

Gabriel Wollner: Three cheers for a financial transaction tax

Background information on existing regulations/policy issues/initiatives

Keywords: *financial transaction tax; financial sector taxation; EU FTT; EU tax law; European transaction tax; European Union monetary policy; Robin Hood tax; Tobin-style tax; Tobin tax; tax law; taxation in EU financial sector*

Topic: The European Union should introduce a comprehensive financial transaction tax

Overview

- Ideas to introduce a financial transaction tax or a tax in the style of a “Tobin tax” within the European Union have been circulating since the wake of the financial crisis¹
 - There has been a concrete proposal for a EU-wide financial transaction tax called EU FTT by the European Commission since 2011²
- Public support for a financial transaction tax has been high within the EU according to polls and studies over the past decade
 - A number of polls found that between 61 and 63 percent of interviewed EU citizens (or G20-citizens) were “strongly in favor” of a transaction tax³
- However, progress on the implementation of a financial transaction tax has been rather slow over the past years, allegedly in part because of financial sector lobbying⁵ and lacking party support within some EU member states⁶

In detail

- After the initial proposal of a EU-wide financial transaction tax, on 14 February 2013, the European Commission made a proposal for a Council Directive on enhanced cooperation in the area of financial transaction tax.
 - Proposal for a Council Directive promoting enhanced cooperation in the area of financial transaction tax (COM/2013/71)
Content: This directive mirrors the scope and objectives of the original Commission

¹ https://ec.europa.eu/taxation_customs/sites/taxation/files/history-proposal-financial-transaction-tax_en.pdf

² <https://www.theguardian.com/world/2011/jun/29/ec-proposes-tobin-style-taxes>

³ <https://web.archive.org/web/20111116134256/http://www.publicserviceeurope.com/article/575/commissions-financial-transaction-tax-a-winner>

⁴ <https://www.robinhoodtax.org.uk/global-poll-63-support-robin-hood-tax>

⁵ <https://progressivepost.eu/financial-industry-mobilised-european-financial-transaction-tax/>

⁶ <http://www.nortonrosefulbright.com/knowledge/publications/136356/netherlands-continues-to-oppose-european-financial-transaction-tax>

FTT proposal from 2011⁷. It also strengthened the anti-relocation and anti-abuse rules (see IP/13/115)⁸

Summary:

https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/com_2013_71_en.pdf

Impact Assessment:

https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/swd_2013_28_en.pdf

- At this stage, 10 Member States continue to participate in the enhanced co-operation in the area of FTT: Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain⁹
 - However, the “enhanced cooperation” procedure within which the 10 countries have been developing this project for about five years does not have much traction. Since the procedure was created, it has seldom been applied.¹⁰

Topic: Studies on the potential effects of a European financial transaction tax

https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/swd_2013_28_en.pdf

<https://www.afme.eu/globalassets/downloads/publications/afme-oliver-wyman-the-impact-of-the-eu-11-financial-transaction-tax-on-end-users.pdf>

http://www.steuer-gegen-armut.org/fileadmin/Dateien/Kampagnen-Seite/Unterstuetzung_Ausland/EU/2015-2016/1602_EU_Commission.pdf

<https://www.sciencedirect.com/science/article/pii/S2212567114003670>

Topic: Political bodies/Organizations/NGOs in favor of introducing an EU financial transaction tax

European Public Service Union

<https://www.epsu.org/article/stick-it-we-want-financial-transaction-tax-now>

Financialtransactiontax.eu (Campaign of a variety of NGOs and Trade Unions)

<http://www.financialtransactiontax.eu>

Foundation for European Progressive Studies

<http://www.feps-europe.eu/en/publications/details/545>

⁷ http://europa.eu/rapid/press-release_IP-11-1085_en.htm

⁸ http://europa.eu/rapid/press-release_IP-13-115_en.htm

⁹ <http://data.consilium.europa.eu/doc/document/ST-15405-2017-INIT/en/pdf>

¹⁰ <http://www.austriancenter.com/the-eus-failed-financial-tax-good-and-bad-news/>

Twelve Stars Initiative and Bertelsmann Foundation (Eds.). *Twelve Stars: Philosophers Chart a Course for Europe/Philosophen schlagen einen Kurs für Europa vor*. Gütersloh: Verlag Bertelsmann Stiftung (2019)

Group of the Progressive Alliance of Socialists and Democrats in the European Parliament
<http://www.socialistsanddemocrats.eu>

The Robin Hood Tax Campaign
<https://www.robinhoodtax.org.uk/who-we-are>

Further reading

- https://ec.europa.eu/taxation_customs/sites/taxation/files/history-proposal-financial-transaction-tax_en.pdf
- <http://www.europarl.europa.eu/legislative-train/theme-deeper-and-fairer-internal-market-with-a-strengthened-industrial-base-taxation/file-financial-transaction-tax>
- https://ec.europa.eu/taxation_customs/taxation-financial-sector_en