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Statement

Europe's banks express renewed concern as Commission adopts FTT proposal

The European Banking Federation (EBF) reiterates its concerns over the proposal for a Financial Transaction Tax (FTT), adopted by the European Commission today, 14 February. The controversial tax would be implemented by 11 Member States under enhanced cooperation and is expected to claw back a yearly revenue of EUR 30-35 billion from the financial sector.

“The Commission has calculated revenue that this tax would generate but does not appear to have sufficiently taken into consideration the cost to the economy in terms of economic growth and employment”, declared Guido Ravoet, EBF Chief Executive.

The so-called regional tax would be due if any party to a transaction is established in one of the participating Member States. That said, the definition of “establishment” is very broad; furthermore, today’s proposal includes the ‘issuance principle’. On this basis many residents outside the 11 Member States would be required to collect the tax.

“We do not see how in practice the extra-territorial discipline of tax collection can be put into effect if the transaction takes place outside the participating Member States,” said Ravoet

The EBF believes that this proposal significantly challenges the principles of the Single Market as the FTT would be implemented in only 11 of the 27 EU Member States. Europe’s banks fear that the European financial sector would be placed at a competitive disadvantage compared to the rest of the world.