

Citizens' summary

Tackling EU cross-border inheritance tax obstacles

WHAT'S THE ISSUE?

- If you inherit or receive a gift of property or other assets located in another EU country or from a person in another EU country, they may be subject to inheritance or gift tax in **2 or more EU countries**.
- At present there are **no comprehensive measures** in place to relieve such double or multiple taxation at any level (national, bilateral, EU).
- Furthermore, EU countries may subject cross-border inheritances or gifts to **harsher tax rules than those applied to local inheritances and gifts**. Although in doing this they may breach EU non-discrimination rules (and can be taken to the European Court of Justice), it is not always clear to citizens when inheritance tax laws are discriminatory.
- These problems may land people (and businesses) who move and operate across borders within the EU with a **very high total tax bill**.

WHAT IS BEING PROPOSED?

- The EU has recommended that its member countries apply their existing national measures to relieve double taxation more broadly and flexibly – so ensuring **comprehensive double taxation relief** for cross-border inheritances and gifts.
- It has also published a set of **principles for non-discriminatory inheritance and gift tax** systems.
- The main principle is that tax applied by an EU country in cross-border situations should be **no higher than if the inheritance/gift was purely local**, and the tax bill when there are several countries involved should be no higher than it would be in the country with the highest inheritance/gift tax.

WHY DOES ACTION HAVE TO BE TAKEN BY THE EU?

- The EU Commission is responsible for addressing problems which affect the operation of the EU market. Double taxation and discrimination of cross-border inheritances are examples of such problems.
- Greater public awareness of how EU laws on non-discrimination and free movement apply to national inheritance/gift tax rules may encourage national governments to adapt their legislation.

WHO WILL BENEFIT AND HOW?

EU citizens, from:

- a more comprehensive system for granting **double taxation relief** on inheritances and gifts across borders
- **greater awareness** of the rules EU countries must respect when taxing inheritances and gifts received across borders

WHAT HAPPENS NEXT?

- The Commission will enter into **discussions with EU governments** to encourage them to change their national laws to this effect as soon as possible.
- It will also monitor how the situation evolves, publish a report in due course and then **take appropriate follow-up steps** if anything further needs to be done.
- The Commission constantly **monitors whether EU non-discrimination rules are being broken**. You can [notify the Commission](#) if you have a complaint about EU countries' inheritance and gift taxation rules.