

6 March 2013

FTT newsletter

A round-up of FTT developments across Europe



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The Italian tax authorities released a 'white list' for Italian FTT ("IFTT") purposes on Friday 1 March 2013, the day the IFTT came into force with respect to shares and similar instruments. With discussions on-going between the EU Member States in respect of the draft EU directive, we also turn our attention across the Atlantic where a Financial Transaction Tax ("FTT") proposal has been introduced in Congress.

To discuss any aspect of FTT please contact your usual Deloitte contact or **Martin Walker** on +44 20 7303 7644.

Italy

On 1 March 2013, a 'white list' was released by the Director of the Agenzia delle Entrate for the purposes of article 19(4) of the Italian Ministry of Finance IFTT Decree.

Article 19(4) states that entities located in states or territories with which Italy has no agreements in force for the purposes of the exchange of information or assistance in the collection of tax credits, as set out in a specific 'white list', who are "involved for any reason" in the execution of the transaction are treated "in all respects as purchasers or final counterparties". This means that a broker (whether acting in an agency or principal capacity) selling in scope Italian securities to a non-'white list' broker is obliged to treat that non-'white list' broker as the buyer and charge IFTT accordingly.

The territories listed on this white list are all European and countries such as the USA, Canada, Singapore and Hong Kong are not included. As an example, a Hong Kong based broker purchasing an Italian security should be treated as the final purchaser and be liable for the IFTT, whereas a UK based broker undertaking the same trade should not be.

This clearly raises a number of issues for entities located outside 'white list' countries and the applicability of the IFTT outside the 'white list' markets.

Should you require a copy of this white list, please **contact us**.



Please note that the 'white list' referred to here is different to other lists used by the Italian tax authorities for other purposes, and is also different from the list which is used to determine whether transactions taking place on a regulated market or multi-lateral trading facility are subject to the higher (0.22%) or lower (0.12%) rate of IFTT.

To discuss further, please contact [Mauro Lagnese](#) or [Luca Ferrari Trecate](#).

USA

On 28 February 2013, Sen. Tom Harkin, D-Iowa, and Rep. Peter DeFazio, D-Ore, introduced FTT legislation, the Wall Street Trading and Speculators Tax Act (H.R. 880 and S. 410), which would impose a 0.03% excise tax on the purchase of a security. The definition of a security for these purposes includes:



- stocks, partnership interests, notes, bonds, debentures or other evidences of indebtedness; and
- interests in a derivative financial instrument, i.e., any option, forward, future, notional principal contract (such as a swap) or any similar financial instrument.

The legislation effectively reintroduces what was proposed by the same Senators in 2011 and contains only minor changes. That legislation was estimated by the Joint Committee on Taxation (JCT) to raise approximately US\$352 billion in revenue over ten years. Joining Harkin and DeFazio in co-sponsoring the legislation were Senators Bernie Sanders, I-VT, and Sheldon Whitehouse, D-RI, along with 20 House co-sponsors.

In our view it is unlikely that this bill will be passed, at least in the foreseeable future. Republicans in the House of Representatives, who constitute the majority of the lower house, strongly oppose the bill. Furthermore Jack Lew, the newly appointed US Treasury Secretary, has previously stated that it is his understanding that the White House consistently opposes a FTT "on the grounds that it would be vulnerable to evasion, create incentives for financial reengineering and burden retail investors."

To discuss further, please contact [Jeffrey Kummer](#).

A handwritten signature in cursive script that reads "Martin".

Martin Walker

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