



## EUROPEAN COMMISSION

*Brussels, 25.4.2018  
C(2018) 2428 final*

*Dear Chairs,*

*The Commission would like to thank the Assembleia da República for its Opinion on the Communication on "A Fair and Efficient Tax System in the European Union for the Digital Single Market" {COM(2017)547 final}.*

*One of the Commission's top political priorities is the Digital Single Market. The Digital Single Market Strategy {COM(2015)192} aims to open up digital opportunities for people and businesses in a market of over 500 million consumers. Completing the Digital Single Market could contribute EUR 415 billion per year to Europe's economy, create jobs and transform our public services. In the 18 months following the adoption of the Strategy, the European Commission delivered the announced proposals. In the mid-term review of the strategy {COM(2017)228} it has updated its analysis and focused on the next series of challenges.*

*The Commission is pleased that the Assembleia da República shares the view that strong and ambitious action by the European Union on the taxation of the digital economy is urgent. A comprehensive and modern approach to the taxation of the digital economy is needed to meet the goal of fairer and more efficient taxation, and to support growth and competitiveness through the Digital Single Market. The Commission is of the view that action is required at the level of the European Union, rather than by each Member State individually, in order to prevent fragmentation of the internal market.*

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*cc. Mr Eduardo FERRO RODRIGUES  
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*For those reasons, on 21 March 2018, the Commission proposed new rules to ensure that digital business activities are taxed in a fair and growth-friendly way in the EU. The Commission tabled two legislative proposals: (1) a proposal aimed at reforming Member States' corporate tax rules so that profits are taxed where businesses have a significant digital presence {COM(2018)147 final}, which is the Commission's preferred comprehensive solution; and (2) a proposal for an interim tax covering two main types of digital services that are heavily reliant on user participation or data obtained about users as a way to generate revenues {COM(2018)148 final}. This is intended to be only an interim solution, until a comprehensive reform has been agreed at the international level. In addition to these two legislative proposals, the Commission also adopted a Recommendation to Member States to adapt their double taxation treaties with non-EU jurisdictions along the lines of the proposed Directive on the comprehensive solution {C(2018) 1650 final} and a Communication on establishing a modern, fair and efficient taxation standard for the digital economy {COM(2018)146 final}.*

*The Commission looks forward to hearing the views of the Assembleia da República on these new proposals and to continuing the political dialogue in the future.*

*Yours sincerely,*

*Frans Timmermans  
First Vice-President*

*Pierre Moscovici  
Member of the Commission*