



Press Release No. 12/  
FOR IMMEDIATE RELEASE  
September 18, 2012

International Monetary Fund  
Washington, D.C. 20431 USA

### **Joint Bruegel-IMF Workshop Discusses Proposals on Financial Sector Taxation**

Experts from think tanks, the European Commission, the European Parliament, trade unions, private financial institutions, national governments and the International Monetary Fund (IMF) met today in Brussels for a one-day workshop on reforming financial sector taxation. The workshop was jointly organized by Brussels-based think tank Bruegel and the IMF's Fiscal Affairs Department to take stock of the actions taken since the onset of the crisis, revisit the debate on various financial sector taxes, and assess the challenges ahead.

Building on the IMF's report [\*A Fair and Substantial Contribution by the Financial Sector\*](#), the G-20 agreed at the 2010 Toronto Summit that the financial sector should make a fair and substantial contribution towards paying for any burdens associated with government interventions, where they occur, to repair the financial system or fund resolution."

"The last two years have brought both significant practical developments and real new thinking on financial sector taxation," Carlo Cottarelli, Director of the IMF's Fiscal Affairs Department, stressed. Given the technical complexity of the issue, the importance of consultation and international cooperation are key elements in considering various proposals are. The IMF has continued to engage in regular exchanges with key stakeholders on the issue, including national authorities, academics, unions, non-governmental organizations (NGOs), officials from national and international agencies, and private sector representatives.

Jean Pisani-Ferry, Director of Bruegel noted: "In this field, there are too many problems in search of solutions and too many solutions in search of problems. We have to match them."

Participants agreed on the continued emphasis and importance on the financial sector making a fair contribution to addressing fiscal costs of banking crisis in the future. There are several objectives that tax policy might serve in this area, so more than one tax instrument may be needed. The discussion thus covered the emergence of various versions of bank levies, now adapted in more than a dozen countries, and primarily designed to finance the costs of any future need for government intervention resulting from financial sector failures. The conference also discussed the ongoing debate regarding financial transactions taxes, as well as the potential alternative for adoption of so-called "financial activities taxes", aimed at extending a form of VAT to the financial sector.