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Answer given by Mr Gentiloni  
on behalf of the European Commission  
(9.9.2020)

Fair and effective taxation of the digital economy is a top priority for the Commission. A comprehensive reform of the corporate tax system is needed in order to fully seize the opportunities of digitalisation, while also ensuring fair taxation and a level playing field. International discussions within the Organisation for Economic Cooperation and Development concerning the reform of the corporate taxation framework are still ongoing. The Commission firmly believes that the most appropriate solution is a global one and is actively supporting the international process. Nevertheless, the Commission has been clear that if no agreement is reached at global level, the EU should take action. The details of any such action would need to take into account the landing point of the global discussions.

In addition, the COVID-19 crisis presents Europe with an unprecedented challenge that requires ambitious solutions. In this respect, the Commission's recovery plan presented on 27 May 2020<sup>1</sup> makes a proposal for a digital tax as part of a "*new economic context and the sustainable management of the repayment of funds raised under Next Generation EU*". Next Generation EU will raise money to ensure the recovery is sustainable, even, inclusive and fair for all Member States and in particular for the most affected by the pandemic, among which France.

In its conclusions of 21 July 2020<sup>2</sup>, the European Council tasked the Commission with putting forward proposals for potential additional own resources, including a proposal for a digital levy, in the first semester of 2021 with a view to their introduction at the latest by 1 January 2023. The details of such a proposal are under discussion.

National digital taxes remain primarily under Member States' sovereign responsibility, provided they are compatible with the EU Treaties and the EU legal framework.

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<sup>1</sup> COM(2020) 442 final.

<sup>2</sup> EUCO 10/20 CO EUR 8 CONCL 4.