



EUROPEAN PARLIAMENT

2009 - 2014

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*Committee on Budgets*

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**2011/0261(CNS)**

29.3.2012

# OPINION

of the Committee on Budgets

for the Committee on Economic and Monetary Affairs

on the proposal for a Council directive on a common system of financial transaction tax and amending Directive 2008/7/EC  
(COM(2011)0594 – C7-0355/2011 – 2011/0261(CNS))

Rapporteur: Anne E. Jensen

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## SHORT JUSTIFICATION

### Commission's proposal:

The Commission has proposed the creation of a financial transaction tax (FTT) at the EU level, which could then be wholly or partially used as own resource for the EU budget.

The proposal sets out the minimum rates for the FTT as follows:

- 0.1% in respect to transaction other than those related to derivatives arrangements, and
- 0.01% in respect to transactions related to derivatives arrangements.

### Budgetary context and aspects:

Today, approximately 85% of the Union's revenue stems from the national budgets and not from own resources. This contradicts not only with the provisions of the Treaty of Lisbon<sup>1</sup> but also with the letter and the spirit of the Treaty of Rome<sup>2</sup>. When the European Communities were established, in 1957, the GNI resources were supposed to be transitional. However, while replaced in the 70s by genuine own resources, national contributions were reintroduced in 1988 in order to complement a decrease of the own resources revenue. It is worth noting however that at that time the share of the GNI resource in the whole EU revenue was only 10%. This evolution has progressively put the "fair return" logic at the centre of any EU budgetary decision, giving birth to a long list of rebates and unjustified exceptions.

As a consequence, a reform of the current system of own resources is necessary to bring an end to this "fair return" approach while providing the EU with a stable and sufficient source revenue and, at the same time, underpinning a move away from the current system of rebates and derogations on the revenue side of the EU budget.

In the context of economic hardship it is also worth recalling that the Parliament has in several Resolutions underlined the importance of own resources as a tool for ensuring sufficient finances for the EU to fulfil its commitments and meet its objectives without necessarily increasing the EU budget.<sup>3</sup>

Your Rapporteur would like to remind that in its Resolution on the Future of the European Union's Own Resources<sup>4</sup> the Parliament enlisted a number of criteria to be used when assessing

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<sup>1</sup> Article 311.1 of the TFEU: "without prejudice to other revenue, the budget shall be financed wholly from own resources".

<sup>2</sup> Article 201 of the the Treaty of Rome: "The Commission shall examine the conditions under which the financial contributions of member states provided for in article 200 could be replaced by the Community's own resources, i, particular by revenue accruing from the common customs tariff, when it has been finally introduced. To this end the Commission shall submit proposals to the Council ..."

<sup>3</sup> Notably the following Resolutions:

P6\_TA(2007)0098, adopted 29 March 2007

P7\_TA (2011)0080, adopted on 8 March 2011

P7\_TA (2010)0056, adopted on 10 March 2010

P7\_TA (2010) 0089, adopted on 25 March 2010

P7\_TA-PROV(2010)0433, adopted on 25 November 2010

P7\_TA-PROV(2010)0475, adopted on 15 December 2010

P7\_TA-PROV(2011) 0266, adopted 8 June 2011

P7\_TA-PROV(2011)0327, adopted on 6 July 2011

<sup>4</sup> P6\_TA(2007)0098, adopted 29 March 2007

the suitability of own resources candidates, and more precisely: sufficiency, stability, visibility and simplicity, low operating costs, efficient allocation of resources, vertical and horizontal equity and fair contributions.

The current proposal of the Commission for a FTT meets most of these criteria. Notably it could provide a source of revenue for the EU budget (approximately EUR 54.2 bln. a year could be used as own resource from FTT by 2020 according to the Commission proposal). Also, it is visible to investors and operators in the financial market, sufficiently simple, entails low operating costs and easy collection, ensures vertical and horizontal equity and fair contributions. Furthermore, the FTT should not impose any additional tax burden to citizens and would preserve the fiscal sovereignty of Member States.

