

# Implementing enhanced cooperation in the area of financial transaction tax (FTT)

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The Council discussed **developments** concerning a proposal aimed at introducing a financial transaction tax (FTT) in 11 Member States through enhanced cooperation.

Given the importance that both participating and non-participating Member States attach to the project of introducing FTT in the participating Member States in a harmonised way, the **Italian Presidency has continuously maintained this file high on its agenda** and conducted work within the Council in a transparent manner.

The Presidency is of the view that the importance of the FTT project remains evident and that further discussions should continue to be driven towards reaching an overall compromise on the FTT. This would be an unprecedented positive step by a group of eleven EU Member States, committed towards a common goal in that area.

**Further work:** the Presidency considers that the following elements should be taken into consideration:

- **Regarding the scope of the FTT**, while progress has been made towards convergence of views of the Member States on the scope of the FTT for transactions in shares, the scope of the FTT for derivatives as well as the taxation principles for both transactions in shares and derivatives remain key outstanding issues. Concerning transactions in **shares**, the Presidency has worked on the categories of financial products to fall within the definition of shares. Participating Member States highlighted the opportunity that transactions in shares of publically listed companies will be covered by the FTT. A solution has been proposed with regard to transactions in non listed shares in order to address the concerns of some Member States about their taxation and to allow the other Member States to tax them within the framework of the Directive.
- **Some further work is required on the scope of transactions in financial derivatives.** The Presidency has focused its work on identifying the categories of derivatives subject to FTT in the first stage. Although a compromise has not been found yet, better understanding of some critical issues has been achieved. With regard to taxation principles underlying the future FTT (residence and/or issuance principles), further reflections on their application will be necessary.
- **Future work on the FTT compromise text** will also have to cover particular aspects of a possible collection mechanism of the FTT. Participating Member States have continuously confirmed their agreement on the need to proceed with a progressive implementation of the FTT. This would allow them, before broadening the scope of the FTT, to assess the real economic impact of this tax on the markets.

In conclusion, the Presidency encouraged the incoming Presidency to pursue work in a transparent and inclusive manner, while giving the file **political attention**, as appropriate, in order to facilitate the participating Member States to reach an agreement on taxation of the financial transactions within the expected deadlines.