



Position Paper

EMOTA Position on the EU Commission and OECD initiatives for the taxation of the Digital Economy

EMOTA¹'s main goal is to assist policy makers in removing any barriers to cross-border trade. EMOTA's commitment to a barrier free EU Single Market is long standing and can be traced across all our positions and actions. We are making the following comments with the aim to constructively contribute to the debate over the future of the EU Digital Single Market for products and services by reflecting the views of online sellers across 17 markets, including the largest.

EMOTA, the European Multi-channel and Online Trade Association, is the voice of eCommerce. We represent distance sellers and web shops in 15 countries among which the leading eCommerce markets. We would like to use our expertise and experience to contribute as set out below to the discussions in the EU Commission and OECD regarding the taxation of the online economy, especially in a cross-border and global context.

EMOTA appreciates the EU Commission and OECD developing a coordinated approach to the taxation of the online economy. Such an approach in our opinion should aim to simplify administrative procedures and support cross-border trade, while avoiding discrimination against the online economy at the European and global level.

Currently, the frameworks for taxation across the EU Member States are highly fragmented and too little cooperation is in place in order to truly facilitate the completion of the Single Market. We therefore support the conclusions of the EU Commission's High Level Expert Group on the Taxation of the Digital Economy which call on policy makers to focus on cooperation and simplification rather than on imposing new taxes for the online economy².

Further, it is our opinion that taxation is ultimately only one aspect of a larger set of issues around the competitiveness of the EU online economy. While taxation can have an important effect in competition issues, it should not be used as a competition tool. There must not be room for discriminatory measures against the online economy, neither in the area of taxation, nor data protection, payments, logistics or consumer protection, nationally across the EU or globally.

¹ EMOTA, the European eCommerce and Omni Channel Trade Association, is the European level umbrella federation representing online and distance sellers across Europe. The main mission of EMOTA is to promote eCommerce and Distance Selling and help policy makers remove any barriers to cross-border selling. Transparency register N° 11251212351-96

² Report of the EU Commission High Level Expert Group on the Taxation of the Digital Economy, May 2014



Finally, we fear that the current discussions in the EU Commission and the OECD do not sufficiently reflect future technological and process developments in online retail (digital currencies, C2C online sharing). We should therefore strongly recommend tax administrations and policy makers to directly involve eCommerce stakeholders in their work in order to gain a comprehensive perspective of the trends and ensure a future proof tax framework and enforcement methods.

Bearing in mind the aforesaid, the key messages of EMOTA can be pooled as follows:

1. No new taxes should be imposed on the online sale of goods and services. The current legal framework for taxation is sufficiently comprehensive and the focus should be on the simplification of the current taxation rules, cooperation between tax authorities and the proper enforcement of existing taxation rules.
2. Coordination and simplification of tax procedures (consumption and revenue) are crucial in order to avoid unfair competitive advantages as a result of aggressive tax planning (e.g. exemptions, preferential treatments, tax avoidance, non-taxation).
3. We strongly recommend policy makers and tax administrations to involve the online economy in the policy development process in order to gain a good understanding of the eCommerce evolution and the best measures in order to avoid unnecessary burdens or market distortions.
4. Tax administrations and authorities should embrace technology in order to facilitate coordination and enforcement in the area of taxation. We fear that without a consistent use of new technologies in tax enforcement and cooperation the burden will fall on businesses and consumers, leaving substantive transparency gaps that could be exploited to the detriment of fair competition.
5. We welcome the recommendations of the EU Commission High Level Expert Group for the removal of the tax exemptions for low value consignments.
6. The harmonisation of VAT levels and the creation of a broader “One Stop Shop” system for VAT would remove significant administrative burdens for cross-border trade. Any discussions around the future levels of VAT should involve stakeholders and aim to ensure a competitive market at the global level.
7. We support the implementation by the EU Member States of the “Mini One Stop Shop” as of January 2015, ensuring that the consumption tax is charged in the country of consumption. The “Mini One Stop Shop” should also be applied in case of distance sales according to Article 34 of the VAT Directive 2006/112/EC.
8. Digital currencies and the online “sharing economy” should not be underestimated in the development of new cooperation and simplification agreements for the taxation of the online economy.

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