

From: [REDACTED] (TAXUD)
Sent: 12 April 2018 12:16
To: TAXUD UNIT D1
Cc: [REDACTED] (TAXUD)
Subject: FW: Note of the meeting with Accountancy Europe

Hola [REDACTED],

[REDACTED]

Muchas gracias !

[REDACTED]

From: [REDACTED] (TAXUD)
Sent: Thursday, April 12, 2018 9:56 AM
To: [REDACTED] (TAXUD)
Subject: FW: Note of the meeting with Accountancy Europe

Formal circulation of minutes below.

From: [REDACTED] (TAXUD)
Sent: Tuesday, January 09, 2018 4:22 PM
To: MOUTARLIER Valere (TAXUD); FABREGAS FERNANDEZ Maria Teresa (TAXUD);
[REDACTED] (TAXUD); [REDACTED] (TAXUD); [REDACTED] (TAXUD);
(TAXUD); [REDACTED] (TAXUD); [REDACTED] (TAXUD);
(TAXUD); [REDACTED] (TAXUD); [REDACTED] (TAXUD);
[REDACTED] (TAXUD); [REDACTED] (TAXUD); [REDACTED] (TAXUD);
[REDACTED] (TAXUD); [REDACTED] (TAXUD)
Cc: [REDACTED] (TAXUD); [REDACTED] (TAXUD); [REDACTED] (TAXUD)
Subject: Note of the meeting with Accountancy Europe

Dear All,

Please find set out below a brief note of the meeting with Accountancy Europe on the operational aspects of the possible targeted measure, which took place on 8 January 2018.

Kind regards,

[REDACTED]

Attendees

Accountancy Europe: [REDACTED]

[REDACTED]

(over the phone).

TAXUD: [REDACTED].

The discussion with Accountancy Europe representatives was around the operational feasibility (compliance costs and reporting obligations) of the targeted proposal of a levy on revenues from supplying digital services in the EU.

- Industry representatives confirmed that the information required to levy a new tax on revenues from digital services will be available in the internal systems of most large businesses.
- However, the info may not be in the format necessary for the application of the new tax so this will require additional work and changes to the systems to process this on the part of businesses e.g. a line-by-line analysis of the items in the general ledger to identify the source of the revenue in terms of geographical location and line of business for reporting purposes. This will entail an additional compliance cost for business.
- This information is not currently audited so there was a long discussion of what level of assurance would be required by the tax authority on the reporting of this info by business. Would this require additional internal and/or external assurance processes or would a systems audit approach suffice to satisfy the tax authority on the correctness of the information? It was not thought that the general assurance that the financial statement provides a true and fair view of the overall financial position of the business would suffice. Additional auditing requirements would further increase the compliance costs for business. In any event, it seemed that the option to leave the control aspects of the targeted measure for Member States to decide, as opposed to it being regulated at EU level, was accepted.
- There was also a question over the materiality threshold for the line-by-line exercise.
- We need a clear definition of revenues subject to the new tax. Would the revenue recognition be based on IFRS 15 or the definition used for VAT (or something different altogether)? The general view seemed to be that the starting point should be IFRS. In any case, the Directive should establish the method to be applied.
- We need to eliminate intra-group / related party transactions i.e. the tax should only be levied on revenues from third parties to avoid 'cascading'.
- General concern that EU businesses would have to pay the new tax even though they are 'fully compliant' and 'already pay tax in the EU', and therefore would be subject to double taxation with no possibility for relieving this (assuming no crediting).



Policy Officer ()



European Commission

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