It should be noted that the FTT enjoys the public support of EU citizens, confirmed by the results of the Eurobarometer poll of June 2011, which revealed that 61% of the population in Europe is in favour of such a levy, of which 81% would like to see it applied in the entire EU<sup>1</sup>.

Using FTT as an own resource would require its application in all 27 Member States.

Your Rapporteur wants to stress that no agreement on the Multiannual Financial Framework for the period 2014 - 2020 can be finalised without reaching a political agreement on the reform of the system of own resources, due to the unity and interdependence of the revenue and expenditure sides of the Budget, and would like in this regard to remind, that adoption of the implementing measures for the system of own resources requires the consent of the European Parliament.

## AMENDMENTS

The Committee on Budgets calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following amendments in its report:

### Amendment 1

#### Proposal for a directive

#### Recital 3 a (new)

*Text proposed by the Commission*

*Amendment*

***(3a) In order to better align Union policy objectives and the EU budget, funds collected from the FTT should be used fully or at least in part as revenue for the EU budget.***

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<sup>1</sup> European Parliament Eurobarometer (EB Parlemeter 75.2); adopted on 22 June 2011:  
[http://www.europarl.europa.eu/pdf/eurobarometre/2011/juin/22062011/eb752\\_financial\\_crisis\\_analytical\\_synthesis\\_en.pdf](http://www.europarl.europa.eu/pdf/eurobarometre/2011/juin/22062011/eb752_financial_crisis_analytical_synthesis_en.pdf)

*Justification*

*An EU wide Financial Transaction Tax could serve as a tool to end the current system of rebates and derogations.*

**Amendment 2**

**Proposal for a directive  
Article 10 – paragraph 5 a (new)**

*Text proposed by the Commission*

*Amendment*

***5a. Member States shall ensure that the share of the FTT to be used as Union own resource is transferred to the EU budget in accordance with Council Regulation (EU) No .../2012 [on the methods and procedure for making available the own resource based on the financial transaction tax].***

*Justification*

*An EU wide Financial Transaction Tax could serve as a tool to end the current system of rebates and derogations.*

**Amendment 3**

**Proposal for a directive  
Article 16 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

Every five years and for the first time by 31 December 2016, the Commission shall submit to the Council a report on the application of this Directive and, where appropriate, a proposal for its modification.

Every five years and for the first time by 31 December 2016, the Commission shall submit to the ***European Parliament and the*** Council a report on the application of this Directive and, where appropriate, a proposal for its modification.

## PROCEDURE

<b>Title</b>	Common system for taxing financial transactions and amendment to Directive 2008/7/EC
<b>References</b>	COM(2011)0594 – C7-0355/2011 – 2011/0261(CNS)
<b>Committee responsible</b> Date announced in plenary	ECON 25.10.2011
<b>Committee(s) asked for opinion(s)</b> Date announced in plenary	BUDG 25.10.2011
<b>Rapporteur(s)</b> Date appointed	Anne E. Jensen 16.2.2012
<b>Date adopted</b>	29.3.2012
<b>Result of final vote</b>	+: 29 –: 3 0: 1
<b>Members present for the final vote</b>	Marta Andreasen, Francesca Balzani, Zuzana Brzobohatá, James Elles, Göran Färm, José Manuel Fernandes, Eider Gardiazábal Rubial, Salvador Garriga Polledo, Ivars Godmanis, Estelle Grelier, Carl Haglund, Lucas Hartong, Jutta Haug, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Ivailo Kalfin, Jan Kozłowski, Alain Lamassoure, Giovanni La Via, George Lyon, Barbara Matera, Claudio Morganti, Nadezhda Neynsky, Dominique Riquet, Potito Salatto, Derek Vaughan, Angelika Werthmann
<b>Substitute(s) present for the final vote</b>	Frédéric Daerden, Jan Mulder, Georgios Papastamkos, Paul Rübig, Georgios Stavrakakis
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Jens Rohde