Ladies and Gentlemen,

It was a pleasure and an honour for me to be the host of this excellent conference. I would like to warmly thank the speakers for their high-quality interventions and you for the interesting, lively and thought-provoking debates during these two days. This year again, the Brussels Tax Forum has been a plain success.

We have heard many opinions, some of them diverging. Obviously, we may have not come to a complete agreement. Nevertheless, I think that we have all learned new and interesting elements that have enriched our knowledge.

What conclusions shall we bring back to our homes and offices after these two days?
[The financial sector is undertaxed]

We had yesterday two interesting contributions from professors Delacroix and Huizinga on the tax treatment of the financial sector. From these, we understand that some details in tax provisions may differ across Member States and lead to differentiated treatment of the sector.

However, the main difference is the VAT treatment of most financial activities, as margin-based financial activities are exempted. This leads to irrecoverable input VAT but it also leads to lower prices for consumers. This could lead to an over-consumption of financial services.

There is certainly a debate over the consequences of it for the financial sector itself but also for the tax authorities in terms of VAT collection.
As Professor Huizinga recalled, most empirical studies point to a situation of undertaxation of the sector because of this exemption.

During the subsequent debate, you agreed that the empirical evidence of the incidence of the VAT exemption needs to be further explored.

In this context, your discussions showed that the effect of some proposals is mixed and, even when targeted to the sector, there is a potentially high degree of pass-through to consumers. For example the FTT can hit transactions between non-financial parties. We also learned that this problem is minimized when rents are taxed.
Before addressing the options on the table, let me highlight two issues raised in your discussions which make a lot of sense to me:

- First, before creating a new tax, we must ensure that the current environment is properly implemented and does not make it too easy to businesses to play with tax planning.

- Second, we must learn the lessons of the crisis and examine to which extent it would be necessary to correct tax incentives that would encourage excessive leverage.

[The two alternatives are controversial]

As part of our current work on financial sector taxation, during these two days, we discussed essentially two instruments: the financial transactions tax and the financial activities tax.
The financial transactions tax has led to lively debates between those who see in it a large revenue-raiser and a stabilizer for market volatility and those who think that such tax is unlikely to fully meet both objectives. Presentations by professors Schulmeister and Yoder have stressed this opposition, which is also reflected in the current policy debate.

The financial activity tax appears for many of us as a new concept. We have learned however about the intense academic debate that has surrounded cash-flow taxes for the last decades.

Professor Fuest described the various FAT options, their pros and cons and implementation issues, while Professor Sorensen gave us a very informative account of the Danish experience. I take nevertheless note of the concerns expressed today by the representatives of the financial sector towards both the FAT and the FTT.
[The need to act]

Designing a tax that, on the one hand, could make the financial sector pay a fair and substantial contribution to public budgets and, on the other hand, would have corrective features against too much risk-taking is certainly not an easy task.

Such tax needs in addition to be coordinated with regulatory measures that are in place in the sector. The financial sector is indeed atypical in many dimensions. It is an input sector for all others by providing funding to companies and individuals. Its global and interconnective feature is barely matched by other sectors of the economy. Therefore, the failure of some of its components may endanger the whole economy. This calls for determined action based on clear evidence.
In the following weeks, we will finalise our analysis which shall provide us solid ground for defining policy guidance on where to go from here.

The result of this analysis is very much expected by our Member States, by the European Parliament, by many stakeholders and by citizens at large.

Personally I am also very much looking forward to the outcome of this work to progress as soon as possible towards the stabilization of the best option to achieve our common objectives.

[Conclusions]

With these final remarks, the 2011 edition of the Brussels Tax Forum has come to a close. Let me underline that I am impressed by the high level of interest shown in the conference.
I am very grateful to all chairs, speakers and panelists for their contributions. I would also like to thank you all who followed the debates, either here or via the web.

Finally, I would like to thank all of those who contributed to the organization of the Brussels Tax Forum and more specifically the Directorate General for Taxation and Customs Union and the interpreters.

Thank you for your attention and have a safe trip back home.