

Digital taxation proposals under the spotlight

The Commission proposals on digital taxation need a higher tax rate, a wider scope and clearer definitions, said the lead MEPs on Tuesday when presenting their draft reports.

The rapporteurs, [Dariusz Rosati](#) (EPP, PL) and [Paul Tang](#) (S&D, NL) both supported the need for the EU to come forward with a common approach on taxing digital companies arguing that the public demanded action, not enough progress was being made at the OECD level, and if the EU did not act as one, some member states would go it alone. They therefore backed the overall direction of the Commission proposals for the two legislative text on the table, while proposing certain amendments.

The [two proposals](#) concern a temporary measure to establish a tax on revenue from the provision of certain digital services, while the second is the definitive measure aiming to establish a full-fledged corporate taxation of companies wherever they have “a significant digital presence”.

Corporate taxation of significant digital presence

Mr Rosati declared himself broadly in agreement with the Commission proposal and focussed his [proposed improvements](#) on fleshing out how the concept of “significant digital presence” is to be defined. For this, he proposes that the Commission come forward with guidelines to help authorities and companies define such presence and that the DigiTax committee be granted additional competences to those given to it by the Commission to better oversee the observing of the rules and help member states to share information.

Mr Rosati also proposes a more explicit exclusion from the scope for SMEs.

Temporary system for digital taxation

Ahead of reaching agreement on the more far-reaching definitive corporate tax system, the Commission also proposed a shorter-term measure which would see a tax applied to revenues from certain digital services.

Mr Tang [proposed](#) three main changes to the Commission proposal. First that the tax rate should be set at 5% and not 3%. Secondly, to widen the scope of the directive to ensure that the largest digital companies were also covered by it, such as Amazon. Thirdly, to undertake an audit of the national tax authorities which would be tasked with collecting the European tax to

ensure they had the capacity to do so and reassure all member states of this.

Next steps

Discussions between MEPs of the economic and monetary affairs committee will continue and a vote to adopt changes to the Commission's proposals is scheduled for 3rd December. The plenary would then adopt its position in January. After that the Parliament's position will be passed on to the Council which will be called upon to adopt a final version of the texts.

Further information

[Watch the committee meeting again](#)

[Draft report of Dariusz Rosati \(EPP, PL\) on rules relating to the corporate taxation of a significant digital presence](#)

[Draft report of Paul Tang \(S&D, NL\) on the common system of a digital services tax on revenues from certain digital services](#)

[Committee on Economic and Monetary Affairs](#)

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