Common system of financial transaction tax

2011/0261(CNS) - 13/03/2012

The Council was briefed by the presidency on **preparatory work** undertaken on a proposal for a directive aimed at establishing an EU-wide financial transaction tax, and on its plans for taking work forward on the text. It held an exchange of views.

The Council decided to analyse further the Commission's proposal, whilst also exploring possible compromise solutions and alternative routes. The presidency asked the Commission to contribute to a comprehensive assessment of the tax contribution made by the financial sector and of the impact on growth and employment, and to help provide a clearer picture of the costs associated with financial regulation in general. The issue may be discussed at an informal meeting of EU finance ministers in Copenhagen on 30 and 31 March.

Experts will continue work on the proposal so as to enable the Council to hold a policy debate at its meeting on 21 June.

In line with its proposal for a decision on the EU's system of own resources, the Commission proposes that the revenue generated be used, either wholly or partially, to gradually replace member states' contributions to the EU budget, thereby alleviating the burden on national treasuries.

Interest in the idea of a financial transaction tax, first put forward in 1972 by economist James Tobin as a tax on currency transactions re-emerged in the wake of the 2008-09 financial crisis. The Commission also wants to promote a coordinated initiative at international level. It estimates that, depending on how markets react, yearly revenues could amount to **EUR 57 billion** on the basis of its proposal.

The proposal was discussed by the Council in November. Work has since continued at technical level, and a first examination of the proposal has been completed by experts.

Based on article 113 of the Treaty on the Functioning of the European Union, the directive would require unanimity for adoption by the Council, after consulting the European Parliament.