



EUROPEAN COMMISSION

STATEMENT

Brussels, 28 May 2014

Statement by Commissioner Šemeta and Vice-President Kroes on Taxation of the Digital Economy

Receiving the report by the High Level Expert Group on Taxation of the Digital Economy today, EU Tax Commissioner Algirdas Šemeta stated:

"This report provides very good food for thought.

Less than 5 months ago, this group embarked on its mandate to assess the challenges and opportunities in taxing the digital economy. Today they have delivered their findings and recommendations.

I warmly thank Vítor Gaspar and the other members of the group for the time and dedication they have given to this task and for the high quality report they have presented today.

The Commission will now carefully study the group's findings, and draw on them when considering future policy orientations.

What first strikes me though, and I am pleased that it does, is that this independent group very much confirms the Commission's own views on where our energy and efforts must be focused in EU tax policy.

Fostering a united EU approach to tackling tax evasion, and creating of a favourable tax environment for businesses – digital and otherwise - have been our overarching goals in recent years.

In this light, three conclusions of this report particularly resonate:

First, the EU must throw its full collective weight behind international efforts to clamp down on tax avoidance. Member States must speak with one voice, reflecting shared priorities, in the OECD's project to tackle Base Erosion and Profit Shifting (BEPS).

I fully agree that this is the only way of securing EU interests and ensuring that the end result is both simple and effective.

I particularly welcome the emphasis that the report puts on tackling harmful tax competition, and the recognition that this involves more than just abolishing harmful regimes. From our experience in the EU, we know that solidarity – or peer pressure – must be engaged to encourage fair-play amongst countries. We need to extend this idea internationally.

Second, I appreciate the recognition that the report gives to the Common Consolidated Corporate Tax Base, which I proposed in 2011.

The CCCTB offers a "double dividend", delivering on both fronts when it comes to our taxation priorities.

On one hand, its central purpose is to greatly reduce complexities and administrative burdens for cross-border companies working in our Single Market.

On the other, the CCCTB can be a highly effective tool for combating tax avoidance and ensuring fairer revenue distribution between countries.

The increasing digitalisation of our economy makes the case for the CCCTB even stronger; both from the simplification angle and for the purpose of fighting tax evasion.

I truly believe that the CCCTB is an opportunity to be seized in this light. It could be the first step towards the more fundamental reform of corporate taxation in Europe, which the report suggests for the longer term.

Finally, the High Level Group has done an excellent analysis of the VAT questions linked to the digital economy.

Its vision for a destination-based VAT system, in which taxation reflects where consumption takes place, very much confirms the direction we are heading in the EU.

Indeed, from next January, this principle will be a reality for digital goods and services.

The mini-One Stop Shop, which accompanies this change, is entirely conceived to ease life for businesses, by simplifying procedures and cutting red tape.

I therefore support the Group's recommendation that the One Stop Shop approach should eventually be extended to all goods and services.

The digital economy, as well as SMEs, would benefit greatly from this move.

And given the potential that both have to propel growth, jobs and competitiveness in Europe, any tax measure which can assist them must be seriously explored."

Vice-President Neelie Kroes, responsible for Digital Agenda, also welcomed the report saying:

"In determining how to modernise our tax system we need to encourage two things: greater fairness and greater opportunities to create new jobs and growth. While digital products and services present tax challenges, they also provides means for ensuring simpler and more transparent tax system, and are now integrated into the whole economy.

We cannot ignore the challenge to fairly tax digital products and services and the companies that provide them, and we must do so in a way that continues to encourage innovation. We must avoid punitive taxes, and we must ensure equal treatment of equal products and services. Personally I would prefer that taxes are equalised downwards.

This report makes an important contribution to the tax debate, but I note there will be many important contributions in the coming months including the Commission's own impact assessment on this question."

Contacts :

[Emer Traynor](#) (+32 2 292 15 48)

[Franck Arrij](#) (+32 2 297 22 21)

For the public: **Europe Direct** by phone **00 800 6 7 8 9 10 11** or by [e-mail](#)