

Reports of the death of the financial transaction tax h...

Published: January 13, 2026, 6:55 pm

I took part in a debate on financial transaction taxes [last night at the Law Society](#), and good event it was too.

One of my colleagues on the panel was Mr Rolf Diemer, Head of Unit “Environment and other indirect taxes” of the Directorate General for Taxation and Customs Union (DG TAXUD). It has to be said that there were occasions when it was hard to out a Rizzla between us, but the comment of his I liked most was:

Reports of the death of the financial transaction tax have been greatly exaggerated

This came, of course, in response to a legal opinion this week that the FTT now being operated by 11 EU states [may be illegal because of its extra-territorial impact](#).

I actually think there are a number of appropriate responses to that suggestion, some of which Dr Diemer touched upon. The first is that this is just one aspect of the tax. the second is that it is just one opinion. The third is that reform would not stop an FTT.

But my most important reservation is a more serious one and it is that those who want to argue - as those who have promoted this opinion would seem to do - that a tax should not have extra-territorial impact should do so with care.

Remember how a secrecy jurisdiction is defined. Secrecy jurisdictions are places that intentionally create regulation for the primary benefit and use of those not resident in their geographical domain. That regulation is designed to undermine the legislation or regulation of another jurisdiction. To facilitate its use secrecy jurisdictions also create a deliberate, legally backed veil of secrecy that ensures that those from outside the jurisdiction making use of its regulation cannot be identified to be doing so.

The impact of all tax haven activity is extra-territorial.

The impact of all tax competition is also extra-territorial.

If it is now illegal for a tax to have an extra-territorial impact the impact is enormous. It

is of minor consequence for the FTT, where a few tweaks would solve the problem, but the impact on tax havens and tax competition would be wholly beneficial. Be careful for what you'd ask is what I'd say to those trying to use competition principles to beat the FTT: this could rebound on you, very strongly.