

## **ITALY'S CHAMBER OF DEPUTIES**

### **Proposal for a Council Directive on a common system of financial transaction tax and amending Directive 2008/7/EC (COM(2011)594 final).**

#### **DOCUMENT APPROVED BY THE CHAMBER OF DEPUTIES' COMMITTEE ON EUROPEAN UNION POLICIES**

The Committee on European Union Policies of Italy's Chamber of Deputies, having examined the Proposal for a Council Directive on a common system of financial transaction tax with regard to its compliance with the principle of subsidiarity (COM (2011) 594;

having taking account of the impact assessment accompanying the proposal and of the executive summary of the same;

considering that:

*a)* there is a sound legal basis for the proposed Directive in Article 113 of the Treaty on the Functioning of the European Union (TFEU) relating to the harmonisation of legislation concerning turnover taxes, excise duties and other forms of indirect taxation to the extent that such harmonisation is necessary to ensure the establishment and the functioning of the internal market and to avoid distortion of competition;

*b)* a very precise and detailed justification of the proposal is provided in the explanatory memorandum and impact assessment, namely with respect to compliance with the principle of subsidiarity,

*c)* the explanatory memorandum particularly justifies the proposal with reference to the principle of subsidiarity and notes that only European-level harmonisation and coordination of financial transaction taxes can achieve the following objectives:

- avoiding fragmentation in the EU's market for financial services by making sure that financial transactions may be carried out on a level playing field in all Member States;
- preventing the risk of distortion of competition and relocation of financial activities both within and outside the EU, which would have negative repercussions on the tax revenues of some Member States;

- preventing tax arbitrage and the risk of double taxation or non-taxation;
- eliminating the extra costs of compliance for the financial sector arising from highly differentiated national tax systems;

*d)* the explanatory memorandum itself and the impact assessment provide empirical evidence that demonstrates the soundness of these arguments. In particular, the Commission notes that twelve Member States (Austria, Belgium, Bulgaria, the Czech Republic, Finland, Greece, Hungary, Ireland, Poland, Romania, Sweden and the United Kingdom) have already introduced, or are considering the possibility of introducing, levies on financial institutions. Reportedly such national taxes have already resulted or are likely to result, to an even greater extent, in delocalisation of activities and/or institutions, or were, so as to avoid this, designed in a way that they were levied on relatively immobile tax bases only, leaving close substitutes often untaxed;

*e)* the action of the European Union with regard to the matters dealt with in the proposed directive is therefore fully justified with respect to subsidiarity, because it seeks the attainment of important objectives set forth in the Treaties that cannot be achieved by Member States acting individually;

*f)* the proposal is also fully compliant with the principle of proportionality. The explanatory memorandum of the proposal rightly calls attention to the decision to adopt a Directive rather than a Regulation, and to the fact that the Directive focuses on the definition of a common structure of tax and common provisions for tax chargeability, thereby leaving a sufficient margin of manoeuvre for the Member States to set the tax rates above the minimum, specify accounting and reporting obligations and prevent tax evasion, avoidance and abuse;

having particularly noted that, by virtue of its structure and base, the tax could have a deterrent effect on transactions whose nature or ultimate aim is mere speculation, thereby contributing to reinstating the sound functioning of European and global financial markets;

acknowledging that this final document needs to be transmitted to the European Commission as part of the informal political dialogue, as well as to the European Parliament and the Council,

**DEEMS THE PROPOSAL AS BEING CONSISTENT**

with the principle of subsidiarity as defined by article 5 of the Treaty on European Union.