

## FTT newsletter

### A round-up of FTT developments across Europe



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Welcome to the second of our Financial Transaction Tax (“FTT”) newsletters. The key news this week is that ADRs over French shares came within scope of the French FTT from 1 December 2012. Those involved with trading such ADRs should ensure they are equipped to comply with the additional reporting and payment demands this will impose. There has been little movement in other unilateral FTTs.

The European Parliament has approved the EU FTT. Otherwise, there have been no material developments in the EU FTT under the EU Enhanced Cooperation Procedure (“ECP”). The comments made by the German finance ministry official (detailed below) provide some insight into the appreciation of the level of work still required for EU FTT implementation. Although other Governments may not necessarily agree with those comments, the relative importance of Germany to the EU FTT project does raise the question of whether an EU FTT could realistically be introduced in the near future.

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

#### The EU FTT

On 29 November 2012, the European Parliament's Economic and Monetary Affairs Committee voted in favour of the recommendation that allows an EU FTT to go ahead under ECP. This recommendation was voted in by a majority of 32-6 (with one abstention). The EU FTT is still subject to ECOFIN approval.

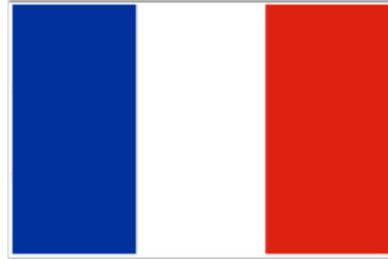
The next ECOFIN meeting is scheduled for 4 December 2012. EU FTT is on the agenda, but a vote on EU FTT is unlikely to take place at this meeting.



## UNILATERAL FTTs

### *France*

The French tax authorities updated their statement of practice with respect to the French FTT ("FFTT") on the evening of 27 November 2012. This provides additional guidance for the application of FFTT to ADRs (and other similar certificates), which came within scope of the FFTT from 1 December 2012.



The statement of practice confirms that the acquisition of the underlying share together with the creation and acquisition of the ADR should be regarded as one single transaction for the purposes of the FFTT. Subsequent transfers of ADRs are reportable and taxable (subject to any available exemptions) in accordance with the existing FFTT rules.

As ADRs trade outside the Euroclear system, the French tax authorities note that the accountable party should in general report and pay the tax directly to the French tax authorities. Reporting through a Euroclear France member is permissible in certain circumstances. No reference is made to The Depository Trust Company ("DTC") in its capacity of clearing and settling ADR trades or other collection of FFTT through US share trading infrastructure.

To discuss, please contact [Helene Alston](#) on +33 1 55 6160 32

### *Germany*

The introduction of the FTT in Germany as part of the EU FTT process may take longer than expected. The German Federal Ministry of Finance ("BMF") anticipates that the negotiations and the implementation of the EU FTT could take several more years.



The head of the tax department of the BMF was reported to have stated he would not include a revenue stream for Germany arising from FTT income in the public budget prior to 1 January 2016. The official expects the negotiations regarding the implementation of the FTT to take another one and a half years. The same period of time is expected to be necessary for the implementation. The same official commented that the FTT may, initially at least, only be applied with respect to securities and bonds transactions but not to derivatives.

To discuss further, please contact [Marcus Roth](#) on +49 8929 0368 278 or [Claudia Sendbeck-Schickor](#) on +49 8929 0368 301

### *Hungary*

A Hungarian FTT ("HFTT") will come into force from 1 January 2013. The general rate will be 0.2% (0.3% with respect to cash payments) up to a maximum of HUF 6,000 (approximately £17). HFTT will be levied on payment services transacted by financial service providers who have a branch or office in Hungary. The definition of payment services includes money transfers, collections, payments, currency exchanges and withdrawals from ATM machines. The transfer becomes chargeable on the day of execution, and the liability falls to the payment service provider. As is common with other FTTs, the HFTT will be levied on gross values.



From 1 January 2014, it is proposed that the scope of the HFTT be extended to include

securities, including derivatives. If this change is implemented, the rate applicable would be 0.01% of the notional value of derivatives, and 0.1% for other securities.

To discuss further, please contact **Laszlo Winkler** on +36 (1) 428 6683

### **Italy**

The Italian parliament continues to consider the introduction of an Italian FTT ("IFTT"). The draft IFTT law has been approved by the first chamber of the Italian parliament, but is now subject to discussion in the second chamber. Whilst the intended start date remains 1 January 2013 for the Italian FTT, it is increasingly possible that this may now be delayed.



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### **Ukraine**

A draft law is presently being discussed by the Ukrainian parliament which, among other things, introduces a Ukrainian FTT ("UFTT") in relation to transactions in securities and derivatives. The applicable tax rates will be as follows:



- 0.1% of the transaction amount on an over the counter ("OTC") sale of listed securities
- 3% of the transaction amount on an OTC sale of unlisted securities
- A fixed amount in respect of each derivative contract concluded off exchange. This amount is presently set at UAH 85 (approximately \$10).

No UFTT would be due in respect of on-exchange transactions in securities and derivatives.

To discuss further, please contact **Andriy Servetnyk** +380 (44) 490 9005



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