FTT: a small step but more pressure is needed!

(14 May 2014) On 6 May at an ECOFIN meeting, the Council press report confirmed that 10 EU member states (Slovenia put its participation on hold pending formation of its new government) agreed to tax transactions involving shares and a limited number of derivative products as of 2016, though many details remain to be decided. This follows on worrying statements that the French government would no longer be in favour of including all types of derivatives, but only most “toxic” ones.

The 10 member states – Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia and Spain – said that they would finalise the details before the end of the year. The initial plan was early 2014 and then before the elections.

Participating member states will be free to increase the scope of the tax within their own territories. This marks the first albeit disappointing step since January 2013, when the originally 11 member states announced that they would pursue a European Commission proposal for a FTT as unanimity couldn’t be reached (UK veto amongst others).

15 months after the proposal has been put on the table (and almost 3 years after the very first initial draft directive) the result is disappointing although the total exclusion of derivatives seems to no longer be on the table.

On the positive side the UK’s legal challenge before the European Court of Justice for annulment of the decision authorising enhanced cooperation was dismissed by the Court on 30 April 2014.

EPSU and its affiliates will continue to put pressure of the governments to ensure the most progressive FTT is achieved.

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