

## FTT newsletter

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



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The Italian FTT ("IFTT") amending decree which was released on 22 August 2013 has now been finalised. There have been some changes made from the draft previously released for public consultation. The key changes are set out below. Furthermore Monte Titoli S.p.A. has released its IFFT service model in English which will be of interest to intermediaries who are tasked with paying and reporting the IFFT.

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

Please feel free to forward this newsletter onto any of your colleagues. Please also see our **FTT website** where you can access past editions of this newsletter and find other FTT related material.

#### Italian FTT

##### Final Amending Decree

Following the closure of the public consultation on 30 August 2013, the amending decree referred to in our newsletter of 27 August 2013 has now become final. Some changes have been made between the version released for consultation. The key additional points are set out below:



**Transfer of bare ownership of in-scope financial instruments:** the transfer of the bare ownership of shares and other in-scope financial instruments represents a taxable event for the purpose of the IFFT. Unlike the draft amending decree, the final Amending Decree does not contain a similar provision in respect of the transfers of the usufruct (e.g. rights to dividends). Therefore transfers of usufruct should be out of scope of the tax.

**Bonds and debt instruments excluded from the IFFT:** the IFFT exclusion provided for by Art. 15 (1) (b) of the IFFT Decree applies in respect of principal protected debt instruments (such as bonds), being those which provide an unconditional obligation to pay at maturity an amount not less than the par value. A new IFFT exclusion (provided for by the new letter b-bis) applies in respect of bonds and debt instruments falling within the scope of the Capital Adequacy Regulations set forth by the EU legislation (as well as domestic laws), which are issued by intermediaries subject to supervision of Bank of Italy or the Italian Insurance Supervisory Authority (i.e. IVASS – Istituto per la Vigilanza sulle Assicurazioni). Other bonds, not benefiting from an exemption, are within scope of IFFT from 1 January 2014.

**In-scope derivatives:** IFFT applies on derivatives and other in-scope transferable securities provided that the underlying or reference value consists of more than 50% of the market value of Italian shares (and other in scope participating financial instruments) at the following points:

(i) in respect of derivatives/transferable securities negotiated on a regulated market (or a multilateral trading facility) where the terms and conditions do not allow for a modification of the underlying or the reference value: at the date of issue and at the date of any modification of the relevant notional/reference value; and

(ii) in respect of over the counter (OTC) derivatives/transferable securities not negotiated on a regulated market (or a multilateral trading facility): at the date of entering into the derivative as well as at the date of any modification of the relevant underlying/reference value.

**Modification of terms and conditions of derivatives:** modifications of the terms and conditions of derivatives consisting in a variation of the underlying and/or the reference value are subject to IFFT in the same way of contractual changes affecting notional value, parties and maturity date. Any modification in the underlying/reference value of the derivative not deriving from a decision of the parties (e.g. upon a market event) is out of scope of IFFT, provided that the relevant contract was subject to IFFT under the ordinary rules.

#### Decision Tree

With the first IFFT payment due on 16 October 2013, the Deloitte FTT team have put together a decision tree with respect to who is responsible for the reporting and payment of IFFT. If you would like a copy please **contact us**, or please see our **website**.

#### Monte Titoli – Service Model

The IFFT decree allows the person responsible for the reporting and payment of IFFT to appoint Monte Titoli S.p.A (the Italian Central Securities Depository) to submit declarations and tax payments to the Italian tax authority. Monte Titoli's guidelines and service offering in respect of IFFT compliance has now been released in English. If you would like a copy, please **contact us**.

**Martin Walker**  
Director