

Wednesday 10 March 2010

Taxation of financial transactions

P7_TA(2010)0056

European Parliament resolution of 10 March 2010 on financial transaction taxes – making them work

(2010/C 349 E/08)

The European Parliament,

- having regard to its resolution of 24 April 2009 on the London G20 Summit of 2 April 2009 ⁽¹⁾,
 - having regard to the Leaders' Statement issued following the Pittsburgh Group of Twenty (G20) Summit of 24 and 25 September 2009,
 - having regard to its resolution of 8 October 2009 on the Pittsburgh G20 Summit of 24 and 25 September 2009 ⁽²⁾,
 - having regard to the communiqué of the St Andrews G20 meeting of Finance Ministers and Central Bank Governors of 7 November 2009,
 - having regard to the Conclusions of the European Council meeting of 10-11 December 2009, and in particular paragraph 15 thereof,
 - having regard to President Barroso's statement of 15 December 2009 to the European Parliament,
 - having regard to the letter of 18 January 2010 from the Swedish Finance Minister to the Presidency of the Council on the introduction of a stability fee in the Member States,
 - having regard to Council Directive 2008/7/EC of 12 February 2008 concerning indirect taxes on the raising of capital ⁽³⁾,
 - having regard to the Commission proposal for a directive amending Directive 2006/112/EC on the common system of value added tax, as regards the treatment of insurance and financial services (COM(2007)0747),
 - having regard to the question of 24 February 2010 to the Commission on financial transaction taxes – making them work (O-0025/2010 – B7-0019/2010),
 - having regard to Rules 115(5) and 110(2) of its Rules of Procedure,
- A. whereas Parliament has welcomed the investigative work initiated at G20 level, following the Pittsburgh Summit in September 2009 towards an international framework for financial transaction taxation,
- B. whereas Parliament has called for speedy progress to ensure that the financial sector contributes fairly towards economic recovery and development since substantial costs and consequences of the financial crisis are being borne by the real economy, taxpayers, consumers, public services and society in general,

⁽¹⁾ Texts adopted, P6_TA(2009)0330.

⁽²⁾ Texts adopted, P7_TA(2009)0028.

⁽³⁾ OJ L 46, 21.2.2008, p. 11.

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- C. whereas the European Council has emphasised the importance of renewing the economic and social contract between financial institutions and the society they serve and of ensuring that the public benefits in good times and is protected from risk; whereas the European Council has, in this context, encouraged the IMF to consider the full range of options, including a global financial transaction levy, in its review; whereas, in this context, the European Council has also called on the Council and the Commission to identify the key principles which new global arrangements would need to respect,
- D. whereas several Member States have called for a financial transaction tax,
- E. whereas the new regulatory initiatives, such as action against tax havens, removal of off-balance-sheet loopholes, requirements for exchange trading and use of trade repositories for registration of derivatives, have clearly changed the context of political action in this area,
- F. whereas the Commission, following questions raised at the meeting between the Economic and Monetary Affairs Committee and the Commissioner responsible for taxation on 6 October 2009, and as confirmed by President Barroso in his statement to Parliament on 15 December 2009, is currently working on ideas for 'innovative financing' in the context of global challenges, including financial transaction taxes in order to put forward proposals at an appropriate time,
- G. whereas the IMF is currently seeking views from the public on the matter of financial-sector taxation as part of the request made by the G20 at the Pittsburgh Summit of 24 and 25 September 2009,
- H. whereas taxes and levies on financial transactions exist in different forms in the Member States; whereas these national taxes and duties usually cover only transactions of selected assets; whereas Belgium and France have adopted legislation on a currency transaction tax at national level, but will only put it into effect if implemented at EU level,
- I. whereas, 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,
- J. whereas there has been a huge and rapid increase over the past decade in the volume of financial transactions as compared to the volume of trade in goods and services, which can be explained, amongst other things, by the fast-growing derivatives market,
- K. whereas the G20 leaders have a collective responsibility to mitigate the social impact of the crisis, both in their member states and in developing countries, which have been hard-hit by the indirect effects of the crisis; whereas a financial transaction tax would contribute towards covering the costs generated by the crisis,
1. 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; 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;
 2. Considers, with a view to reaching a coherent EU position based on objective analysis, that the Commission should 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;

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3. Urges the Commission to carefully consider in its assessment, the following aspects:
 - (a) 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;
 - (b) 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;
 - (c) the potential to generate substantial revenue in comparison to other sources of tax revenues, collection costs and distribution of revenues among countries;
 - (d) 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;
 - (e) 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;
 - (f) 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;
 - (g) 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;
 - (h) 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;
 4. Stresses that any solution must imperatively avoid reducing EU competitiveness or hampering sustainable investment, innovation and growth, which benefit the real economy and society;
 5. 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;
 6. Calls on the Commission and the Council to assess the potential of different financial transaction tax options to contribute to the EU budget;
 7. Calls on the Commission and the Council to assess to which 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;
 8. Instructs its President to forward this resolution to the Council, the Commission, the European Central Bank and the governments and parliaments of the Member States.
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