



Dear

Sir/Madam,

CFE Tax Advisers Europe has now published an [Opinion Statement](#) that sets out CFE's response to the OECD public consultation on the [Secretariat Proposal for a "Unified Approach" under Pillar One](#) arising from the tax challenges of the digitalising economy.

CFE Tax Advisers Europe welcomes the opportunity to contribute to the public consultation and recognises the initial stage of the new proposals, and that many details are yet to be finalised depending on the direction taken by the members of the Inclusive Framework at political level.

CFE calls for more clarity and early consensus at political level as to the outcome of this process, recognising the consequences of departing from well-established principles of international tax law towards a more complex international tax system which partly introduces formulary apportionment.

CFE are of the view that a number of key elements must be embedded as part of this process and its outcome, in particular:

1. The rights of taxpayers must be respected and ensured as a key bulwark;
 2. The outcome must result in rules which are workable on day-to-day basis for tax administrations, taxpayers and their advisers;
 3. The process needs to take administrative capacity issues at the level of tax administrations and taxpayers as a key consideration in designing the new rules;
 4. The resources needed by tax administrations and capacity issues within tax administrations of developing and/or smaller countries to deal with multilateral disputes should be taken into consideration;
 5. A "one-stop-shop" mechanism should be introduced to audit Amount A;
 6. Agreed rules will need to assuage countries who have unilaterally introduced or are introducing their own digital services tax rules;
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7. A default position that all taxpayers are ‘within scope’ unless they are subject to an exemption (carve out) is unacceptable, as a matter of certainty;
8. A profitability threshold should be introduced in addition to the revenue threshold, in order to qualify more precisely the scope of the new rules;
9. The outcome of this process, from a policy perspective, should recognise that ‘value creation’ must surely be an equilibrium between two sides of the spectrum: risks taken by decisions made in the investing countries balanced against any meaningful value derived in market jurisdictions;
10. The issue of losses needs to be addressed in an equitable manner;
11. Preventing tax disputes, and building international consensus on binding effects of dispute resolution is critical;
12. More time should be allowed in order to arrive at workable solutions that will withstand the scrutiny and test of time.

CFE would welcome the opportunity to provide more elaborate comments to any new detailed technical proposals in due course.

We invite you to read the [Opinion Statement](#), and remain available to discuss any questions or comments.

Kind regards,

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