



## EUROPEAN COMMISSION

*Brussels, 18.09.2018  
C(2018) 5907 final*

*Dear President,*

*The Commission would like to thank the Chambre des représentants for its Opinion on the Communication to the European Parliament and the Council 'Time to establish a modern, fair and efficient taxation standard for the digital economy' {COM(2018)146 final}, the proposal for a Council Directive laying down rules relating to the corporate taxation of a significant digital presence {COM(2018)147 final} and the proposal for a Council Directive on the common system of a digital services tax on revenues resulting from the provision of certain digital services {COM(2018)148 final}.*

*The Commission is pleased by the overall support on the need to ensure a fair and efficient taxation of the digital economy and on the fact that action is required at Union level, rather than by each Member State individually, in order to best achieve the objectives of such proposals. The Commission remains aware that views may differ on what is the most appropriate instrument.*

*The Commission would like to recall that the proposal on rules for a significant digital presence {COM(2018)147 final} aims at tackling the problems posed by the fact that the current corporate tax framework has not kept pace with the new features of the digital sector, which are not particular to a specific Member State, but constitute a common challenge for the Union as a whole. In fact, such problems are of an international dimension because they are rooted in the international tax framework and concern cases where digital activities are performed cross-border. This is the reason why the Commission has always been clear that the preferred solution is an ambitious global one and strongly supports international work to achieve this.*

*A common initiative across the internal market is required for a direct and harmonised application of the rules on a significant digital presence within the Union to ensure a level-playing field for all Member States and provide taxpayers with legal certainty. Unilateral and divergent approaches by Member States could be ineffective and fragment the single market by creating national policy clashes, distortions and tax obstacles for*

*Mr Eric VAN ROMPUY  
President of the  
Commission des Finances et du Budget  
Place de la Nation 2  
B – 1008 BRUXELLES*

*cc Mr Siegfried BRACKE  
President of the  
Chambre des représentants  
Place de la Nation 2  
B – 1008 BRUXELLES*

*businesses. If the objective is to adopt solutions that function for the internal market as whole, the appropriate way forward is only through coordinated initiatives at Union level.*

*As regards the proposal for a common system of a digital services tax {COM(2018)148 final}, it must be kept in mind that international efforts to reform the corporate tax framework to cover the digital activities is likely to take time. In the meanwhile, Member States may introduce unilateral interim measures to address the challenges of taxing the digital economy companies. Some of these measures, which can be of a very diverse nature, are already in place or are being planned by Member States. European Union action is necessary in order to mitigate the fragmentation of the Single Market and the distortions of competition within the Union caused by uncoordinated national measures.*

*Also, a European Union solution adds value compared to different national policies because it entails a reduction in the compliance burden for businesses subject to the new rules and it also sends a strong signal to the international community as to the commitment of the European Union to act when it comes to ensuring the fair taxation of the digital economy.*

*The Commission hears the concerns expressed on the interim solution, which is being criticised for not taking into account the issue of misalignment between the place where profits are realised and the place where those same profits are taxed in absence of a permanent establishment. The proposal for a common system of a digital services tax aims indeed at harmonising a response to address the most pressing challenges in the short-term. But although it does not fully solve the issue of misalignment, it has been designed as a proxy focusing on those activities for which the Commission has identified the most extreme mismatches between the location of taxation and value creation.*

*The Commission hopes that these comments address the concerns raised by the Chambre des représentants and looks forward to continuing the political dialogue in the future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Pierre Moscovici  
Member of the Commission*