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FTT newsletter

A round-up of FTT developments across Europe

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The EU FTT under enhanced cooperation procedure ("ECP") moved a step closer following approval from the EU Parliament of the ECP process. The participating member states have been urged by Algirdas Šemeta, the EU commissioner for taxation, to make this a priority in 2013.

As detailed below, an Italian FTT is now expected to apply from 1 March 2013, but this remains subject to final ratification and further changes may yet be made.

We expect this to be the last of our FTT newsletters until the New Year. We will issue a special alert in the event of any unexpected material developments, but otherwise the Deloitte FTT team wish you all a very Happy Christmas and New Year.

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

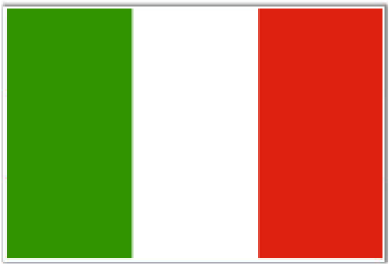
The EU FTT

Following the approval provided by the European Parliament's Economic and Monetary Affairs Committee on 29 November, the full European Parliament voted on 12 December 2012 overwhelmingly (by 533 votes to 91) in favour of introducing the EU FTT under the ECP. The introduction of the FTT still however requires EU council approval. The resolution approved states that the ultimate goal should be the introduction of a worldwide FTT. The EU commissioner for taxation, Algirdas Šemeta, warmly welcomed the European Parliament's decision and encouraged the member states participating in the EU wide FTT to make this a priority in the new year.

The 11 countries which are expected to participate in an EU FTT are Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain. According to the Parliament's press release, these countries combined account for about 90% of Eurozone GDP.

The new Lithuanian Prime Minister has also expressed support for Lithuania participating in the EU FTT.

Italy



On 8 December 2012, Mario Monti declared his intention to resign as Italian Prime Minister. Nevertheless he has stated he will continue in his role until the 2013 Stability Bill, which includes the Italian FTT ("IFTT"), is passed. The likely timetable is that the Bill will go to the Senate on 18 December for approval and back to the Lower House for ratification before Christmas.

On 12 December 2012, some amendments to the draft law were proposed by the Italian Government. These include a provision that the IFTT will apply from 1 March 2013 (and from 1 July 2013 in the case of derivatives). The draft law (as amended) also notes the IFTT will be imposed on the transfer of shares of companies with a capitalization of over EUR500m and other financial participating instruments issued by companies resident in Italy. Financial instruments such as ADRs over underlying Italian shares will also be subject to the IFTT regardless of the residence status of the issuer.

The proposed amendments also provide different tax rates for the IFTT:

- 0.1% (0.12% from 2014) of the transaction value if effected on a regulated financial market.
- 0.2% (0.22% from 2014) of the transaction value in other cases.
- Derivatives will be charged at a fixed rate based on the value and type of contracts.

The draft law (as amended) also proposes a list of exemptions. These include gifts and the issuance and redemption of shares and participating instruments.

The draft law is still subject to changes as per discussions in the Italian Parliament.

To discuss, please contact **Mauro Lagnese** +39 028 332 4097 or **Luca Ferrari Trecate** on +39 028 332 4057

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