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Committee on Budgets

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D 304292 16.07.2021

Mr Johannes Hahn
Commissioner for Budget and Administration
European Commission
BERL 12/376

Subject: Commission's plans for a digital levy as a new own resource

Dear Commissioner,

We learnt through the press that the European Commission was putting on hold its work on a new digital levy as a new own resource for the Union budget, in the aftermath of a long-awaited agreement between 130 OECD and G20 countries and jurisdictions on the reform of international taxation earlier this month.

Whereas we strongly welcome the OECD/G20 agreement, we recall that Parliament, Council and the Commission each approved and signed last December a binding Interinstitutional Agreement¹ whereby the Commission committed to present new own resources proposals by the end of June, including a digital levy. Until recently the Commission maintained its plans to put forward such proposal, although with a few weeks of delay, by 20 July. We therefore consider that **any unilateral decision to further defer to an unspecified date the proposal for a digital levy as a new own resource, with neither prior notification nor open debate with Parliament and the Council, is in clear breach of the Interinstitutional Agreement.**

The borrowing costs for Next Generation EU will not vanish due to the OECD/G20 agreement, and therefore the jointly agreed objective of establishing new own resources that are sufficient to cover the repayment of the recovery instrument should be upheld. As agreed last year, it is a matter of fairness to ensure that the digital sector, in particular tech giants which are coming out stronger from the Covid-19 crisis, pays its share of the recovery debt.

Thus, **the Commission cannot simply postpone the EU digital levy proposal.** This would undermine the balance and architecture of the financing of Next Generation EU, the delivery of

¹ Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources ('IIA').

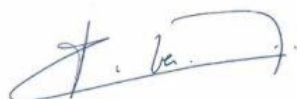
our policy objectives and the credibility of the commitments taken by the EU institutions - all of which the Commission should be the guardian. Furthermore, a **'geopolitical Commission'** should reject any undue political interference by a major international partner in the EU legislative work.

Instead, the OECD/G20 agreement provides an opportunity to be bold and agile not only by establishing a digital levy that is embedded in a stronger international framework, but also by channelling part of the revenues that will be generated by the global reform of international taxation towards the Union budget and the repayment of the Union debt.

In the light of those recent developments, we urgently ask the Commission to:

1. **stick to its commitment to propose an EU digital levy as an own resource by 20 July 2021**, to be adapted to the OECD/G20 agreement, along with other new own resources proposals;
2. **seize this opportunity to prepare proposals for entering in the EU budget part of the revenues that will be generated by the implementation of the OECD/G20 agreement;**

Yours sincerely,



Johan Van Overtveldt
Chair of the Committee on Budgets



Jose Manuel Fernandes
Own Resources Co-Rapporteur



Valérie Hayer
Own Resources Co-Rapporteur

Copy:

Ms Irene TINAGLI, Chair of the Committee on Economic and Monetary Affairs

Ms Margrethe VESTAGER, Executive Vice-President for A Europe Fit for the Digital Age and Competition

Mr Valdis DOMBROVSKIS, Executive Vice-President for An Economy that Works for People

Mr Paolo GENTILONI, Commissioner for Economy