

Global IRW Newsbrief

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Green light for EU financial transactions tax via enhanced cooperation

In brief

European Union (EU) Tax Commissioner Algirdas Semeta issued a [statement](#) on October 9, 2012 informing the EU-27 Finance Ministers that 11 Member States are supporting the introduction of a common 'EU-wide' financial transactions tax (FTT) in their countries via an 'enhanced cooperation' legislative procedure designed to bypass unanimous consent usually required for EU tax initiatives. This means that the first hurdle to beginning the enhanced cooperation procedure will soon be met as at least nine Member States are legally required to formally submit a letter to this effect to the Commission.

11 EU countries support EU-wide FTT

The Commissioner informed the Economic and Financial Affairs (ECOFIN) Council that the following seven EU Member States have already submitted requests to the Commission for a proposal to introduce a FTT via enhanced cooperation:

- Austria
- Belgium
- France
- Germany
- Greece
- Portugal
- Slovenia

Four more EU Member States have also pledged orally to do so soon:

- Estonia
- Italy
- Slovakia
- Spain.

This means that as 11 out of the 27 EU Member States support this initiative, it probably can go forward with (presumably) a broadly stamp duty based FTT.

Next Steps

The 11 EU member states, all from Eurozone countries, must submit formal requests to the Commission specifying the scope and objectives of the enhanced cooperation. As we understand it, the scope and objectives of the EU-wide FTT remain unclear and unspecified for the moment other than that it should be based on the Commission's original broad proposal for an EU-wide FTT.

EU Tax Commissioner Semeta plans to present the Commission's assessment of the participating Member States' requests, as well as a draft Council decision for discussion at the next ECOFIN Council meeting on November 13, 2012. The objective is to get authorization from the Council for the 11 Member States to move forward under enhanced cooperation by December 2012, as agreed in June 2012 by EU leaders in their Compact for Growth and Jobs. This would imply an EU-27 qualified majority vote (in this case 74% of Member States' votes representing 62% of the EU's population are needed) in the Council, after obtaining the consent of the European Parliament.

The formal requirements for enhanced cooperation are laid down in article 20 of the Treaty on European Union and articles 326 to 334 of the Treaty on the Functioning of the European Union.

The effective date of the 'EU-wide' FTT is expected to be January 1, 2014.

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