



TAX SOVEREIGNTY IN A GLOBALISED AND DIGITALISED WORLD

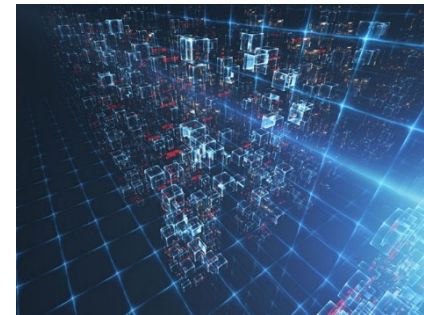
An EU Perspective

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Our corporate tax systems are facing twin challenges

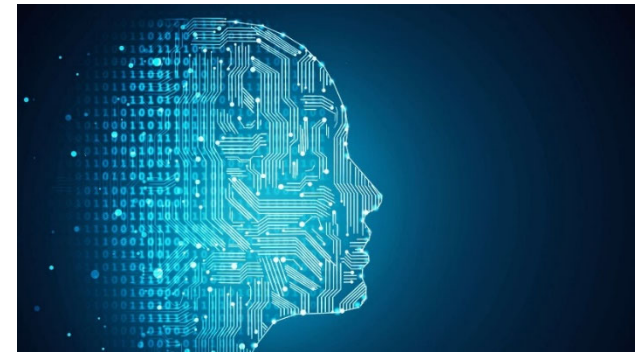
- Societies are undergoing **transitions** shaped by disruptive global developments and technological advancements.
- These transitions pose **challenges to our tax systems:**



1. **New realities of value creation**, and the ability of companies to do business **without a physical presence**.
 2. Evolving nature and intensity of **tax competition**
- These have specific implications for the **EU single market**

There is an increasingly pressing need for reform

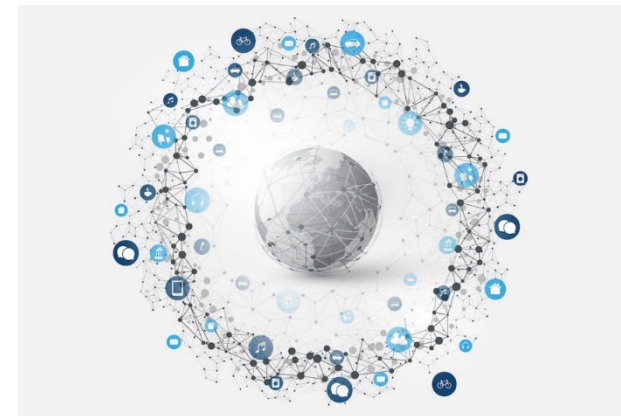
- Previous initiatives have addressed certain issues, but challenges remain.
- A number of countries, including EU Member States, are taking **unilateral measures** to tax digital activities.



In March 2018, the Commission proposed a package of measures for the **Fair Taxation of the Digital Economy**. This has been put on hold pending the outcome of the global discussions.

Any agreed solution must effectively address the challenge

- A **global agreement** would be most effective solution.
- Such an agreement must:
 - Reform business taxation in the single market to support the **digital transition** and **fit the modern economy**.
 - Tackle the challenges of **excessive tax competition** in corporate taxation and **close remaining tax loopholes**



The European Commission's role in the global discussions

- To **influence the discussions** to ensure any solution meets the EU's needs:
 - Providing input and supports to Member States
 - Ensuring compatibility with EU law and respect of Single Market specificities
 - Protecting the interest of the EU and its Member States
- To ensure **consistent EU implementation** of any agreement at global level
- If no global agreement, the Commission has **committed to taking action.**



Thank you

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