



Mrs Ursula von der Leyen
President
European Commission
Rue de la Loi/Wetstraat 200
1049 Brussels
Belgium

7 July 2021

Dear President,

EU Commission Proposal for a Digital Levy

On 5 June, the G7 Finance Ministers reached a historic agreement on significant and ambitious changes to the international corporate tax system. This meeting, in which the EU Commission was an active participant, is an important step towards our common goal of reaching a harmonised global agreement to address the tax challenges of the digitalised economy. At the same time, participants also committed to the “removal of all digital services taxes, and other relevant similar measures”.

We understand that the Interinstitutional Agreement on Own Resources of 16 December 2020 commits the Commission to put forward a digital levy, with a proposal expected on July 20. However, in light of the recent progress at the OECD Inclusive Framework, and considering that senior MEPs have asked the Commission to drop the proposal, we also urge you to think carefully about the consequences of bringing it forward at this critical juncture. If such a proposal is still to be presented however, we believe it is essential as an absolute minimum that the Commission sets out in full to its institutional partners the risks attached of such a unilateral measure to both breaking the spirit of the G7 agreement and the potential damage to the digitalisation of the EU economy.

We welcome the European Commission’s wish, as set out in the roadmap for the digital levy ‘not to undermine the on-going discussions at the OECD, nor to fuel international trade tensions’, but are nevertheless concerned that a proposal for a unilateral levy can only undermine the global discussions. We are particularly concerned that such a levy could damage relations with our major trading partner the US – where concerns have already been raised about the EU’s digital levy – with the potential for on-going tariff retaliation, and endanger future prospects for the swift agreement and implementation of a global deal in both the US and other countries.

More broadly, adopting a unilateral EU digital levy could hamper the development of the EU’s broader digital transition and hence our overall competitiveness. By proposing a tax on digital companies, the EU would risk undermining the very objectives that the NextGenerationEU instrument is seeking to achieve.

Yours sincerely,

Pierre Gatraz
President

Markus J. Beyrer
Director General