Dear Directors,

I am writing to you on behalf of IAB - the Italian chapter of the Interactive Advertising Bureau, the most important association in the field of digital advertising worldwide and representing the entire chain of the interactive communication market in Italy.

I would just like to point out a very important aspect regarding the Digital Service Tax, as provided in the EU Proposal.

According the EU proposal, in our view, the tax should only be allocated to revenues from digital services.

I would kindly ask you if the interpretation about the two parameters/thresholds is correct.

In particular, can we confirm that the threshold of the 750 million turnover has to be considered - exclusively - as digital income?

We presume this juridical views from this part of the EU proposal (see below)

Thank you so much in advance.

Best regards,

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"The first threshold (total annual worldwide revenues) limits the application of the tax to companies of a certain scale, which are those which have established strong market positions that allow them to benefit relatively more from network effects and exploitation of big data and thus build their business models around user participation. Such business models, which lead to higher differences between where profits are taxed and where value is created, are those falling within the scope of the tax. The economic capacity of the businesses qualifying as taxable persons should be seen as indicating their capacity to attract a high volume of users, which is necessary for such business models to be viable. Moreover, the opportunity of engaging in aggressive tax planning lies with larger companies. That is why the same threshold has been proposed in other Union initiatives, such as the CCCTB"