



RESOLUTION:

A common fiscal approach towards multinational tech companies

Adopted at the YEPP Council Meeting in Zürich on 23rd September 2017

Recognising that:

- EU Member States are undertaking legal actions against web companies accused of tax avoidance and tax evasion for the profits acquired in the country¹.
- In May 2017, the G7 Finance in Bari discussed the topic of a web tax on multinational online companies.
- The same month, the Italian government introduced a provisional measure encouraging web companies with more than 1 billion euros profit to cooperate with the fiscal authority to establish whether they have a fixed presence in the country. In exchange of the collaboration, companies would obtain a discount on sanctions.
- French Finance Minister, commenting the specific case of Airbnb, stated in August 2017 that the fiscal situation of digital platforms is unacceptable in France. He also announced a Franco-German initiative that will be brought to the Eurogroup meeting in Tallinn aiming at a taxation of all the internet platforms.

Acknowledging that:

- Due to their innovative nature and service provided, “over-the top” Web multinationals are currently receiving an unfair treatment compared to traditional companies operating in the same country.
- “Over-the-top” web multinationals provide internet, services and rich media content. They derive their profits mainly from selling content and services to final users (for instance Apple through iTunes) or selling advertising spaces, as in the case of Facebook. While

¹ For example: Google closed at the beginning of 2017 a litigation with the Italian Tax Office paying € 306 millions; Apple paid € 318 at the end of 2015 and Amazon at the moment is under investigation by the same Office.

lacking a traditional infrastructure they still demonstrate in many cases to have a stable presence in the EU countries.

- Unilateral measures from EU Member States would not be adequately effective and would only deteriorate the existing situation.

YEPP calls on:

- The EU finance ministers to tackle the inequality in regard to the fiscal treatment that multinational web companies are receiving compared to other businesses.
- EU countries to reform their legislations with regards to collection practices of national taxation administrators, supported by finance ministries where necessary, in order to meet the challenges of the modern commercial environment where tax avoidance has become a more common practice in light of base erosion and profit shifting.
- The EU Commission to encourage the Member States not to give multinational web companies fiscal benefits.
- The EU and its Member States to keep and encourage the fiscal benefits for new startups and small-medium digital companies.