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**GERMANY AND FRANCE TO OUTLINE EU FINANCIAL TRANSACTION TAX PROPOSAL**

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EurActiv (3 December 2018)

Germany and France will outline on Monday a joint proposal for a financial transaction tax for the European Union that is based on a model already tested in France, the Sueddeutsche Zeitung newspaper reported late on Sunday (2 December).

Under the proposal, revenues from the new tax would help fund a euro zone budget, and participating countries would be allowed to use the revenues to offset their contributions to the wider EU budget, the newspaper said.

German Finance Minister Olaf Scholz and French Finance Minister Bruno Le Maire planned to discuss the plan with other EU member states on the sidelines of a finance ministers meeting in Brussels on Monday, the report said.

Belgium told to get off the fence, stop blocking FTT

EU finance ministers have presented a compromise text for the Financial Transaction Tax (FTT) and urged Slovakia and Belgium, which is accused of deliberately blocking negotiations, to ratify it. EURACTIV France reports.

The joint position paper described the proposed tax as an important element in strengthening the EU, the newspaper said, noting the proposal would be included in the EU financial framework agreement for 2021 to 2027, with a vote seen in 2020.

The proposal is modelled on a system already in place in France where all transactions involving domestically issued shares by companies with a market capitalisation of over 1 billion euros are subject to the tax, Sueddeutsche reported.

The newspaper said France favoured earmarking revenues from the new tax solely for the euro zone budget, while Germany believed some funds could also flow into the overall EU budget.

Le Maire and Scholz want to discuss the proposal with Belgium, Greece, Italy, Portugal, Austria, Slovenia and Slovakia, but must also address what will happen to revenues collected by those that already have such a tax, namely France, Belgium, Italy and Greece.

France and Germany are working on a plan that calculates offsets for those countries that could not expect to generate much or any revenue from the proposed tax because their companies are too small, the newspaper said.

FTT blockage illustrates pitfalls of multi-speed Europe

As France, Germany, Spain and Italy meet to perfect their vision of a future multi-speed Europe, the stalemate over the Financial Transaction Tax (FTT) raises the question of whether some states are capable of working together efficiently. EURACTIV France reports.

Background

In September 2011, the European Commission published a detailed proposal for a tax on financial transactions.

For four years, member states have been unable to reach an agreement on how this new tax should be implemented. Under the proposal, the FTT would apply to all financial transactions, except the primary market and bank loans. Transactions on shares and bonds would be taxed at 0.1%, and derivative products at 0.01%. The FTT would have to be paid if at least one of the parties is based in the EU.

As the member states have failed to come to a global consensus, 11 countries have launched an enhanced cooperation mechanism, which will allow at least 9 member states to progress on issues of common interest, without being held up by the other countries.

The 11 countries working on the Financial Transaction Tax project are: France, Germany, Austria, Belgium, Spain, Estonia, Greece, Italy, Portugal, Slovakia and Slovenia.  Estonia finally withdrew from the project.

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Kaynak/Source: