



Public Consultation on the EU Digital Levy

Global Context

The EU business community supports the globally coordinated approach to a revision of the tax system to address the tax challenges of the digitalisation of the economy and we welcome the launch of a public consultation on the EU Digital Levy, as this is a helpful way for stakeholders to provide feedback on this important topic. However, we strongly regret that the European Commission is launching this initiative at a time when all partners should be focusing on a global solution at the OECD.

We believe that the OECD's Pillar proposals demonstrate the significant and ambitious progress the OECD is making in reforming the international corporate tax system to address the tax challenges of the digitalised economy and we hope to see an agreement by the OECD-deadline. We welcome the very positive signals coming out of the G20 Finance Ministers meeting on 26 February 2021, with all G20 Finance Ministers confirming strong support for an agreement on both Pillars by July 2021 and US Secretary Yellen making the important step of dropping the request for a safe harbor. These signals positively reinforce the message that at this crucial point in time, we should all redouble our efforts to support and advance the discussions at OECD-level, with the aim of reaching an agreement on a multilateral, sustainable and comprehensive solution by the mid-2021 deadline.

While we acknowledge and support the European Commission's wish, as expressed in the inception impact assessment, 'not to undermine the on-going discussions at the OECD, nor to fuel international trade tensions', we do not see how proposing a unilateral levy, before the OECD deadline of mid-2021, would not undermine the global discussions and upset the already difficult negotiations with our trading partners at the OECD.

Policy Rationale

The Inception Impact Assessment and the Public Consultation frequently refer to notions of 'fairness', while at the same time highlighting mismatches between current tax rules and the digital economy. To ensure an effective outcome, it should be more clearly defined what the European Commission is addressing here. While we recognise that current tax rules require an update to address new (digital) business models, this does not necessarily mean that digital companies do not pay their 'fair share'.

We would like to underline that the OECD has made clear that Pillar 1 concerns the rewriting of profit allocation rules, and is not responding to allegations that certain business models face undue tax burdens. To ensure an effective outcome, the European Commission's proposal for a digital levy should provide a clear description of what issue it is tackling, supported by a robust impact assessment. For example, if it can be shown that digital companies do pay effective tax rates below traditional companies in some member states, it should be made clear whether this is due to outdated tax rules, legitimate tax credits (e.g. tax relief for R&D expenditures) or indeed harmful (illegal) tax practices.



The Inception Impact Assessment also refers to such concepts as network effects, scale without mass and remote selling as an ‘important characteristic to digital businesses’. Any upcoming analysis should clarify whether these concepts are specific to the digital economy, or whether these concepts do not just apply to other industries and the economy in general. If so, they should not be considered as a justification for the digital levy.

Recent years have also seen the implementation of comprehensive BEPS-measures, the EU’s Anti-Tax Avoidance Directive (ATAD) and the US Tax Cuts and Jobs Act, which have changed the international tax landscape considerably. We regret that the European Commission is already questioning the impact of such significant proposals at such an early stage.

The EU Digital Levy & OECD Pillar 1

While we recognise the need for further coordination at EU level in case the OECD fails to find an agreement, we understand however from the public consultation that it is not excluded that the EU digital levy could arrive ‘on top of’ the OECD agreement. Such a move would not only further complicate the Pillar 1 system, possibly giving rise to double taxation, but would also harm EU competitiveness and dampen economic and digital growth in the EU economy. To avoid the most significant negative consequences, it should be made clear that any company under the scope of the to-be-agreed Pillar 1 is excluded from the EU’s Digital Levy, to avoid any instances of double taxation.

In the same light, President Von Der Leyen’s noted in her State of the Union speech that the European Commission would come forward with a unilateral proposal if “an agreement fall[s] short of a fair tax system that provides long-term sustainable revenues”. If this would be the reason for an EU digital levy, the European Commission should make clear why it believes that the OECD agreement does not meet the European Commission’s ambitions.

We are also concerned if the EU digital levy is enacted as a way to ‘cover’ the time period between the OECD’s political agreement on the Pillars and their effective implementation. This will likely lead to administrative costs for business (who will have to change their tax compliance systems twice in a short timespan) to continued disputes with third countries, in particular the US, with the ongoing potential for tariff retaliation, and thus increased uncertainty for businesses. Such a move can also harm the on-going negotiations on the Pillars altogether.

EU Digital Levy vs National Digital Taxes

While we believe that unilateral proposals are not a well-founded way forward, we understand the European Commission’s wish to explore avenues specifically to limit the dangers of national digital taxes disrupting the Single Market. The European Commission should ensure as much as possible that member states refrain from such actions and to the extent that those member states who still enact a national digital tax do so in a standardised harmonised format.



