

# Italian banks hit with surprise windfall tax

**Italy has passed a one-off 40% tax on the profits banks earn from higher interest rates, in a shock move that has seen shares plummet.**

A hike in official interest rates has resulted in record profits for Italian banks, prompting the government's move.

Proceeds will be used to help mortgage holders and to cut taxes, the government says.

But Italian banks have said the tax on their profits will be “substantially negative” for the sector.

The surprise move was agreed by Prime Minister Giorgia Meloni's ministers at a cabinet meeting late on Monday. They vowed to invest the funds raised into helping households and businesses struggling with the cost of borrowing.

“One has only to look at banks' first-half profits to realise that we are not talking about a few millions, but of billions,” Deputy Prime Minister Matteo Salvini told a news conference in Rome late on Monday.

The tax will apply to the net interest income that comes from the gap between the banks' lending and deposit rates.

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**Source:** <https://www.bbc.com/news/world-europe-66440335>

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