

Procedure file

Basic information		
RSP - Resolutions on topical subjects	2009/2750(RSP)	Procedure completed
Resolution on financial transaction taxes - making them work		
<p>Subject 2.50.02 Savings 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.04 Banks and credit 2.50.04.02 Electronic money and payments, cross-border credit transfers 2.50.08 Financial services, financial reporting and auditing 2.70.01 Direct taxation</p>		

Key players			
European Parliament			
European Commission	Commission DG <u>Taxation and Customs Union</u>	Commissioner ŠEMETA Algirdas	

Key events				
08/03/2010	Debate in Parliament			Summary
10/03/2010	Results of vote in Parliament			
10/03/2010	Decision by Parliament	<u>T7-0056/2010</u>		Summary
10/03/2010	End of procedure in Parliament			

Technical information				
Procedure reference	2009/2750(RSP)			
Procedure type	RSP - Resolutions on topical subjects			
Procedure subtype	Debate or resolution on oral question/interpellation			
Legal basis	Rules of Procedure EP 136-p5			
Stage reached in procedure	Procedure completed			

Documentation gateway					
Oral question/interpellation by Parliament		<u>B7-0019/2010</u>	08/03/2010	EP	
Motion for a resolution		<u>B7-0133/2010</u>	08/03/2010	EP	
Text adopted by Parliament, single reading		<u>T7-0056/2010</u>	10/03/2010	EP	Summary
Commission response to text adopted in plenary		SP(2010)2718/2	25/06/2010	EC	

Resolution on financial transaction taxes - making them work

The House held a debate on Oral Question [O-0025/2010](#) to the Commission on taxation of financial transactions.

A motion for a resolution closing this debate was due to be put to the vote on 10 March 2010.

Resolution on financial transaction taxes - making them work

Following the debate which took place during the sitting of 8 March 2010, the European Parliament adopted by 536 votes to 80 with 33 abstentions a resolution tabled by the Committee on Economic and monetary Affairs on financial transaction taxes ? making them work.

Welcoming the investigative work initiated at G20 level, following the Pittsburgh Summit in September 2009 towards an international framework for financial transaction taxation, Parliament is of the opinion that the European Union should agree on a common position in the international framework of G20 meetings as regards the options as to how the financial sector should make a fair and substantial contribution towards paying for any burden which it has caused to the real economy or which is associated with government interventions to stabilise the banking system. It takes the view that the EU, in parallel to and consistent with the G20 work, should develop its own strategy with regard to the range of possible options for action.

With a view to reaching a coherent EU position based on objective analysis, Parliament asks the Commission to elaborate, sufficiently in advance of the next G20 Summit, an impact assessment of a global financial transaction tax, exploring its advantages as well as drawbacks.

The impact assessment should consider the following aspects:

- past experiences with financial transaction taxes, especially in terms of tax avoidance behaviour and migration of capital or service provision to alternative locations, especially the impact of such taxes on individual investors and SMEs;
- the benefits and drawbacks of the introduction of financial transaction taxes in the European Union alone, as compared to their introduction at global level and to the current situation;
- the potential to generate substantial revenue in comparison to other sources of tax revenues, collection costs and distribution of revenues among countries;
- the fact that, when assessing the potential revenues from financial transaction taxes at global or European level, account should be taken of different design options, whilst quantifying the increase in transaction costs in all markets potentially concerned (transaction on organised exchanges, over-the-counter transactions) and for Business to Business (B2B) and Business to Consumers B2C transactions;
- the fact that the assessment should also take into account the potential of the different options to affect both price levels and stability in the short term and long run, as well as financial transactions and liquidity;
- how a financial transaction tax needs to be designed in order to mitigate the negative side effects usually associated with indirect taxes on the raising of capital;
- to what extent a financial transaction tax would contribute to the stabilisation of the financial markets in terms of its effect on excessive short-term trading and speculation and on transparency;
- whether a financial transaction tax could prevent a future financial crisis by targeting certain types of 'undesirable' transactions; which should be defined by the Commission.

Parliament notes that, unlike other forms of taxation, indirect taxes on the raising of capital, such as capital duty, the stamp duty on securities and duty on restructuring operations, give rise to discrimination, double taxation and disparities which interfere with the free movement of capital. It stresses that any solution must imperatively avoid reducing EU competitiveness or hampering sustainable investment, innovation and growth, which benefit the real economy and society.

Members call on .the Commission and the Council to assess:

- the potential of different financial transaction tax options to contribute to the EU budget;
- to what extent the options under consideration could also be used as innovative financial mechanisms to provide support for adaptation to and mitigation of climate change for developing countries, as well as for financing development cooperation.

Lastly, Parliament underlines the importance of taking into account the need for the banking sector to build up healthy capital, ensuring the banking system's ability to finance real economy investments; and that excessive risk taking is prevented.