The European VOD Coalition (the "Coalition") welcomes the opportunity to respond to the European Commission's consultation for a regulatory tax framework of the digital economy.

The Coalition represents different companies active across the entire EU with a range of business models focused on investment in audiovisual content and distribution. Therefore, our response cannot cover individual questions, given each company has a different approach and business model focused on the provision of video on demand services, different countries of establishment and different corporate structures. Therefore, the Coalition would like to focus on a few horizontal elements.

The coalition supports the efforts to achieve a consensus-based solution within the framework of the G20-OECD negotiations, as any system should be aimed at avoiding a patchwork of national approaches leading to multiple taxation. We understand the OECD aims to find a global solution to the fragmented national digital tax ecosystem. Digital services are currently taxed in an unprincipled manner at national level on gross-receipt basis, hence violating one of the fundamental tenets of international tax law, which is taxation of net profits. yet we are witnessing a patchwork of taxation obligations that not only increase the administrative burden, but also sends unclear messaging on the goals, impact, and necessity of a digital tax. Member States have already stated that national regulatory initiatives are temporary placeholders until an international framework appears, yet these temporary approaches can be damaging. A robust, fair and timely international tax approach will ease the burden on VOD providers and will provide clarity and resources to heavily invest in essential content to the benefit of the European consumer.

The scope of the digital tax should be thought of carefully. Any new digital tax should take into account the fact that our member companies and in fact much of the European content ecosystems pays its taxes nationally, abides by rules, is already covered by appropriate regulation. A core principle of any new digital tax should therefore be to avoid double or in some cases triple taxation of companies who are contributing already. A new tax that also adds to the burden of VOD players in Europe would not have the desired outcome and could weaken the competitiveness of our members and create a situation where our members are paying taxes multiple times on the same revenue.

Nearly all businesses in the economy rely on the internet to interact with their customers, which does not automatically mean they should be brought into scope of a digital levy. VOD services fall within the scope of application of the Audiovisual Media Services Directive (AVMSD), which creates a thoroughly regulated framework including rules on protection of minors, accessibility for elderly and persons with disabilities, European content quotas and financial investment obligations for European content. Putting into place a clear framework can aid the essential values of media pluralism and a richer cultural diversity in Europe.

More fundamentally, we believe that the introduction of a digital levy to the alleged "digital sector" seems to defy one of the few fundamental tenets of the final report on Action 1 of the BEPS project. Back in 2015 the G-20, in addressing the tax challenges of digitalization, concluded that it is not possible to ring-fence the digital economy as every industry sector is permeated by elements of digitalization. We respectfully do not find any tax policy rationale to subvert such a conclusion. On the contrary, we do recommend the EC to do its utmost to achieve a technically viable solution both within the context of Pillar One and Two of the digital tax project in order to guarantee a fair and sustainable reallocation of taxing rights.