Further to our response to the questionnaire, we would like to provide further background to some of our answers.

General

We are very concerned by a number of questions and statements in the public consultation, as well as the underlying tone. For example, there is a question relating to whether “digital companies benefit from the single market”. Since most companies benefit from the single market (and indeed most companies are to some extent digital), we fail to see the added value of this being included in a public consultation on the supposed need for an EU digital levy. Similarly, the document implies (without evidence) that a ‘fairer contribution of companies in the digital sector will support the economic recovery’, seemingly ignoring the potential impact of a digital tax on investment in the sector.

As stated in the Commission’s “Better Regulation Toolbox” (‘Tool 54’)¹, it is essential that public consultation documents “are explicit, clear and understandable” with the questions in the questionnaires “relevant, short and simple and [be] designed in a neutral manner”. We regret that some of the statements listed in the Commission’s questionnaire can be regarded as unprecise, irrelevant or even biased and thus may not live up to these standards. This can only decrease the quality of stakeholders’ contributions and thus negatively affect the quality of input to policymaking, thereby unfortunately undermining the European Commission’s important preparatory work.

Question 31

Europe is currently facing a deep economic crisis due to the COVID-19 pandemic. As a result, the need for pro-growth tax policies is particularly acute to ensure investment in capital and productivity improvements.

Regardless of whether the EU digital levy will act on top of the OECD agreement or not, we cannot support a tax on digital companies when based on revenue. Taxing corporate revenue, rather than income, is inconsistent with international tax. This approach will likely penalize low-margin and loss-making companies and subjects affected companies to potential multiple taxation and significant compliance costs. The structure of taxes on gross revenue also means the burden of the tax most likely falls on in-country consumers. Therefore, a return of the European Commission’s proposal for a digital services tax, which has been criticised by the US Trade Representative, should be avoided at all costs.

We are also very concerned by the European Commission’s proposal to tax B2B transactions. Generally, tax systems are designed to avoid taxing business inputs (e.g.

¹ https://ec.europa.eu/info/sites/info/files/file_import/better-regulation-toolbox-54_en_0.pdf



like in VAT), and any departure from this system would significantly harm the take-up of digital practices in EU businesses.

A top-up tax on the corporate income tax contains significant drawbacks too. Such a choice would be wholly incompatible with the EU's wish to have a growing EU Digital Single Market, given the damaging impact of such a top-up on investment, workers and consumers. As effective tax rates are already expected to rise following the agreement on Pillar 2, a proposal for a top-up corporate income tax specifically related to digital companies would send the wrong signal about the EU's ambition to increase digitalisation in the Single Market, in particular if it would also apply to SMEs. Such a tax would also be difficult or even impossible to apply to companies without a permanent establishment in the EU, leading to a significant competitive disadvantages for EU companies in general and digital companies in particular.

The digital levy

Fields marked with * are mandatory.

Introduction

The objective of the initiative is to introduce a measure that allows for a fairer contribution from companies that operate in the digital sector, in order to support the economic recovery and provide a more stable medium-term outlook.

The questionnaire should take about 30 minutes to complete. The questionnaire is accessible in English in a first instance, but will be made available in all official EU languages shortly. You can submit your reply in any of the official EU languages.

Some of the questions are conditional on the type of respondent you represent, so you might not see all the questions and the numbering will seem interrupted. This is normal.

In addition to the introduction, the consultation is structured as follows:

- The 2nd section presents some general background information on the digital economy.
- The 3rd part of the questionnaire asks for some background information about you, the respondent. This is in order to better understand your perspective.
- The 4th part covers the current international taxation framework and its shortcomings.
- The 5th part covers possible solutions to address those shortcomings.
- The final section allows you to upload a position paper or any kind of document that you think is relevant to better explain your views.

Context

The European Commission has set out strategic objectives on how to shape Europe's digital future and to help ensure that Europe is fit for the Digital Age. Technological advancements and digitalisation are profoundly changing the way we work, do business, how people travel, communicate and relate. These changes give rise to innovation, growth, and new business models, but also to important challenges. The COVID crisis has been a catalyst and accelerator of change, hastening the transition towards a more digital world and triggering important changes in behaviour that could have lasting effects.

Against this backdrop, the EU needs a modern, stable regulatory and tax framework to appropriately address the developments and challenges of the digital economy. Recently, the Commission adopted the [Digital Services Act package](#), which aims at better protecting consumers and their fundamental rights online, and at promoting fairer and more open digital markets for everyone. This new proposal covers digital

services, including social media, online market places, and other online platforms that operate in the EU. While digitalisation can increase productivity and consumer welfare, and should thus be fostered and nurtured, it is also of paramount importance to ensure that digital companies contribute their fair share to society, since a prolonged unequal distribution of rights and responsibilities undermines the social contract.

Work is ongoing at the G20 and OECD level to find a global solution that can support a reform of the international corporate tax framework in order to address some of the challenges related to the digitalisation of the economy. A number of elements remain to be agreed, but there are indications that the OECD agreement will focus on large, multinational enterprise groups and a limited number of pre-defined activities linked to digitalisation. In the absence of a global agreement, some Member States have in the meantime introduced certain temporary tax measures affecting businesses that are part of the digital economy.

In its conclusions of 21 July 2020, and in view of a need to support the EU's borrowing and repayment capacity, the European Council tasked the Commission with putting forward proposals for additional own resources. The digital levy is one of them. The new initiative will help address the issue of fair taxation related to the digitalisation of the economy but will not interfere with the ongoing work at G20 and OECD level on a reform of the international corporate tax framework.

The main objective of the initiative is to come forward with a measure that allows for a fairer contribution from the companies that operate in the digital sphere for the purposes of the recovery and to support a more stable medium-term outlook. Modernising tax rules to better fit current circumstances and the expected increase in digitalisation should ensure that the measure fits the reality of the digital economy better and addresses future developments head on, limiting the risk of short-term solutions and distortions across businesses of different types and origins.

The initiative will be designed in a way that is consistent with the Digital Services Act package and the Commission's digital strategy for ensuring a fair and competitive digital economy, as announced in the [Communication 'Shaping Europe's digital future'](#).

About you

* 1 Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German

- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* 2 I am giving my contribution as

- Academic/research institution
- Business association
- Company/business organisation
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* 3 First name

Pieter

* 4 Surname

BAERT

* 5 Email (this won't be published)

p.baert@businessseurope.eu

* 9 Organisation name

255 character(s) maximum

BusinessEurope

* 10 Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

14 Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

3978240953-79

* 15 Country of origin

Please add your country of origin, or that of your organisation.

- | | | | |
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| <input type="radio"/> Afghanistan | <input type="radio"/> Djibouti | <input type="radio"/> Libya | <input type="radio"/> Saint Martin |
| <input type="radio"/> Åland Islands | <input type="radio"/> Dominica | <input type="radio"/> Liechtenstein | <input type="radio"/> Saint Pierre and Miquelon |
| <input type="radio"/> Albania | <input type="radio"/> Dominican Republic | <input type="radio"/> Lithuania | <input type="radio"/> Saint Vincent and the Grenadines |
| <input type="radio"/> Algeria | <input type="radio"/> Ecuador | <input type="radio"/> Luxembourg | <input type="radio"/> Samoa |
| <input type="radio"/> American Samoa | <input type="radio"/> Egypt | <input type="radio"/> Macau | <input type="radio"/> San Marino |
| <input type="radio"/> Andorra | <input type="radio"/> El Salvador | <input type="radio"/> Madagascar | <input type="radio"/> São Tomé and Príncipe |
| <input type="radio"/> Angola | <input type="radio"/> Equatorial Guinea | <input type="radio"/> Malawi | <input type="radio"/> Saudi Arabia |
| <input type="radio"/> Anguilla | <input type="radio"/> Eritrea | <input type="radio"/> Malaysia | <input type="radio"/> Senegal |
| <input type="radio"/> Antarctica | <input type="radio"/> Estonia | <input type="radio"/> Maldives | <input type="radio"/> Serbia |

- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar /Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania

- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria

- Burkina Faso
- Burundi

- Cambodia

- Cameroon

- Canada
- Cape Verde
- Cayman Islands

- Central African Republic
- Chad
- Chile
- China

- Christmas Island
- Clipperton
- Cocos (Keeling) Islands

- Colombia
- Comoros

- Congo

- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan

- Nicaragua
- Niger
- Nigeria
- Niue

- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
- Poland
- Portugal

- Thailand
- The Gambia
- Timor-Leste
- Togo

- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan

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| <input type="radio"/> Cook Islands | <input type="radio"/> Kenya | <input type="radio"/> Puerto Rico | <input type="radio"/> Vanuatu |
| <input type="radio"/> Costa Rica | <input type="radio"/> Kiribati | <input type="radio"/> Qatar | <input type="radio"/> Vatican City |
| <input type="radio"/> Côte d'Ivoire | <input type="radio"/> Kosovo | <input type="radio"/> Réunion | <input type="radio"/> Venezuela |
| <input type="radio"/> Croatia | <input type="radio"/> Kuwait | <input type="radio"/> Romania | <input type="radio"/> Vietnam |
| <input type="radio"/> Cuba | <input type="radio"/> Kyrgyzstan | <input type="radio"/> Russia | <input type="radio"/> Wallis and Futuna |
| <input type="radio"/> Curaçao | <input type="radio"/> Laos | <input type="radio"/> Rwanda | <input type="radio"/> Western Sahara |
| <input type="radio"/> Cyprus | <input type="radio"/> Latvia | <input type="radio"/> Saint Barthélemy | <input type="radio"/> Yemen |
| <input type="radio"/> Czechia | <input type="radio"/> Lebanon | <input type="radio"/> Saint Helena Ascension and Tristan da Cunha | <input type="radio"/> Zambia |
| <input type="radio"/> Democratic Republic of the Congo | <input type="radio"/> Lesotho | <input type="radio"/> Saint Kitts and Nevis | <input type="radio"/> Zimbabwe |
| <input type="radio"/> Denmark | <input type="radio"/> Liberia | <input type="radio"/> Saint Lucia | |

The Commission will publish all contributions to this public consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association', 'consumer association', 'EU citizen') country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

* 17 Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only organisation details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

Public

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

Current problems

18 To what extent are the tax systems in the EU adapted to the challenges of a global and digital economy?

- To a great extent
- To some extent
- To a little extent
- Not at all
- Don't know

19 To what extent do you agree with the following statements on digital companies:

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	I don't know
Digital companies have created useful innovations and it is justified that they make large profits.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Users participate in the creation of value of digital companies, e.g. by sharing their data.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Many digital companies are emerging from the Covid-19 health crisis more profitable and with larger market shares.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Digital companies benefit from the EU single market.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Digital companies are treated differently by governments than non-digital companies of similar size.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

20 To what extent do you agree with the following statements regarding taxation in the digital economy:

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	I don't know
In the digital economy some digital activities are taxed less than non-digital economic activities.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The sale of user data by digital companies should be taxed.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Many digital companies do not pay their fair share of taxes.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Tax authorities are not able to appropriately collect taxes on digital activities.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

21 What are the most important taxation challenges that digitalisation brings for businesses?

Please rank from 1 to 5 (1 being the most important challenge)

	1 (most important)	2	3	4	5 (least important)
Disadvantage for traditional businesses compared to digital competitors because of a different tax treatment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Uncertainty related to tax obligations when operating in different countries.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uncertainty related to future taxation solutions for new business models.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Difficulties in identifying profits for different digital activities.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

22 Please specify:

23 What are the most important taxation challenges that digitalisation brings for national tax systems?

Please rank from 1 to 5 (1 being the most important challenge)

	1 (most important)	2	3	4	5 (least important)
Companies can easily service customers across various markets, without being located or resident in those market jurisdictions.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Businesses acquire new sources of revenue (e.g. through gathering/exploitation of data, cloud computing, hosting, etc.) that are not properly taxed.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Unfair advantage of companies operating cross-border over local companies, due to increased tax-planning opportunities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Difficulties to establish the tax liability of a company due to the complex value chain.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

24 Please specify:

Insufficient cooperation between tax administrations

25 There are several national approaches now to taxing digital companies. Are you aware of such measures?

- Yes
- No
- Don't know

26 For which EU countries are you aware of national approaches to the taxation of digital companies?

(Multiple choices possible)

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czechia
- Denmark
- Estonia
- Finland
- France

- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovak Republic
- Slovenia
- Spain
- Sweden

27 Which measures taken by EU countries at national level to tax the digital economy do you consider are most effective, and why?

1000 character(s) maximum

Proposing or implementing unilateral taxes would not be a well-founded way forward as this creates great uncertainty and, as demonstrated by the OECD impact assessment, unilateral measures have the potential to damage the economic recovery significantly. However, we understand the European Commission's wish to explore avenues specifically to limit the dangers of national digital taxes disrupting the Single Market. The European Commission should ensure as much as possible that member states refrain from such actions and to the extent that those member states who still enact a national digital tax do so in a standardised harmonised format. ♦

28 How do you view the effort by individual EU countries to tax the digital economy?

To what extent do you agree with the following statement:

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	I don't know
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EU countries face a specific, domestic context when it comes to digital activities on their territory and should be addressing these issues at national level.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
EU countries' policies would be more effective if coordinated on an EU level.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A divergence between national policies risks fragmenting the European single digital market, and making these policies less effective.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Possible solutions

29 On what level do you think the problem of taxation of the digital economy is best solved?

Please respond by ranking options in the order of importance/appropriateness (1 being the most important/appropriate)

	1 (most important)	2	3	4	5 (least important)
Subnational level	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
National level	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU Level	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Multilateral agreement involving countries beyond the EU	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A combination of the above	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

30 Work is ongoing at the OECD and G20 to find a global consensus-based solution to the tax challenges arising from the digitalisation of the economy. One part of this discussion (Pillar 1) focuses on the reallocation of profits by expanding the taxing rights of market jurisdictions to compensate the digital activities performed remotely and directed at those market jurisdictions.

