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NOTE

from: Presidency
to: Coreper/Council
Subject: Financial Transaction Tax (FTT)
- State of play

In view of Coreper of 7 March 2012 and the Council (ECOFIN) of 13 March 2012, delegations will find in Annex a Presidency note reflecting the state of play as regards the Commission proposal for a Financial Transaction Tax (FTT).

PRESIDENCY NOTE
REFLECTING THE STATE OF PLAY AS REGARDS
THE COMMISSION PROPOSAL FOR A FINANCIAL TRANSACTION TAX (FTT)

1. In October 2011 the Commission forwarded the proposal for a Council Directive on a common system of financial transaction tax.

On 8 November 2011 the proposal was presented to the Council (ECOFIN), which was followed by an exchange of views by Ministers. The relevant Council Working Party was asked to start technical analysis of the proposal with a view to further discussions in the Council as appropriate.

The Polish Presidency started the technical analysis by organising a Working Party meeting.

2. This work of the Polish Presidency was taken up by the Danish Presidency, which has so far organised three Working Party meetings and have finished the first technical reading.

The discussions to date have been very productive in terms of clarifying technical questions and political sensitivities that are important for Member States. The Presidency noted that a whole range of sensitive issues exists, among those specific questions regarding the tax base (coverage of currency derivatives and government bonds and its impact on the costs of hedging and government borrowing; coverage of pension schemes and its impact on business models used in various Member States, etc.), structure of the rates and persons liable to tax, as well as more general questions regarding impacts on economy, risks of relocation outside of the EU, enforcement of the directive *vis-à-vis* non-EU financial institutions and delegated acts. The Danish Presidency notes that this is not an exhaustive list of outstanding issues.

Further technical discussions are necessary in order to look at all the aspects of the proposal and their implications in practice.

3. Furthermore, the Presidency has taken note of the wish by nine Member States to speed up the analysis and negotiation process of the proposal on FTT, as expressed in their letter of 7 February 2012. The Presidency remains aware of the importance of this particular file and is committed to a balanced and diligent discussion on it. Therefore, two more Working Party meetings have been added to the initial planning of the Presidency bringing the total number of the Working Party meetings dealing with this issue to five.
4. The Danish Presidency will be continuing the discussions at the technical level and start exploring possible compromise proposals to prepare for a political discussion before the end of the Danish Presidency by the Ministers in the Council (ECOFIN).
5. Member States are invited to state their views on the way forward as input to the continued examination of this politically and economically important issue.