Question for written answer E-005509/2018
to the Commission
Rule 130
Wolf Klinz (ALDE)

Subject: Empirical evidence contradicts the Commission proposal for a digital services tax

The Commission proposal for a common system of a digital services tax on revenues resulting from the provision of certain digital services (DST) claims that traditional companies pay an average of 23 % in taxes, while digital companies only pay around 10 % in taxes. These numbers are based on a study conducted by the Centre for European Economic Research (ZEW)[1]. The numbers in the study, however, are calculated as mere estimates based on a hypothetical investment project and a number of theoretical assumptions about the pre-tax rate of return of a hypothetical investment, real interest rates and different depreciation rates for a limited number of asset classes. These estimates do not reflect the real effective corporate tax rates of individual corporations that operate within and outside of the EU.

How does the Commission justify basing its proposal on a simulation instead of real observed data?

Is the Commission aware that Prof. Dr Christoph Spengel, the lead author of the 2016 ZEW study, has distanced himself from the Commission proposal, saying that it is simply not true that digital companies pay less tax than traditional businesses and adding that a DST would place an unnecessary burden on companies?[2]

[1] ZEW (2016), The Impact of Tax Planning on Forward-Looking Effective Tax Rates.
[2] ZEW Press Release, 10.09.2018.