To what extent do you see the objectives of these negotiations on Pillar 1 as complementary to the objectives of the digital levy?

- Strong complementarity
- Limited complementarity

- No complementarity
- Don't know

31 To what extent do you think the following approaches would be useful as complementary actions to meet the objectives of this initiative?

	Very useful	Useful	Not useful	Don't know
An increase in the current corporate income tax (top-up) for all companies conducting certain digital activities in the EU.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
A new tax on revenues created by certain digital activities conducted in the EU.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
A new tax on all digital business-to-business transactions conducted in the EU.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

32 How important do you consider the following objectives of the digital levy proposal?

	Very important	Important	Not important	Don't know
To increase legal certainty for companies.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To ensure equal treatment among digital companies – both foreign and EU-based – operating in the EU.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To level the playing field between traditional companies and digital companies operating in the EU.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

33 Please select from the following list the activities which you think should be considered as digital activities in the context of a legislative measure:

- Online social networking services financed by advertisement or sale of user data
- Online social networking services financed by subscription fees
- Online search engines
- Online advertising services
- Number-independent interpersonal communication services
- Online gaming financed by advertisement or sale of user data
- Online gaming financed by subscription fees
- Standardised online teaching financed by advertisement or sale of user data
- Standardised online teaching financed by subscription fees
- Online intermediation services

- Online intermediation platforms for accommodation
- Online intermediation platforms for mobility
- Online intermediation platforms for utilities and communication (price comparison platforms for gas, electricity, phone etc.)
- Streaming of content (music and/or video) financed by subscription fees
- Streaming of content (music and/or video) financed by advertisement
- Online news outlets financed by subscription fees
- Online news outlets financed by advertisement
- Online sale of physical goods
- Online sale of physical services (plane ticket, hotel room, cleaning lady etc.)
- Online sale of software
- Cloud computing services
- Sale of user data
- Other (please specify):

35 How important do you see the following issues in the design of the taxation measure under consideration?

	Very important	Somewhat important	Not important	I don't know
The definition of digital activities or digital companies, which are subject to the tax.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The type of tax envisaged (e.g. whether it would be a tax on specific activities, transactions, turnover or profits).	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The ability of the tax to cover companies with residency inside and outside of the EU.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fairness considerations, taking into account the possible impact on small and medium-sized enterprises (SMEs), digital companies with a dominant versus weak market position, or consumers.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Potential behavioural reactions to avoid the payment of the new tax.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Potential additional tax reporting requirements on companies.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Additional administrative requirements for relevant tax authorities.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

36 The accelerated development of the Digital Union will be characterised by the creation of fast growing companies albeit often accompanied by multiple failures. Against this background please indicate how you consider that Small and Medium Sized Enterprises (SMEs) should be treated by the current digital levy proposal.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	I don't know)
SMEs should be excluded from the scope of the tax.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SMEs should benefit from an exemption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SMEs should face a lower tax burden (e.g. through an allowance) than larger companies.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SMEs should not be treated differently than larger companies.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

37 What would you consider the minimal economic activity (in terms of revenue) a digital company should have in the EU in order to be liable to the digital levy?

- EUR 500 thousand
- EUR 1 million
- EUR 5 million
- EUR 10 million
- EUR 20 million
- Other, please specify
- Don't know

39 In order to identify where the revenues/profits are generated and how to determine the place of taxation, which of the following options do you consider the most appropriate.

- IP address of the user
- One method of geolocation, to be chosen by the taxable person
- One method of geolocation chosen by the taxable person from a pre-established list
- Two methods of geolocation chosen by the taxable person
- Two methods of geolocation chosen by the taxable person from a pre-established list
- Don't know

Final remarks

Please feel free to upload a concise document, such as a position paper or study that could support or detail your position. The maximal file size is 1MB.

Please note that the uploaded document will be published alongside your response to the questionnaire which is the essential input to this open public consultation. The document is an optional complement and serves as additional background reading to better understand your position.

In case you have chosen to remain anonymous, please make sure you remove any personal identification data from the document.

40 Please upload your file

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

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