

# Enhanced cooperation in the area of financial transaction tax

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The Council discussed the latest developments concerning the introduction of a financial transaction tax (FTT) in a number of Member States through the "enhanced cooperation" procedure.

In 2011, the Commission proposed a directive aimed at introducing an FTT throughout the EU, but Council discussions in June and July this year revealed support for the proposal to be insufficient.

As a result of letters it had received from Member States, the Commission presented, on 23 October 2012, a proposal for a decision authorising Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia to introduce an FTT via enhanced cooperation.

Progress on this dossier is reflected in a **report on tax issues** to be submitted to the European Council. The report gives an overview on the state of play of Council work regarding some key legislative proposals, which were specifically mentioned in the aforementioned conclusions, such as Energy Taxation, the Common Consolidated Corporate Tax Base, the Financial Transaction Tax, the revision of the Savings Tax Directive and the Negotiating Directives for Savings Taxation agreements with third countries.

The priorities set out in the programme of the Cypriot Presidency illustrate that **the Council's work has continued to focus on how to combat the evasion of taxes and tax fraud over the last few months**. Ensuring effective tax revenues in Member States has indeed gained in importance following the financial crisis and in times of tight budgets. The report shows the extent to which the Council has been developing concrete ways to improve the fight against tax fraud and tax evasion, including in relation to third countries.

Discussions on tax issues during the Cypriot Presidency have also taken into account the potential role of taxation as an incentive/disincentive in the context of broader challenges such as growth stimulation, dealing with climate change and drawing appropriate conclusions from the financial crisis.

**As regards the common system of financial transaction tax**, Ministers were informed of the latest state of play at the November 2012 session. Comments allowed the Cyprus Presidency to assess possible next steps regarding this file.

Based on Article 329(1) of the Treaty on the Functioning of the European Union, the decision requires a qualified majority for adoption by the Council, with the consent of the European Parliament. A legislative act defining the substance of the enhanced cooperation would be adopted subsequently, requiring unanimous agreement by the participating Member States.

**On 30 November, the Permanent Representatives Committee decided to send a letter to the European Parliament requesting its consent on a draft decision that would authorise enhanced cooperation.**

The Council will continue work on the text once the Parliament has given its consent, and in the light of comments made by delegations.