Mr. Luca Cassetti
Ecommerce Europe
Rue du Commerce 31
1000 Brussels
Belgium

OECD Centre for Tax Policy and Administration
Mrs. Manal Corwin, Director
Mr. Achim Pross, Deputy Director
Mr. David Bradbury, Deputy Director
2, rue André Pascal
75016 Paris
France

Re: Extension of the DST standstill agreement

Dear Director Corwin, Deputy Director Pross, Deputy Director Bradbury,

Ecommerce Europe, the voice of the European Digital Commerce industry, would like to write to you with regard to the OECD/G20 Inclusive Framework's Two-Pillar agreement. Ecommerce Europe welcomes Pillar One's objective to restore stability in the international tax framework, and we would like to reiterate our support for a multilateral agreement as a solution to deliver on this fundament of our society and economy.

As agreed in October 2021, the Multilateral Convention (MLC) requires the signatory 130 members of the OECD/G20 Inclusive Framework to remove all Digital Services Taxes (DSTs) and other relevant similar measures with respect to all companies, and to commit not to introduce such measures until the earlier of 31 December 2023. This standstill plays a crucial role in preventing not only national jurisdictions from implementing DSTs, but also other similar unilateral taxes leading to double taxation.

However, in view of the fast-approaching end date of this moratorium, the co-signatories of this letter would like to **encourage the OECD/G20 Inclusive Framework to agree on an extension of the DST standstill agreement** to ensure sufficient time between a possible international commitment in July 2023 and the following necessary adoption of member states.

In addition, Ecommerce Europe would like to express its concerns on the timeline announced for completing the work on Pillar One in July 2023 and the entry into force in 2024. As the inter-governmental discussions are currently going on, we would like to point out that a longer timeframe may be necessary to complete the negotiations and develop rules that work for tax administrations. Finally, national legislative frameworks may need a sufficient lapse of time to ratify and implement the Amount A's MLC.

A period of gap between the end of the current standstill and the effective entry into force of the MLC will create political pressure for unilateral DSTs and instability in the international tax system, resulting in double and even multilayer taxation. Additionally, the spillover effect of multiple DSTs may compromise the ongoing work to achieve a multilateral agreement at the OECD/G20 Inclusive Framework level, creating legal uncertainty and instability for companies.

Digital service taxes essentially target revenues over profits, even when the taxpayer is not yet profitable. This presents a significant financial burden on e-commerce in Europe, weakening the businesses' ability to compete globally and leading to economic distortions. DSTs can also result in double taxation, particularly when charged on services provided in combination with resident taxation of revenues, which are already subject to corporate income tax. To conclude, ahead of the OECD/G20 Inclusive Framework's Pillar One update of July next, the co-signatories of this letter would like to call on the G20 Ministers of Finance to consider a prolongation of the DST standstill agreement.

We remain at your disposal for any information or clarification you may need.

I look forward to your response.

Yours faithfully,

Luca Cassetti

Luca Cassetti
Secretary General

About Ecommerce Europe
Ecommerce Europe is the sole voice of the European Digital Commerce sector. It represents, via its national associations, more than 150,000 companies selling goods and services online to consumers in Europe. Ecommerce Europe acts at European level to help legislators create a better framework for online merchants, so that their sales can grow further.