

## **It is high time to tax digital multinationals, long-term measures should remain our goal**

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The S&D MEPs welcome Commissioner Moscovici's proposal to tax the giant tech companies where their revenues are generated in Europe in a move to prevent tax avoidance.

The Socialists and Democrats in the European Parliament welcome this initiative responding to the growing concern of citizens and members states, but strongly believe that only an agreement on harmonising the corporate tax system will present a lasting solution.

S&D Group spokesperson on economic and monetary affairs, Pervenche Berès, said:

"Past scandals, such as LuxLeaks, have revealed how multinationals exploit loopholes in the member states' tax systems and pay too little on their benefits. This is especially true for digital companies which represent an increasing leverage in modern economies: they pay an average corporate tax rate of 9% in the EU, compared to traditional businesses' 23%. This is intolerable.

"Member states are losing huge amounts of revenue that could be used to boost the economy and ensure the financing of public services, such as healthcare and education.

"The Commission has made two proposals to tax digital companies. The definition of a significant digital presence on European markets represents a step towards fair taxation in the EU, while the targeted measures will also help correct the imbalances in collecting corporate tax in the short term.

This package will bring a higher level of harmonisation in taxation matters and reinforce Europe in its fight against aggressive tax planning. However, it will first need to be complemented by measures on consolidated corporate taxation."

S&D Group spokesperson on the common consolidated corporate tax rate, Paul Tang, added:

"The taxation of tech-giants is long overdue. The proposals of the Commission are therefore welcome, building forth on the work of the OECD (Organisation for economic and cooperation development) and the European Parliament's report on a common consolidated corporate tax base (CCCTB). However, the Commission should not stop here, but move on to address the structural problems of corporate taxation that go beyond digital taxation alone.

"Tax avoidance may be easier for digital companies, but it is multinationals in general who undertake aggressive tax planning to reduce their tax contribution. This requires a more comprehensive EU tax reform in addition to the European Commission's proposal.

"Moreover, further steps are needed to put an end to tax competition within the EU. It is often smaller member states that take advantage of other member states by attracting a large part of their tax bases, like real tax pirates.

"The European Parliament's proposal for a CCCTB offers such a structural solution by addressing tax avoidance by multinationals, the issues of the digital economy and tax competition between member states as a whole. The CCCTB is the way forward in order to ensure a fair, modern and efficient corporate EU tax system."