



Dear Sir or Madam,

CFE Tax Advisers Europe has written an [Opinion Statement](#) responding to the blueprints for Pillar 1 (review of profit allocation and nexus rules to reflect digital business models) and Pillar 2 (global anti-base erosion rules for a minimum effective taxation rate) published by the OECD Secretariat in October 2020 concerning work to advance international negotiations in an attempt to ensure large and highly profitable Multinational Enterprises, including digital companies, pay tax wherever they have significant consumer-facing activities and generate their profits.

CFE supports the ongoing process of reaching a globally acceptable solution for the tax challenges of the digital economy. We also are cognisant of the fact that the preferred solution of the relevant international stakeholders, including the European Commission, is arriving at a common position on taxation of the digital economy, in absence of which a plethora of uncoordinated national measures throughout Europe could follow, potentially creating further opportunities for tax arbitrage.

However, from CFE's perspective the proposals are extremely complicated and in several cases could result in unintended outcomes that are not aligned with the policy objectives of the process. Therefore, as a minimum, CFE considers that the final design of the OECD measures should reflect the following fundamental principles:

- Certainty for taxpayers and tax administrations,
- Simplicity and minimal compliance costs and complexities, and
- Absence of double or multiple taxation.

CFE believes that establishing tax certainty in the international taxation framework as well as the protection of taxpayers' rights is of utmost importance and must be a priority for policymakers. Accordingly, CFE believes that the focus for the ongoing work of the OECD

must be on the need for certainty, and on minimising the enormous administrative burdens that will accompany any agreed solution. The solution should not be rushed for political purposes; the necessary amount of time should be taken in order to arrive at workable solutions that will withstand the scrutiny and test of time. A comprehensive solution should be able to keep within scope the ever-evolving nature of the digitalising business models, resolving the taxation challenges, but equally ensuring the sustainability of the process, which will justify the resources spent by taxpayers, their advisers and tax administrations on making the new rules a reality.

We invite you to read the [Opinion Statement](#), and remain at your disposal for any queries you may have.

Kind regards,

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