

FTT Newsletter

A Round-Up of FTT developments across Europe



August is expected to be a quiet month for the EU FTT. We can expect significant developments in September with the next scheduled meeting of the FTT working group and the 30 September deadline for participating member states to publish their domestic FTT implementation laws. The outcome of the German federal elections on 22 September 2013 is also likely to influence significantly the development of the FTT.

With respect to the unilateral FTTs, the Italian Financial Transaction Tax (“IFTT”) reporting and payment obligations have been published by the Italian authorities on 18 July 2013. While these do provide some further clarity on how the IFTT should be reported and paid, there remain some areas which require further clarification. Also an English translation of the IFTT payment and reporting regulations has been made available and can be accessed through the link below.

Furthermore, Lithuania has also recently assumed presidency of the EU. The Deloitte FTT team wishes you an enjoyable summer.

EU FTT



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Italy



On 18 July 2013, the Italian Revenue Agency, Agenzia delle Entrate, released regulations providing details with respect to the payment and reporting of the IFTT. These regulations have been anticipated for several months now by financial intermediaries seeking to understand fully how to comply with the new IFTT obligations. To access the measure in Italian, please [click here](#).

An English translation of the Italian payment and reporting regulations has been made available on the Italian revenue authority website. The English translation of the regulations can be accessed [here](#).

As per the Ministerial decree released in February 2013, it is the banks, investment companies and trust companies involved in a chargeable transaction who are generally responsible for reporting and paying the tax. Through Measure No. 2013/87896 of 18 July 2013 ("the Measure"), the Italian tax authority issued a set of rules that financial intermediaries and/or investors are required to comply with in respect of transactions subject to IFTT.

The key points covered by the Measure are summarized below:

Financial intermediaries responsible for the payment of the IFTT: as a general principle, resident and non-resident banks, investment companies and other financial intermediaries authorized to carry out investment/trading activities (with the exception of activities which consist in bringing together two or more investors) are responsible for the payment of the IFTT. This applies in respect of all transactions subject to IFTT: transfers of shares and other in-scope financial instruments, transactions in certain equity derivatives and high frequency trading activity in relation to in scope Italian securities (as a reminder, derivatives are in scope of the IFTT from 1 September 2013).

Under certain conditions, the following resident and non-resident intermediaries involved in transactions may also be required to pay the IFTT:

- asset management companies, where they do not use other financial intermediaries for the execution of trading orders;
- fiduciary companies (società fiduciarie) in respect of transactions carried out in their name and on behalf of the settlors, unless the fiduciary companies appoint other financial intermediaries for the execution of trading orders or the settlors state that the IFTT has been already applied;
- notaries and other professionals involved in transactions for authentication purposes, unless the taxpayer states that the IFTT has been already applied.

Financial intermediaries established in countries which do not allow for the exchange of information with the Italian tax authorities (the so called non "white-list" countries") are considered to be the "final buyer" and subject to IFTT accordingly. The Measure clarifies however that this approach will not apply where such a financial intermediary has a permanent establishment in Italy (or in a "white list" country), which elects for the payment/disclosure of the IFTT or where it meets specific requirements in order to apply the IFTT voluntarily through resident intermediaries or Monte Titoli.

IFTT exclusions/exemptions: it is the responsibility of each investor to provide financial intermediaries with documentation confirming its eligibility for the exemptions/exclusions provided for by the IFTT. Financial intermediaries are allowed to apply the exemptions/exclusions autonomously (in which case they would take responsibility in case of negligence) where the relevant exemption/exclusion can be inferred based on the characteristics of the transaction or other public information. No specific reporting format specified for investors to self-certify an exemption or exclusion applies. As a practical matter intermediaries should ensure that an adequate reporting mechanism is in place to its satisfaction that a particular party or a particular transaction is exempt from IFTT before applying a relevant exemption or exclusion.

Payment of the IFTT: Resident and non-resident intermediaries are required to pay the IFTT through "F24 Form". The Italian tax authority will issue a Resolution summarizing the guidelines for the completion of the form). Non-resident intermediaries/investors responsible for the payment of the IFTT which do not have a current account in Italy (or cannot use their Italian accounts for the payment) are permitted to pay the tax through an international bank transfer.

Return summarizing the IFTT levied/paid: Both resident and non-resident financial intermediaries are required to file an IFTT Return (to be implemented through a specific act by the Italian tax authority) by 31 March of each year, summarizing the IFTT for the previous calendar year. The specific information required to be included in the IFTT return is yet to be clarified.

Record requirements: by the same deadline for the payment of the IFTT, financial intermediaries are required to record in an electronic register certain information related to each chargeable transaction, as detailed further in the Measure (e.g. customer details, ISIN, trade date, price).

Non-resident intermediaries: non-resident financial intermediaries are required to pay IFTT and disclose the transaction through a permanent establishment in Italy if one exists and, if not, through an appointed tax representative. In all other cases, the IFTT has to be paid and the transaction disclosed directly by the non-resident financial intermediaries.

As a reminder, the first payment date of the IFTT was recently delayed to 16 October 2013 from the original date of 16 June 2013.

Lithuania



On 1 July 2013, Lithuania assumed the presidency of the EU, taking over from Ireland. One of the tax priorities of the new presidency will be progressing the FTT. Other priorities include securing political agreement on the savings taxation directive; progress on extending the scope of the administrative cooperation directive to provide for automatic exchanges of information on further types of income; continued work on a common consolidated corporate tax base; VAT on vouchers; and the energy taxation directive.

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