



EUROPEANS FOR FINANCIAL REFORM

Brussels, 17 June 2013

Dear Member of the European Parliament,

The financial transactions tax (FTT) has already been examined a number of times by your assembly and by your committee (ECON). As you know, this tax is a core demand of many organisations of the civil society (trade unions, NGOs).

We believe that this tax has many virtues.

First of all it's a way of obtaining form the banking and financial sector, now largely untaxed (VAT exemption), a fair and balanced tax contribution (with very modest rates of 0,01 and 0,01%), all the more necessary considering that this sector has been bailed out, at large cost, by the taxpayers.

We believe furthermore that this tax can create more resources to tackle challenges such as employment, climate and poverty eradication and funding of quality public services in Europe and in the world.

Lastly, by making short term speculation and high frequency trading a bit more expensive, this tax can contribute positively to changing the behaviour of financial and banking markets in a way more favourable to productive long term investments.

It would however appear that, in the framework of the debates on the Podimata report « on the proposal for a Council directive implementing enhanced cooperation in the area of financial transaction tax (COM(2013)0071 – C7 0049/2013 – 2013/0045(CNS) », scheduled for a vote by the ECON committee on the 18th of June, important pressures are being exerted by banking and financial lobbies to empty this tax of its content, by multiplying exemptions and derogations.

This is why we are writing to you, to ask you to vote in favour of an ambitious, simple and efficient FTT, as a first but essential step towards an international FTT.

This concerns particularly the following points :

- The FTT is perfectly legal, and respects both the letter and the spirit of European law

- The FTT must benefit from the largest possible scope. It has to cover also derivatives, the « repo » market, « market making » activities, intra-group transactions, the OTC market, pension funds and government bonds
- In order to prevent tax dodging strategies, the FTT must rely on a combined application of the issuance, ownership and residency principles
- The FTT has to rely on the transfer of property, in order to avoid settlement of transactions that have not been subject to the payment of an FTT

Best regards,

on behalf of the Coalition of the Europeans for Financial Reform,

Carola Fischbach-Pyttel

EPSU General Secretary