# Financial Transaction Tax (FTT)
## It is moving forward

### Background

In September 2011, the EU Commission published a draft Directive for the introduction of an EU-wide Financial Transaction Tax (FTT). Given the difficulty faced in achieving a common agreement between the 27 Member States, the EU Commission decided in 2012 to try to introduce this tax through the Enhanced Cooperation Procedure (ECP). The ECP offers the possibility to a subset of at least nine Member States to establish closer cooperation between themselves on matters covered by the EU Treaties, using the institutions and procedures of the EU.

As of January 2013, 11 Member States representing two-thirds of the EU's GDP have formally expressed their intention to join the ECP on FTT. These countries are Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "FTT Participating Member States").

In accordance with the ECP, the EU Parliament gave its consent in December 2012 to a decision authorizing the FTT Participating Member States to go ahead with implementation of the ECP for a common system of FTT. This decision was adopted by the Council of the EU in January 2013.

The next step is the publication of a revised proposal of the Directive by the EU Commission which is expected to be published in the first quarter of 2013.

The EU Commission originally planned to implement this tax from 1st January 2014. But it is likely that the implementation date would be later depending on the discussions about the substance of the proposal itself.

In addition to this initiative of the EU Commission, several Member States across Europe have already introduced or plan to introduce into their domestic legislations a transaction tax unilaterally, e.g.:

- France – effective from 1st August 2012
- Hungary – effective from 1st January 2013
- Italy – effective from 1st March 2013
- Spain and Portugal have all started the process to implement domestic FTTs

These domestic regimes introduced by FTT Participating Member States would likely have to be repealed as from the EU FTT regime is introduced.

### Shape of the future tax

The content and substance of this future tax have not been yet discussed in great detail. The proposal for a revised Directive should however be largely based on the original draft Directive published in September 2011, even if some adjustments will be required to reflect the fact that only a subset of EU Member States are expected to participate in this initiative.

## How we can help

Our FTT team is composed of both tax and consulting experts who are able to assist you in understanding this future tax, its impact on your business and support you in aligning your systems and processes to comply with the future requirements. We can also draw on our network of Deloitte FTT experts to help understand any local specifics.

As soon as the revised draft Directive is published, we will be able to provide in-depth advice and support, in particular in:

- Assisting your teams in understanding the proposal
- Assessing the impact of this tax on your existing business
- Determining your systems and process amendments to properly flag any taxable transactions, the compilation of reports for submission to the competent local tax authorities and the execution of payment of the corresponding tax
- Supporting you in the creation and/or review of customer communication
- Exploring ways to structure your products and transactions and more generally your organisation to minimise the costs of this tax
- Last but not least, lobbying the FTT Working Groups of the various professional associations of which we are members, including ALFI

For those Member States whose domestic FTT regimes have implemented or are soon to implement this tax, Deloitte Luxembourg and its network of local FTT experts is happy to assist you in the understanding of the local particularities.

We are also in a position to understand any local particularities via the network of FTT experts we have developed within Deloitte

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