Commission proposes green light for enhanced cooperation on financial transactions tax

The 11 Member States that wish to apply an EU financial transaction tax (FTT) through enhanced cooperation should be allowed to do so, because all the legal conditions for such a move are met. This is the conclusion of the proposal for a Council Decision adopted by the Commission today. Moreover, enhanced cooperation on the FTT would not only bring "immediate, tangible advantages" for those countries that participate, but would also contribute to a better functioning Single Market for the Union as a whole, the proposal states.

President Barroso said: "I am delighted to see that 11 member states have indicated their willingness to participate in a common FTT along the lines of the Commission's original proposal. This tax can raise billions of euros of much-needed revenue for member states in these difficult times. This is about fairness: we need to ensure the costs of the crisis are shared by the financial sector instead of shouldered by ordinary citizens."

Algirdas Šemeta, Commissioner for Taxation, said: "There are EU wide benefits to a common FTT, even if it is not applied EU wide. It will create a stronger, more cohesive Single Market and contribute to a more stable financial sector. Meanwhile, those Member States that have signed up for this tax will have the added bonus of new revenues and fairer tax systems that respond to citizens' demands. I promised an extremely quick response once it was the Commission's turn to act, and that is what we have delivered today. I'd now urge the Parliament and the Council to keep up the pace and quickly give the green light for the willing Member States to move ahead with an EU FTT."

Over the past few weeks, 11 Member States¹ have sent official requests to the Commission for enhanced cooperation on an FTT. They all cited the Commission's proposal for an FTT as the basis upon which they wished to proceed (see IP/11/1085). Once the minimum required number of Member States had signed up, the Commission immediately set about analysing these requests to ensure they met the conditions for enhanced cooperation laid down in the Treaties. It did this with full impartiality, looking at the impact on participating and non-participating Member States, as well as on the EU as a whole. This meant checking, for example, that enhanced cooperation in this area would further the objectives and interests of the EU, would not undermine the Single Market, and would respect the rights, competences and obligations of non-participating Member States (see Memo/12/799 for full description of conditions). In addition, any Member State that wishes to join at a later stage may do so, under the same conditions as the Member States that have participated from the beginning. The Commission has concluded, through today's Decision, that all legal conditions are met and that the Member States that want to move ahead with an EU FTT should be allowed to do so.

¹ DE, FR, AU, BE, PT, SI, EE, EL, IT, ESP, SK
Today’s proposal outlines how a common FTT applied by a core group of Member States would be both timely and beneficial. Firstly, it would reinforce the Single Market, by reducing the complexities and competitive distortions that arise from a patchwork of different national approaches. Businesses across all 27 Member States would benefit from reduced compliance costs and greater legal certainty if a uniform system was applied by a significant portion of the EU market. Secondly, the FTT would ensure a fairer contribution from the financial sector to the public purse. It would create a more level playing field between the financial sector and other sectors in covering the costs of the crisis. Finally, a common FTT would make financial markets more efficient, by steering them away from casino-type trading to more stable activities which support the real economy.

**Next Steps**

Today’s proposal for a Council Decision is an important procedural step in the enhanced cooperation process. It must be adopted by a qualified majority of Member States, and receive the Parliament's consent, in order for the [11] Member States to move forward. Later in the year, the Commission intends to table the substantive proposal on the harmonised FTT, for discussion and adoption by the participating Member States. That proposal will be very much along the lines of the original FTT proposal tabled by the Commission in September 2011, as requested by the Member States in their letters. However, the Commission will carefully examine whether some adjustments are required to reflect the smaller number of Member States that would be applying it.

**Background**

In September 2011, the Commission tabled a proposal for a common system of financial transactions tax, with the objective of improving the functioning of the internal market in this area. In addition, it was estimated that the harmonised tax would deliver €57 billion in revenues each year, and thereby ensure a fair contribution from the financial sector to public finances, contribute to more responsible trading and enable a coherent approach to taxing this sector in the Single Market.

Following intense discussions on this file, there was consensus at the ECOFIN meetings in June and July 2012 that unanimity would not be reached within a reasonable period. At that time already, a strong, core group of Member States expressed an interest in proceeding with a common system of FTT through enhanced cooperation.

On 28 September 2012, exactly one year after the initial Commission proposal had been tabled, France and Germany sent a letter to Commissioner Šemeta, officially requesting enhanced cooperation to be authorised, on the basis of the Commission’s proposal. This was followed by similar letters from Austria, Belgium, Greece, Italy, Portugal, Slovakia, Slovenia and Spain. A minimum of 9 Member States are needed for enhanced cooperation to be allowed under the Treaties. This minimum has been reached.
For more information
see also MEMO/12/799
For the full text of the Decision, see:
http://ec.europa.eu/taxation_customs/taxation/other_taxes/financial_sector/index_en.htm
Homepage of Commissioner Algirdas Šemeta, EU Taxation and Customs Union, Audit and Anti-fraud Commissioner:

Contacts :
Emer Traynor  (+32 2 292 15 48)
Natasja Bohez Rubiano  (+32 2 296 64 70)