EUROPEAN COMMISSION

Brussels, 11. 7. 2012
C(2012) 4650 final

Dear President,

The Commission would like to thank the Chambre des représentants for its support for the Financial Transaction Tax (FTT) Proposal {COM(2011) 594 final} and its objectives.

With regard to the specific points raised by the Chambre des représentants the Commission would like to offer the following clarifications.

- *Article 1 of the amended proposal for a Council Regulation laying down implementing measures for the system of own resources of the European Union of 9 November 2011 specifies the share of the minimum rates defined in the proposal for a Council Directive on a common system of financial transaction tax and amending Directive 2008/7/EC of 28 September 2011 that should be used for the FTT-based own resource. It is proposed that two-thirds of the receipts resulting from the application of the minimum rates defined in the FTT Directive accrue to the EU budget and the rest will accrue to the Member State budgets. Furthermore, the introduction of this own resource would be expected to reduce GNI-based contributions to the EU Budget.The FTT proposal as such does not deal with this aspect of the revenue attribution to the EU budget - the Commission has tabled separate proposals in this respect. Bearing in mind its internal market objective (in particular, draft second and third recitals of the proposal), it respects the principle of proportionality.*

- *The FTTs currently in place in the Member States would need to be adapted to all the rules laid down in the proposal if adopted by the Council. While it is difficult to be precise as regards revenue estimates, the proposal contains a number of features designed to ensure that the introduction of a harmonised tax is not likely to lead to a reduction in tax revenues as compared to existing national FTTs. For example, the proposal has a very broad scope, provides for few exemptions, and the tax would accrue to the Member State where the financial institution party to a financial transaction or intervening in such a transaction is (deemed to be) established, and not where the transactions are concluded or executed.*

- *The proposal contains a number of measures to mitigate the effect of possible relocation of transactions (and consequent loss of competitiveness of EU Member States) outside the EU, such as the low tax rates, taxation on the basis of the residence principle, which includes a reference to deemed residence in case another party to the*

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transaction is established in the Member State concerned, the provision of measures to prevent tax evasion, avoidance and abuse in the Member States and the possibility for the Commission to adopt delegated acts in this respect.

- *As usual in indirect taxation, the proposal sets minimum tax rates. However, the Commission does not expect significant rate differentials between Member States in view of the nature of the transactions subject to tax: rates set at too high a level or significant rate differentiations would cause excessive market reactions or relocation within the EU.*

- *The proposal leaves a sufficient margin of manoeuvre for the Member States for example in the field of payment and enforcement of the payment of the proposed tax. The Member States would be responsible for ensuring payment of the tax due by persons liable to pay the tax to their tax authorities.*

I hope that these explanations serve to clarify the points raised in the Opinion and I am looking forward to continuing our political dialogue with the Chambre des représentants on this very important topic.

Yours faithfully,

Maroš Šefčovič
Vice-President