



EUROPEAN COMMISSION

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Dear Presidents,

The Commission would like to thank the Cortes Generales for their Opinion on 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 that the Cortes Generales share the view that action is required at Union level, rather than by each Member State individually, in order to best achieve the objectives of these proposals.

The proposal on rules for a significant digital presence aims at tackling the problems posed by the current corporate tax framework not keeping 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 European 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 each Member State could be ineffective and fragment the single market by creating national policy clashes, distortions and tax obstacles for 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 the level of the European Union.

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As regards the proposal for a common system of a digital services tax, the Commission would like to point out that international efforts to reform the corporate tax framework to cover the digital activities are likely to take time. 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. Action at the European level 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.

Moreover, a European 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 also gives a strong sign 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.

These comments are based on the initial proposals by the Commission, which are currently in the legislative process involving negotiations in the Council.

The Commission looks forward to continuing the political dialogue with the Cortes Generales in the future.

Yours faithfully,

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Member of the Commission