



– Feedback on Inception Impact Assessment –

The Digital Levy

Brussels, 10 February 2021 | Europex supports the Commission’s overall objective to ensure a fair taxation of the digital economy in line with the wider G20 and OECD discussions and welcomes the opportunity to comment on the scope of the initiative.

As stated in the Inception Impact Assessment (IIA), it is important that the Commission accurately determines the scope and definition of digital activities, transactions and entities subject to the digital levy. This is a crucial part of the preparatory work for a legislative proposal, considering the great variety of business models and companies active in the digital economy.

While we understand that the initiative is in principle directed at companies conducting digital activities in relation to “social media, online search engines, news and streaming of content, etc.¹”, we are concerned that a too broadly defined scope of what constitutes a ‘digital company conducting a digital activity’ will lead to a situation where certain digital financial services might unintentionally fall under the new tax. If accidentally applied to wholesale energy trading, this unintended inclusion could significantly increase the risk management costs of the real economy and eventually lead to higher energy prices for the end-consumer.

Europex therefore calls upon the Commission to further refine the definition and clearly specify the scope of the future digital levy for “social media, online search engines, news and streaming of content, etc.” and to ensure that energy trading and financial services do not accidentally become a part of it.

¹ Please see the list of activities identified in question 32 of the Commission Public Consultation on the digital levy, 18 January 2021, [[Link](#)].

About

Europex is a not-for-profit association of European energy exchanges with 29 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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