



Contribution of the Confederation of Industry of the Czech Rep. to the OECD public consultation on the possible solutions to the tax challenges of digitalisation

It is necessary to analyse all proposals put forward by the OECD in order to avoid harmful consequences to businesses. From our perspective, it is important to avoid unilateral action at the national level.

Any new rules should be especially carefully designed to avoid double-taxation. Areas (substance) of taxation (in which operate proposals like "user participation", "marketing intangibles", "significant economic presence") must be carefully examined and tested on threat of double taxation. Overall, there is necessity of serious impact assessment of proposals on business. But even if well designed, the new rules will require certain time for adjustment and might, at least temporarily, result in different interpretations across national tax administrations and double taxation.

On the one hand, the discussion about new proposals of taxation is relevant, but on the other side we want to see some real progress in effort to promote digital sector and not to burden in just because it is "digital".

The proposal based on "user participation" could be considered as a progressive and modern approach, but this unusual approach must be investigated more deeply in the first step. Transparency and audibility of data that digital companies would have to provide about their users is crucial. A special attention needs to be paid to the sensitive user data that digital companies would have to provide to tax administrations. All new methods of taxation must be clear, unambiguous and understandable.

In general we support opinion on this consultation expressed by BusinessEurope.

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