



LIETUVOS RESPUBLIKOS SEIMO NARIAI
MEMBERS OF THE PARLIAMENT OF THE REPUBLIC OF LITHUANIA
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Ms. Christine Lagarde
The President of the European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

18 November 2019

Dear Ms. Christine Lagarde,

Seimas of the Republic of Lithuania started deliberating on the implementation of a banking asset tax¹.

The article 127 of Treaty on the Functioning of the European Union clearly states that “[t]he European Central Bank shall be consulted:

- on any proposed Union act in its fields of competence;
- by national authorities regarding any draft legislative provision in its fields of competence, but within the limits and under the conditions set out by the Council in accordance with the procedure laid down in Article 129(4).

The European Central Bank may submit opinions to the appropriate Union institutions, bodies, offices or agencies or to national authorities on matters in its fields of competence.”

Furthermore, the ECB has already provided its official opinion on a similar tax proposals in Poland (CON/2016/1) and Romania (CON/2019/18), and found that its introduction could have a number of negative impacts and that a more thorough analysis of its effects was advisable.

The Budget and Finance Committee of the Seimas of the Republic of Lithuania has already declined to ask the ECB for its official opinion on the matter, despite the aforementioned provisions of the Treaty on the Functioning of the European Union, claiming that the drafting of its response would take too long, and that only the national financial institutions should be consulted.

We strongly believe this to be an abdication of the Committee’s responsibility and have no other option but to make an individual request to evaluate the proposed banking asset tax in Lithuania on the same grounds as they were evaluated in Poland in 2016 and Romania in 2019.

¹ Official text of proposed law can be found here:

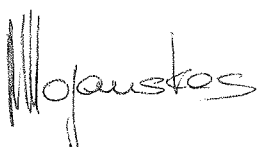
<https://e-seimas.lrs.lt/portal/legalAct/lt/TAP/2e7f2070ec2111e99ab7ff5a9ea34fcc?jfwid=73odxylr9>

We would like to ask to you to evaluate the potential impact of the proposed tax from the point of view of the ECB, namely:

- effects on financial stability;
- impact on the provision of credit;
- impact on the cost of loans;
- impact on banking services' prices;
- effects on the Lithuanian economy;
- impact on concentration of the banking sector;
- any other insights that you deem crucial to this discussion.

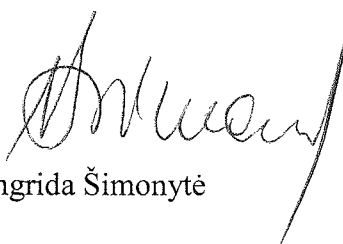
Taking into account timing of adoption of the proposed draft Law, we would greatly appreciate receiving the ECB opinion at your earliest convenience.

Kind regards,



Mykolas Majauskas

Member of the Parliament of Lithuania
Member of Budget and Finance Committee



Ingrida Šimonytė

Member of the Parliament of Lithuania
Chair of Audit Committee