

Green light for EU FTT under enhanced cooperation

Global FS Tax Newsflash

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EU Tax Commissioner Algirdas Semeta informed the EU-27 Finance Ministers on 9 October 2012 that 11 Member States are supporting the introduction of a common “EU-wide” financial transactions tax (FTT) in their countries via enhanced cooperation. This means that the first hurdle to starting enhanced cooperation will soon be met as at least 9 Member States are legally required to formally send a letter to this effect to the Commission.

11 EU countries support EU-wide FTT

The Commissioner informed the ECOFIN Council that the following 7 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

4 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, need to submit formal requests to the Commission specifying the scope and the objectives of the enhanced cooperation. The scope and objectives of the EU-wide FTT remain unclear and

unspecified for the moment as we understand it, other than that it should be based on the Commission's original broad proposal for an EU-wide FTT. EU Tax Commissioner Semeta aims 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 on 13 November 2012.

The objective is to get authorisation from the Council for the 11 Member States to go ahead under enhanced cooperation by December 2012, as agreed on 28/29 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 are needed, representing 62% of the EU's population) 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 (TEU) and articles 326 to 334 of the Treaty on the Functioning of the European Union (TFEU).

The entry date of the “EU-wide” FTT is probably going to be 1 January 2014.

PwC contacts

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