Question for written answer E-005510/2018
to the Commission
Rule 130
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Subject: Empirical evidence contradicts the Commission proposal for a digital services tax

Several independent studies conclude that the proposal for a digital services tax is not justified[1].

The European Centre for International Political Economy (ECIPE) finds that, in stark contrast with the numbers put forward by the Commission: 'Industry data rather reveal that 1) profitability levels are highly diverse among digital firms as well as less digital and non-digital corporations, and that 2) traditional sectors also show a similar variation in profitability and effective tax rates'. Furthermore, the study finds that 'the real average corporate tax rates of large (Digital Group) companies and other, less renowned digital (MSCI Digital Services) companies were 26.8 percent and 29.4 percent respectively'[2].

Copenhagen Economics point out that the proposal 'will underestimate effective corporate taxes for digital companies', and: 'This implies that DST risks creating over-taxation/double taxation of the digitalising economy even if the DST was to be made fully deductible as a cost in the corporate income tax base'.

How does the Commission respond to the scientific data that provides evidence contradicting the justification for its own proposal?

[1] CEPS (2018), The proposed EU digital services tax: Effects on welfare, growth and revenues;
ECIPE (2018), Digital companies and their fair share of taxes;
ifo (2018), Die Besteuerung der Digitalwirtschaft;
ZEW (2016), The Impact of Tax Planning on Forward-Looking Effective Tax Rates.

[2] ifo Institut calculates a 20.9 percent tax burden for digital compared with 26.7 percent for non-digital companies.