
The European Commission has issued a Communication on the taxation of the digital economy

In September the EC issued a [communication](#) on the taxation of the digital economy which outlines the two main challenges to be addressed to ensure that profits are taxed where value is created:

- Nexus, i.e. determining which country has taxing rights over services provided digitally and a commercial presence is only virtual
- Value creation, i.e. allocating profits to such a virtual presence, where value is created through intangible assets, data and knowledge

Some short term solutions presented are a turnover tax, a levy on internet ads or withholding money on internet transactions. The EC may present a draft proposal for an EU Directive as early as Spring 2018.

For more information, visit PwC's [EU Direct Tax Newsalert](#).