

REQUEST FOR INPUT ON WORK REGARDING THE TAX CHALLENGES OF THE DIGITALISED ECONOMY

On 22nd September 2017, the OECD published on its website an invitation for public inputs on the tax challenges raised by the digital economy.

BACKGROUND

In October 2015, in the framework of the OECD/G20 « Base Erosion and Profit Shifting » Project (BEPS Project), the « Task Force for Digital Economy » (TFDE) released a report identify the challenges raised by the digitalization of the Economy¹. The main conclusions were that it would be difficult to ring-fence the digital economy from the rest of the economy for tax purposes as it is becoming the economy itself by, among others, its pervasive nature. Additionally, it has been agreed that digital economy and its business models do not generate unique BEPS issues but exacerbate BEPS risks. Thus, some other actions of the BEPS package indirectly contribute to solve some of the issues raised by the digital economy, i.e. Actions 3, 6, 7, 8-10. Nevertheless, while no consensus has been reached, it has been agreed that a tool to answer the challenges raised by the digitalization of the economy must be implemented. Three tax policy options have been put forward, (i) a new tax nexus concept of « significant economic presence », the use of a withholding tax on certain types of digital transactions and a digital equalization levy.

Since the release of the report, many countries have implemented unilateral measures which could endanger the will of the OECD to reach a consensus and avoid double taxation issues. Additionally, in January 2017, the inclusive Framework on BEPS approved a renewed mandate for the TFDE with an expected interim report for 2018 and Final Report in 2020. This request has been supported in 2017 when the G20 leaders reiterated their concern on that matter in Baden-Baden in March, followed by the Finance Ministers in Bari in May.

PUBLIC INPUT

In this context, the OECD has launched a public consultation on a series of questions which concern (i) digitalization, business models, and value creation, (ii) challenges and opportunities for tax systems, (iii) implementation of the BEPS package, (iv) options to address the broader direct tax policy challenges and (v) comments, as well a request for inputs on a draft outline of the interim report. These contributions have to be submitted to TFDE@oecd.org by no later than **Friday, 13 October 2017**.

Then, on 1st November 2017, a public consultation on the « tax challenges raised by the digitalization of the economy » will be held in Berkley (CA, USA).

¹ See OECD (2015), *Addressing the Tax Challenges of the Digital Economy, Action 1 – 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris.