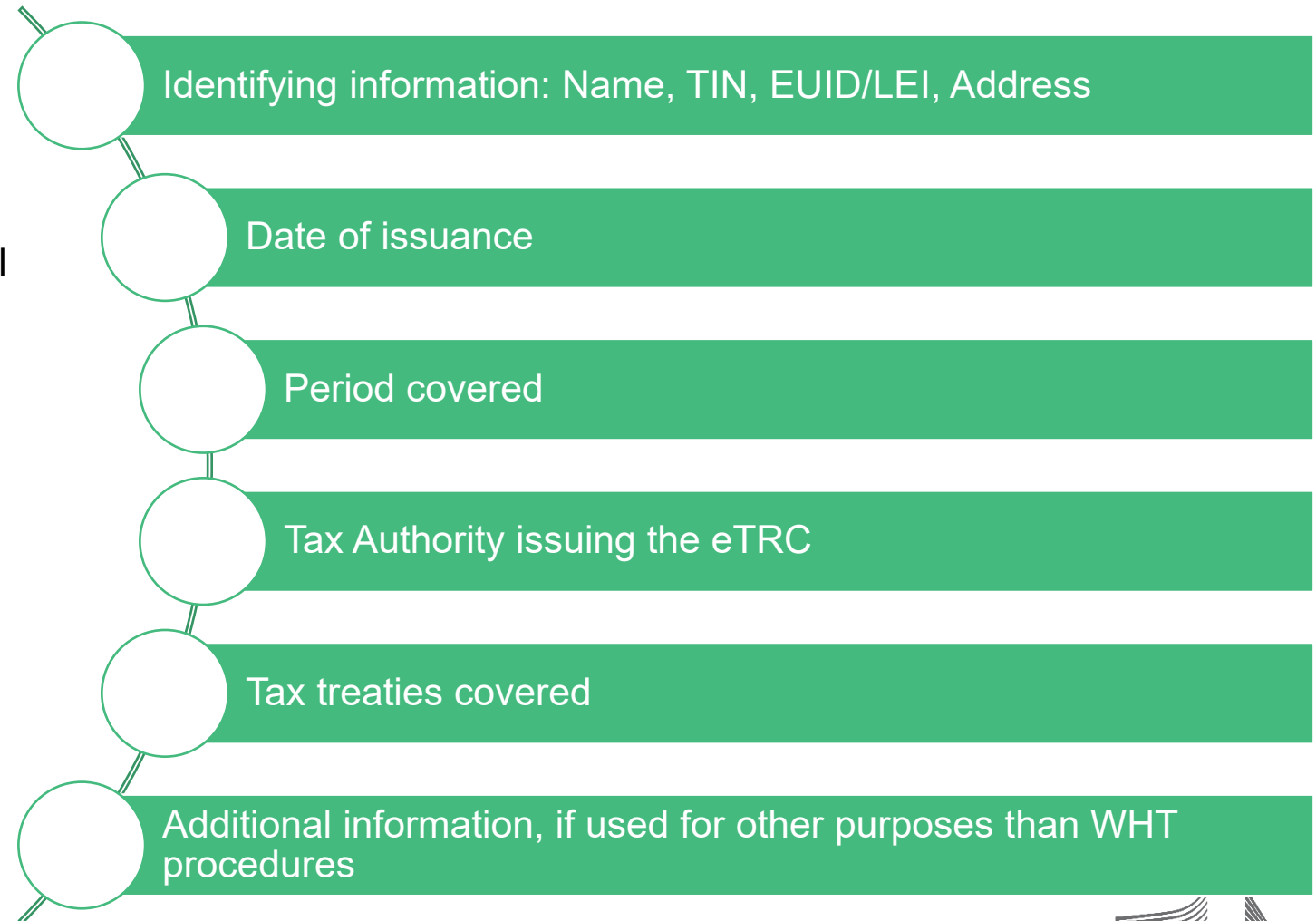


FASTER Directive streamlines withholding tax procedures with three building blocks



The content of the eTRC is defined in the Directive

- The information included in the eTRC is standardised through Article 4 of the FASTER Directive
- eTRC should cover a period that does not exceed the calendar year or the fiscal year for which it is issued, as applicable in the issuing Member State
- Member State should revoke the eTRC, if the Member State issuing the eTRC has evidence that the eTRC is no longer valid
- Member States shall recognise an eTRC issued by another Member State as proof of tax residence
- Source Member States, as well as the Certified Financial Intermediaries, will be able to validate the authenticity and the validity of the eTRC issued by the residency state of the taxpayer



Technical requirements for eTRC - Annex I of the Directive

- 1. The digital tax residence certificate (eTRC) shall:
 - **be issued with an electronic seal** in accordance with Regulation (EU) No 910/2014 of the European Parliament and of the Council (1);
 - offer the possibility of presenting the eTRC in **both human- and machine-readable formats** with PDF documents or similar other formats which can be used in automated systems;
 - be **printable**;
 - **contain an open text box** for inclusion of information under Article 4(2), point (h).
- 2. If the legal and technical requirements in the Union are met, Member States may introduce **a verification process based on the European Digital Identity Wallet**, as referred to in Section 1 of Regulation (EU) No 910/2014, as amended by Regulation (EU) 2024/1183 of the European Parliament and of the Council (2).

The Commission is currently conducting technical studies on eTRC and drafting the implementing act -> the specific technical requirements yet to be decided



A large, white question mark is painted on a dark brick wall. The question mark is the central focus of the image. The bricks are dark and have a rough, weathered texture. The lighting is somewhat uneven, with the top of the question mark appearing brighter than the bottom. The overall tone is somber and contemplative.

Questions?

Thank you



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