

Parliament to Consider Windfall Profit Tax on Oil Companies

by Luigi Perin

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With gasoline prices soaring worldwide, the Italian government this month will ask the Parliament to approve the introduction of a special windfall profit tax on oil companies. Finance Minister Giulio Tremonti has dubbed it the “Robin Hood tax.”

ENI, Italy’s largest oil company, continues to report record profits — €3.3 billion in net profits in the first quarter of 2008, up 28 percent over the same quarter in 2007.

Revenue from the tax would be used to partially offset the recent elimination of the local real estate tax on Italians’ primary residences.

Also, at a June 3 meeting of the EU Council of Economic and Finance Ministers (see *Tax Notes Int'l*,

June 9, 2008, p. 827, *Doc 2008-12292*, or *2008 WTD 109-3*), Tremonti confirmed his government’s plans to gradually implement fiscal measures with the goal of reaching a zero budget deficit by 2011.

Prime Minister Silvio Berlusconi’s Cabinet is now considering a number of measures that will be presented to Parliament by the end of June, with the goal of containing the 2008 budget to 2.5 percent of GDP.

The government had originally called for €30 billion in corrective budgetary measures, including annual spending cuts, over a three-year period. However, officials now estimate that the corrective measures for the three-year period will amount to as much as €36 billion. ◆

◆ *Luigi Perin, partner, Funaro & Co., New York*