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Global bank tax near, says Brown

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Published: February 10 2010 23:22 | Last updated: February 10 2010 23:22

Gordon Brown said on Wednesday the world's leading economies were close to agreeing a global bank tax, amid hopes in Downing Street that a deal can be concluded at the G20 summit in Canada in June.

Mr Brown believes that opinion has shifted decisively in favour of a globally co-ordinated tax after President Barack Obama's move last month to raise \$90bn (£57.7bn) from a US bank levy.



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International support: Gordon Brown believes the IMF will endorse a global bank levy before its April meeting in Washington

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The tax could cost the financial services sector tens of billions of pounds a year.

The prime minister has strongly advocated some kind of charge on banks. "I'm interested in the way support is building up for international action," he said in an interview with the Financial Times.

Last year, Mr Brown mooted a tax on bank transactions – a so-called **Tobin tax** – as one of a number of options to make sure the "contribution banks make to society is properly captured".

The US immediately shot down that option, but the International Monetary Fund has been looking at other ideas.

Mr Brown believes that the IMF will endorse a global bank levy before its April meeting in Washington.

Downing Street hopes an agreement in principle can then be agreed by world leaders at the G20 summit in June, although the implementation of the levy and the detail of how it would work could take longer.

"People are now prepared to consider the best mechanism by which a levy could be raised," Mr Brown said.

He thought the IMF would propose a method that would be "somewhat different" from the tax on wholesale funding proposed by Mr Obama.

Other options would be for a tax on bank profits, turnover or remuneration. But the IMF is expected to shy away from branding the levy as "an insurance scheme" because doing so might encourage banks to think they would automatically be covered by the taxpayer if they ran into trouble again.

Mr Brown insisted he was not attacking banks or their wealthy employees for ideological reasons. On the new 50p top rate of tax, he said: "We didn't want to raise the top rate of tax." He added: "We have no desire to have a tax rate that is higher than necessary."

The prime minister said those with the "broadest shoulders" should pay more, and insisted that the tax would raise "a substantial amount of additional money". He admitted: "It's not as high as you would like it to be because of avoidance."

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In a wide-ranging interview, Mr Brown appeared focused on economic summits that will take place after the expected May 6 election, confirming the impression of aides that he still believes he can overturn a 10-point poll deficit.

He confirmed there would be a Budget before the election and insisted there was "no disagreement" with Alistair Darling, chancellor, on the pace of cutting the £178bn deficit: the plan is to halve borrowing over four years.

The prime minister again suggested that Mr Darling might be able to increase planned spending in some areas, if debt interest and benefit spending were lower than expected, or growth higher.

"If anything, we've shown ourselves to be better than people expected in most of these areas," he said.

"That leaves the chancellor free to make decisions that he will make at the time of the Budget."

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