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## **European Tech Alliance welcomes the G20 global tax agreement and calls on the EU to carefully review an EU digital levy plan**

Dear Minister,

The European Tech Alliance warmly welcomes the agreement reached last Saturday at the G20 Finance Ministers meeting to modernise the global tax system and make it fit for the digital age.

Since the beginning of this process, the EUTA has been supportive of reaching a multilateral, global solution to the tax challenges brought by digitisation. The agreement paves the way for a coherent global system for all businesses from all sectors, not just digital. While many crucial details are still to be worked out in the coming months, we believe the Inclusive Framework/G20 endorsement of the key elements of the global solution is an important milestone towards a balanced solution for governments and businesses. We are therefore pleased that years of discussions and hard work at G20/OECD levels have come to fruition and look forward to fair, consistent and speedy implementation of the agreement around the world.

We particularly welcome the commitment from the G20 that unilateral measures, such as digital services taxes, will be withdrawn upon implementation of the global deal. The EUTA has previously expressed strong concerns around unilateral measures adopted at national or regional level. These have led to trade tensions, have resulted in double (or even triple) taxation and costs passed on to customers, and have created distortions and considerable uncertainty for businesses. As they have been conceived as temporary measures pending a global agreement, their timely withdrawal together with the implementation of the global solution will ensure a smooth transition to a fair, proportionate and clear framework for taxing businesses in the digital economy.

In this context, we share concerns expressed around the planned EU digital levy proposal and its lack of complementarity with the OECD framework. We urge policymakers to carefully consider the risks and uncertainty the digital levy would bring if adopted. An appropriate tax solution should treat all activities similarly, whether conducted through digital means or not. This is also in line with the recognition in the global agreement not to ring-fence the digital economy.



To enable a competitive and innovation-friendly EU business environment, it will be important to avoid a disproportionate burden for EU digital businesses and consider a workable deductibility mechanism to remove any negative or distortive impact of the digital levy on businesses in scope. Otherwise, this risks harming Europe's digital sector and hampering innovation in the EU. European technology businesses are at the heart of today's economy. Unlike other EU own-resource proposals aimed at tackling environmental or public health problems, Europe's digital sector supports job creation and investments in innovation. In fact, EUTA members are at the forefront of Europe's efforts when it comes to job creation, investment in high-potential digital technologies, and commercial innovation in a diverse range of sectors, from e-commerce and smart mobility to advertising and content distribution.

The consistent and timely implementation of a global solution in all jurisdictions is now a priority. We strongly believe that governments should remain firm to their commitment and take decisive actions to swiftly ratify and implement the global deal. A new global standard can help businesses around the world innovate and flourish. On the contrary, a return to uncertainty and the emergence of conflicting tax systems around the world and within the EU can only harm businesses and innovation.

The European Tech Alliance is keen to participate in discussions on the implementation of the OECD solution and provide input and comment on the ways to make the future taxation system fit for purpose and fair for all businesses.

Yours sincerely,

*Kristin Skogen Lund*

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President of the EUTA

*Magdalena Piech*

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Chair of the EUTA

