Press release | 03.07.2013

Financial transaction tax

EP votes to keep core elements

The European Parliament today adopted by a large majority a report on the financial transaction tax (FTT). This vote confirms the Parliament's support for the decision of 11 Member States to use enhanced cooperation to introduce a FTT and proposes a basic structure that imposes strict limits on the exemptions that the financial industry and some Member States are seeking.

MEP **Philippe Lamberts**, Greens/EFA spokesperson on economic and financial affairs, said:

"Despite fierce lobbying by the financial industry, the European Parliament managed to save the essential elements of the FTT. In fact, the European Parliament's proposal even extends the FTT's scope to include currency transactions (which were initially the subject of the planned 'Tobin Tax'). In addition to this, the general exemption that had been granted to pension funds was rejected in favour of a transitional measure of a tax of 0.05% on pension fund transactions for the first three years, instead of 0.1%. Although the report contains tax exemptions which affect the FTT's effectiveness and simplicity, the tax base remains substantial.

"This vote represents a victory following a long battle by development groups and other activist movements. Finally, some of the funds flowing through the financial sector can be used to finance projects that are useful to citizens and the real economy. With the EU's credibility currently on the line, it is crucial that the FTT is in place before the next EU elections in May 2014. The ball is now in the court of the Council of Finance Ministers (Ecofin)."

Greens/EFA MEP **Eva Joly**, President of the European Parliament's Development committee, stated:

"The European Parliament today sent a strong signal to European governments and traders. From now on, the financial sector will be paying towards some of the damage it causes.

"We regret that Parliament did not follow our line which was itself based on the Commission's original proposal and sought to refuse any significant exemptions to the FTT. In addition to this, the Parliament diverged from the Commission and Greens/EFA position by refusing to attribute a portion of FTT revenue to public development aid as had initially been agreed and repeatedly reaffirmed. In the current context of drastic budget cuts, this would have been a timely reminder of the EU's commitments to international solidarity. The FTT has nevertheless essentially been preserved. It's now up to the Members States to apply it as soon as possible."

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