Taxing the digital economy: the EU proposals and other insights. Panel 3: Long term solutions

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Long term v. temporary solutions

- BEPS 1 Final Report (2015)…**No labels!**
  - New nexus/ WTH on digital transactions / Equalization levies.
- OECD Interim Report (2018). **Confusing Labels**!
  - Chapter 4 (*Tax policy developments*)
    - Domestic V-PEs / Broad or specific WTH / Turnover Taxes / Specific Regimes targeting MNEs.
  - Chapter 5 (*Adapting the International tax system…)*
    - Coordinated Virtual PE and attribution rules
  - Chapter 6 (*Interim measures)*
    - Excise Taxes on (certain) e-services
- European Commission (2017). **Clear labels!**
  - Long term: Digital PE
  - Short term: Equalization Tax on Turnover/ specific WTH / Specific Levy on e-Revenues
- EU Proposals (2018). **Clear Labels!**
  - Long term: Digital PE
  - Short term: Digital Service Tax…clear label though uncertain nature

What about a broad WTH on (technical) services?

Legal relevance of the distinction.

- Pejorative image of “interim measures“ (OECD Interim Report 2018)…the risks
  - Uncomplaint with international obligations.
    - DTCs / WTO Law / EU Law
  - Permanent (*v. Temporary*)
  - Broad (v. *Targeted*)
    - Scope
  - Over-taxation (v. small impact)
    - Rates/Creditability/Start-Ups and MNEs
  - Complexity
    - Thresholds/Place of supply rules