Brussels, 20/12/2019

By e-mail only: @fbassociati.it


Dear [Name],

Thank you for your message in relation to the Commission's work on the fair and efficient taxation of the digital economy. I was asked to reply to your question. In the message, you ask for clarification regarding the scope of the threshold of Euro 750 million laid down in the Proposal COM(2018) 148 final of 21 March 2018.

In accordance with Article 4 (1) of this proposal, an entity needs to fulfil two conditions in order to be seen as a taxable person for the purposes of digital services tax:

- the total amount of worldwide revenues reported by the entity for the latest complete financial year for which a financial statement is available exceeds Euro 750 000 000; and
- the total amount of taxable revenues obtained by the entity within the Union during that financial year exceeds Euro 50 000 000.

The second threshold of Euro 50 million refers to taxable revenues which are defined in Article 3 of the above mentioned proposal. In accordance with this provision the revenue from three types of services shall qualify as “taxable revenue”: (i) a targeted advertising placed on a digital interface; (ii) an intermediation provided by multi-sided digital interfaces and (iii) a transmission of data collected and generated by users’ activities on digital interfaces.

The first threshold of Euro 750 million refers to the worldwide revenues that relate to any kind of activity carried out by a company. In other words, it is not limited only to digital activities but it is a general threshold on all revenue.

Further information is available in the Impact assessment; SWD(2018) 81 final of 21 March 18, see points 9.3.3 and 9.3.4.
In case the Commission’s proposal would aim at including in the Euro 750 million threshold only revenues from digital activities, this should be clearly reflected in the legal provisions.

I hope that you find this explanation useful.

Yours sincerely,