European Union:
Proposal on financial transaction tax to go forward

The European Commission has produced the formal proposal for enhanced cooperation on the financial transaction tax (FTT), which must be approved by the Council of Ministers. Ten EU countries (Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain) want to proceed with the FTT after failing to gain support on the controversial measure from all 27 EU member states.

Enhanced cooperation is a procedure that can be invoked when a group of at least nine member states decide that they will go forward with an initiative proposed by the Commission and it proves impossible to obtain unanimous agreement by all of the member states. The Council of Ministers will have to approve taking the FTT forward in this way, but some non-participating member states have already indicated they would not block those states that wished to go ahead.

The Commission says that the FTT will be based on the original directive, although there is no word at all on how revenue will be shared between the 10 member states. The FTT is a low rate broad-based tax that would be levied on all financial transactions (mainly buying/selling shares, bonds and derivatives) with any connection to the FTT area. Market-makers doing business with those in the FTT area may be required to register and collect the tax from counter-parties.

The European Parliament also will have to weigh in on the proposal as part of the enhanced cooperation process, i.e. once matters move outside the unanimity required at the Council level for EU-wide taxation.

— Gary Campbell (London)
Partner
Deloitte United Kingdom
gdcampbell@deloitte.co.uk

About Deloitte
Deloitte refers to one or more of Deloitte Global Services Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Global Services Limited and its member firms.

“Deloitte” is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management, and tax services to selected clients. These firms are members of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates. DTTL does not itself provide services to clients. DTTL and each DTTL member firm are separate and distinct legal entities, which cannot obligate each other. DTTL and each DTTL member firm are liable only for their own acts or omissions and not those of each other. Each DTTL member firm is structured differently in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its territory through subsidiaries, affiliates, and/or other entities.

Disclaimer
This publication contains general information only, and none of Deloitte Global Services Limited, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. None of Deloitte Global Services Limited, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.