

Tax challenges of the digital economy – the taxation of personal data in the e-economy

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Research question: How can problems related to the taxation of the digital economy be solved: by modifying the PE concept or completely switching over to destination-based income taxation?

Chapter 1: Introduction

- Identify tax challenges of the digital economy
- Why do data play a role?
- Research question
- Methodology: comparative law in chapter 2, analysis of international soft law, EU law and economic theories

Chapter 2: Principles of Taxation and Status Quo of the Digital Economy

- Corporate direct tax systems: residence/origin and source vs. destination-based
- Taxation of the digital economy: historic context, status quo of challenges and proposed solutions

Chapter 3: Personal Data in Direct Tax

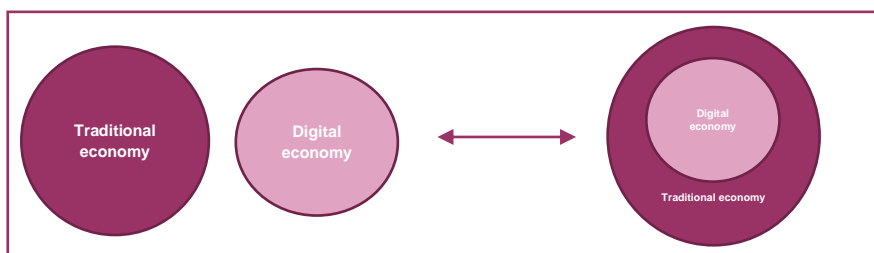
- Where could data play a role? Examples (Cloud computing, blockchain,...)
- Solutions of different EU States: UK diverted profits tax, Hungarian advertising tax, Italian transfer pricing rules

Chapter 4: Fundamental Rights and Data Protection Law Impact on Tax

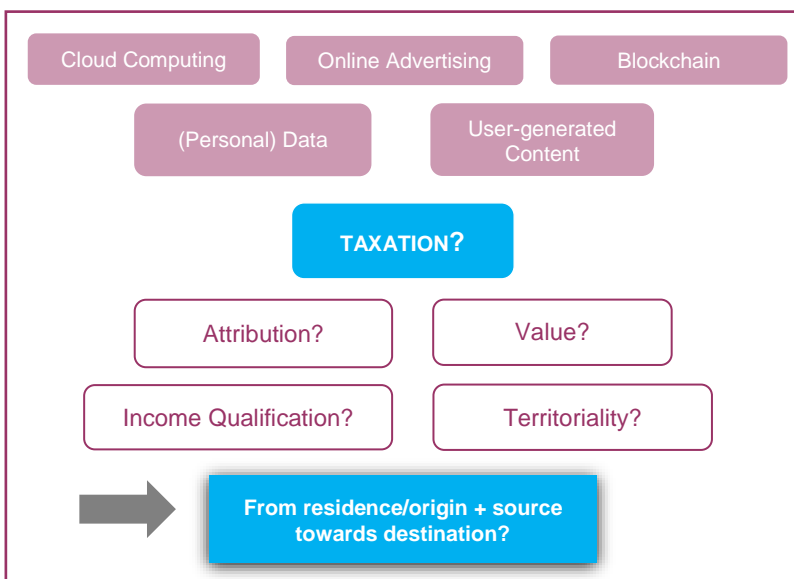
- EU Charter of Fundamental Rights, ECHR
- General Data Protection Regulation
- Right to privacy, to family and private life, to informational self-determination

Chapter 5: Proposals and Conclusions

- Adaptation PE concept?
- Introduction specific tax?
- Modification of the whole direct tax system towards a destination-based cash flow taxation?



- tax wise ring-fencing?
- definition and nature of digital economy?
- BEPS issues: manipulation of allocation of taxing powers based on **residence** and **source**
 - avoidance of taxable presence via trading structures/net income reduction through extensive deduction of expenses
 - avoidance of WHT at source
 - recipient's establishment in low-tax jurisdictions
 - preferential regimes
 - hybrid entities/income qualifications
 - tax avoidance at ultimate parent's level



Points to discuss:

- Definition of the digital economy?
- How to create a nexus/enforce effective taxation?
- Economic theory on tax systems
- Examples for data's role in taxation? (Practical) experiences?
- Could the C(C)CTB proposal solve the issues?

Thank you for all your questions and comments.