

Tax challenges of the digitalisation of the economy:

Joint EFET-Europex response to OECD public consultation on the “Secretariat Proposal for a “Unified Approach” under Pillar One”

Amsterdam/Brussels, 12 November 2019 | The European Federation of Energy Traders (EFET) and the Association of European Energy Exchanges (Europex) support the general objective of the OECD in securing a global consensus over a fair taxation of the digital economy and welcome the opportunity to comment on the scope of the initiative.

In this context, we are concerned that a too broadly defined scope of the unified taxation approach of the OECD proposal will lead to a situation where certain digital financial services will unintentionally fall under the new tax. Concretely, the current wording of the scope (page 7, section 2.2.) could lead to the unintended inclusion of Trading Venues and Organised Market Places (OMPs) as well as other Financial Market Infrastructures (FMIs), such as Central Counter Parties.

This unintended inclusion could significantly increase the risk management costs of the real economy and eventually lead to higher energy and consumer product prices for the end-consumer. A more refined definition to avoid that these energy commodity wholesale trading specific services are included is essential to ensure that liquid trading platforms can be used by the real economy to hedge their commodity price risks in an economically rational manner. It is economically damaging to artificially increase the costs of transactions entered into on trading venues, in particular as regards the procurement of energy on the spot and future markets or the compliance with the obligations under the EU Emissions Trading System (EU ETS).

We therefore support the statement in the second paragraph of the consultation paper (page 7, section 2.2, number 20) that “further discussion should also take place to consider whether other sectors (e.g. financial services) should also be carved out, taking into account the tax policy rationale as well as other practicalities” and stand ready for an exchange on this issue.

About

Europex is a not-for-profit association of European energy exchanges with 28 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.

The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent, sustainable and liquid wholesale markets, unhindered by national borders or other undue obstacles. We currently represent more than 100 energy trading companies, active in over 28 European countries.

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