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Recap: CFE's Flagship Forum Fair Taxation of the Digital Economy

CFE Tax Advisers Europe held its annual Forum in Brussels on 19 April 2019. Three expert panels with speakers from the EU Commission, OECD, academia and business analysed and debated the issue of fair taxation of the digital economy. The Forum discussions focussed in particular on the European Commission proposals for taxation of the digital economy in the Single Market and Recommendation on amending Member States' double tax treaties with third countries, as well as the OECD's Interim Report on the Taxation of the Digital Economy, and the implications of taxing the digital economy from both a direct and indirect tax perspective.

The first panel, moderated by Professor Piergiorgio Valente, approached the topic from a high-level perspective. Dr. Seth Benzell, Postdoctoral Associate at the MIT Initiative on the Digital Economy, discussed the features and business models of the most well-known companies in the digital economy, and the role of intangible assets and data in terms of value creation for these models. Gary Ashford, Partner at Harbottle & Lewis, then discussed the current methods of taxing digital companies and the implications of the US tax reform for these digital business models. Eric Herren closed the first panel by providing attendees with a different perspective on the challenges of adapting to the digital world, presenting the challenges and security risks of participating in a data reliant digital economy.

In the second panel, moderated by Geraldine Schembri, Bert Zuidendorp, Head of Company Taxation Initiatives Unit within DG Taxation and Customs Union at the European Commission and Aart Roelofsen, Co-Chair OECD Working Party 1 dealing with Tax Treaty Issues, presented the technical aspects of the EU long-term measures and OECD Interim Report respectively, and discussed the revision of corporate taxation concepts of permanent establishment and profit allocation to account for digital activities. Professor Philip Baker QC rounded off the discussion by providing views on the possible legal consequences of implementing the proposed Commission directives, highlighting in particular issues of double taxation, treaty implications as well as the possible shift to formulary apportionment with the indication of profit split method as a profit allocation standard.

The third panel of speakers, moderated by Trudy Perié, discussed the implications of the European Commission e-commerce and interim digital services tax proposed directives from an indirect tax perspective. Maria Elena Scoppio, Head of VAT Unit at the European Commission, presented the detail of the proposals concerning the way towards a single European VAT area and the destination

based principle, as well as the proposed interim digital services tax. Fergus Matthews Global Head of VAT, Microsoft, the Netherlands and Albert Bomer, Indirect Tax Professor at the Vrije Universiteit of Amsterdam, then discussed the proposals from the industry and academic perspectives, respectively, in particular drawing parallels between the current European VAT system, and the proposed digital services tax, having both been initially proposed as interim measures and the difficulties in revising these systems once they are in place.

The Forum was well attended by over 150 participants, bringing together representatives from the European Commission, policy makers, policy advisers and lobbyists, practitioners, academics, students, together with representatives from the wider business industry.

For more information please contact us at:

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Geraldine Schembri, Bert Zuidendorp, Aart Roelofsen and Professor Philip Baker QC

Note for editors:

CFE Tax Advisers Europe is a Brussels-based association representing European tax advisers. Founded in 1959, CFE brings together 30 national organisations from 24 European countries, representing more than 200,000 tax advisers.

CFE's role and mission is to:

- Safeguard the professional interests of tax advisers and assure the quality of tax services provided by tax advisers;
- Exchange information about national tax laws and contribute to the co-ordination and development of tax law in Europe;
- Maintain relations with the European institutions, the OECD and other international and national bodies, and share with the European Union institutions the tax technical experience and insight of our members from all areas of taxation;
- Inform the public about the services that tax advisers provide;
- Seek to provide the best possible conditions for tax advisers to carry out their profession;
- Promote the co-ordination of national laws governing the profession, and achieve the protection of each national tax adviser's title in Europe.