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FINANCIAL TRANSACTION TAX
ORIGIN: AT

Financial Transaction Tax

The tax should have the following design features:

1. Regarding shares:

    a. All transactions including intra-day should be taxed.
    b. All transactions in the chain should be taxed except agents and clearing members (when acting as facilitators).
    c. In order to sustain liquidity in illiquid market configurations, a narrow market making exemption might be required.
    d. The territorial scope of the tax should follow the commission's proposal. It is now being determined whether it is more sensible to start taxation with only shares issued in the member states participating in the enhanced cooperation. Important elements in this determination include relocation risks and administrative costs.

2. Regarding derivatives:

    a. The territorial scope of the tax should follow the commission's proposal (cumulation of residence and issuance principles with application of counterparty principle).
    b. The taxation should be based on the principle of the widest possible base and low rates and it should not impact the cost of sovereign borrowing.
    c. The determination of the tax base for derivatives should abide by the following principles:
        i. For option-type derivatives the tax base should preferably be based on the option premium.
        ii. For products others than option-type derivatives and coming with a maturity, a kind of term-adjusted notional amount / market value (where available) might be considered as the appropriate taxable base.
        iii. For products other than option-type derivatives and not coming with a maturity, the notional amount / market value (where available) might be considered as the appropriate taxable base.
        iv. In some cases, adjustments to the tax rates or to the definition of the tax base might be necessary in order to avoid distortions.
    d. No exemption for market making activities should be granted.

3. Other elements: Member States agreed that further analysis with regard to real economy and pension schemes is required. Negative impact on real economy and pension schemes should be minimised. Further, the financial viability of the tax for each country should be taken into account.