

To the attention of Gaëtan Nicodème
Head of the Unit TAXUD.D.4
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Sent via upload
Our ref: Tech CDR1650

London, 3 January 2018

Dear Sir,

Subject: Public Consultation - Fair taxation of the digital economy

ACCA is the global body for professional accountants. ACCA has 200,000 members and 486,000 students in 180 countries and through our public interest remit, we promote appropriate regulation of accounting and conduct relevant research to ensure accountancy continues to grow in reputation and influence.

The expertise of our senior members and in-house technical experts in both private and public sector aspects of taxation grants ACCA a unique perspective to provide informed opinion on the measures proposed in this consultation. ACCA has contributed as a member of several organisations to their submissions in respect of this consultation, in particular BIAC, Accountancy Europe and the CBI. This submission serves to highlight the particular areas of concern raised in those other commentaries, and to emphasise the importance of considered and coordinated action in an area with such potentially wide-ranging and long-lasting effects.

While it is easy to identify “pure” digital economy businesses at one of the spectrum, it is increasingly difficult to set a clear dividing line of the kind needed to discriminate for legal purposes between a digital economy business solution to a conventional business issue and a conventional business which utilises some digital tools in its existing processes. The novel approaches to satisfying (and creating) consumer demand which digitalisation affords do not sit in isolation, but are deployed hand-in-hand with revolutionary production processes for physical goods and wider demographic and political shifts which shape the broad tax landscape of the future.

The use of short term measures to attempt to address deeper structural issues holds considerable risk for tax administrations and businesses. The need to distinguish between those businesses or transactions which are affected and those which are not will add to administrative complexity and burdens. Taxpayers and their advisers will need time to familiarise themselves with novel processes and definitions, while tax administrations will need to implement their own tools for processing and auditing returns. The long term impact of these economic costs should not be underestimated, especially where that burden might fall upon smaller businesses which will have smaller absolute reserves and may be relying upon those to fund accelerated growth.

While it is clearly desirable for the EU to have a clear, comprehensive and consistent approach to the taxation of business, the concerns stemming from risks of unilateral action within the EU similarly apply on a global scale. For measures dealing with these global issues to be as

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effective as possible they should be implemented in a consistent global fashion, and based upon agreed and recognised definitions and principles, designed to address the full scope of the issues facing tax authorities and the governments which rely upon their work. The need for rapid action must be balanced against the long term considerations and every opportunity should be taken to work with other international bodies, such as the OECD, and with businesses themselves, to enhance the effectiveness of measures and avoid unintended and undesirable side effects.

I hope these comments will be of help, and would like to assure the Commission of ACCA's willingness to provide further comments and support as the need may arise.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jason Piper', written in a cursive style.

Jason Piper
Senior Manager, Tax and Business Law