European Association of Paritarian Institutions of Social Protection

AEIP Press release on the Direct
Tax Omnibus proposal
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AEIP welcomes Tax Omnibus proposal to support pension institutions and the Savings and Investments Union

AEIP welcomes the European Commission's Direct Taxation Omnibus proposal, which aims to simplify EU tax rules, reduce administrative burdens and strengthen the competitiveness of the internal market.

The proposal is particularly relevant for AEIP because it recognises the specific role of pension institutions as long-term investors in Europe's economy. In this context, the proposed amendments to the Parent-Subsidiary Directive would extend withholding tax exemptions on dividends and other profit distributions to pension institutions. The proposal would also remove the current minimum participation threshold and repeal prior authorisation procedures used to verify the conditions for exemption at the time of payment.

This is an important and welcome development. Removing unnecessary withholding tax barriers would help pension funds reduce administrative costs, improve investment efficiency and make European capital markets more attractive for long-term pension investors.

The proposal is also consistent with the objectives of the Savings and Investments Union. If Europe wants to mobilise long-term savings for productive investment, pension institutions must be able to invest across the EU without unnecessary tax frictions.

AEIP also welcomes the proposed adjustments to the FASTER framework to ensure that relief-at-source and quick-refund procedures are available where exemptions are claimed on publicly traded securities. This is essential for pension funds investing through normal custody chains and financial intermediaries.

"Removing withholding tax barriers for pension institutions is not only a tax simplification measure. It is a concrete contribution to increasing pension adequacy, long-term investments and

strengthening the Savings and Investments Union," said Simone Miotto, Executive Director of AEIP. "*The Commission proposal rightly recognises the specific role of pension institutions as long-term investors acting in the interest of members and beneficiaries.*"

At the same time, AEIP is concerned that key provisions concerning the Parent-Subsidiary Directive would apply only from 1 January 2037. Such a long delay would significantly weaken the impact of the reform and postpone its benefits for pension institutions and their members. Further clarification should also ensure that the exemption can effectively apply where pension institutions invest through collective or pooled investment vehicles.

AEIP calls on the Council and the European Parliament to support the Commission's approach, which would help enhance pension adequacy and advance the Savings and Investments Union.

For further information please contact: [Roberto Silvestri, Policy Advisor on Pension & Financial Affairs]