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**REPORT ON THE ANNUAL CONFERENCE OF THE INTERNATIONAL BUREAU OF FISCAL DOCUMENTATION (IBFD)
(Amsterdam, April 29-30, 2019)**

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The article presents the report of the annual conference of the International Bureau of financial documentation (IBFD) on "Taxation in the digital economy era", held on April 29-30, 2019 in Amsterdam, the Netherlands. The most relevant topics at the 2019 conference were: distribution of tax rights between States in relation to digital business models; problems of establishing a tax competence to the tax jurisdiction; problems of taxation of digital transnational companies.

Keywords

International taxation, digital economy, international tax system, digital transnational companies

On April 29-30, 2019, the International Bureau of Financial Documentation (IBFD) hosted the annual conference, which included the following events: the conference of doctoral researchers in the field of international taxation (DocMIT) and the international tax forum of postdocs (PITF). K.A. Ponomareva, candidate of legal sciences, Associate Professor of the Department of State and Municipal law of the Omsk State University took part in the conference.

The purpose of these events is to provide researchers with an opportunity to discuss their projects with the world's leading scientists and a select circle of colleagues. Participants gain experience from "individual coaching" provided by eminent professors, as well as feedback from colleagues from around the world.

The Central event of these days was an Interdisciplinary Symposium, which allows four selected participants of DocMIT and PITF to present an article written under the guidance of a famous professor, followed by publication in the famous magazine IBFD – World Tax Journal.

This year's Symposium was devoted to the topic "Taxation in the digital economy era". The following reports were presented:

- Karina Ponomareva (Associate Professor, Omsk State University): 'Modern approaches to the concept of permanent establishment in the era of digital economy'

Isabela Cugusi (Tax Professor, Academy of Italian "Guardia de Finanza"): 'Taxation and the Digital Economy'

- Svitana Buriak (Teaching and Research Associate, University of Vienna University of Economics and Business): 'The Websites/Apps as Virtual Dependent Agents of Digitalised MNEs'

- Vasiliki Koukouloti (PhD Researcher, Queen Mary University of London): 'The Benefit Principle Revisited: A Valid Justification for International Taxation in the Digital Era?'

Panel discussions were also presented by leading scientists in the field of international taxation:

Prof. Hugh Ault – Em. Professor at Boston College Law School

Prof. Pasquale Pistone – Academic Chairman of IBFD; Jean Monnet ad personam Professor at the Institute for Austrian and International Tax Law, WU Vienna, Austria and Professor at the University of Salerno, Italy

Prof. Rainer Prokisch – Professor at Maastricht University, the Netherlands

Prof. María Teresa Soler Roch – Professor at the University of Alicante, Spain

Prof. Frans Vanistendael – Em. Professor at the Katholieke Universiteit Leuven, Belgium

Prof. Dennis Weber – Professor at the University of Amsterdam, the Netherlands

Prof. Stef van Weeghel – Professor at the University of Amsterdam, the Netherlands; Chairman of the IBFD Board of Trustees; Tax Partner at PricewaterhouseCoopers

Prof. Joanna Wheeler – Senior Principal Research Associate of the Academic Department, IBFD and the University of Amsterdam

Prof. Ruth Mason – Virginia University Law School

The development of the digital economy has dramatically changed the global business landscape, creating new challenges for States and taxpayers. New developments, along with opportunities to erode the tax base and withdraw profits, have led to a call to update the international tax system to address the challenges of the digital economy. The main problem in these conditions is that enterprises can effectively participate in the economic life of different jurisdictions without any physical presence in any of them. In addition, new, intangible, cost factors are increasingly coming to the fore.

At the core of the debate around the taxation of the digital economy lies the question of the allocation of taxing rights between States in relation to digital business models. In the reports of the participants of the conference the leitmotif was the following problems:

establishing a tax reference to the tax jurisdiction;

problems of distribution of profits after the relationship has been established. In this regard, the issues of application of certain transfer pricing methods, as well as the distribution of tax rights between jurisdictions, become decisive.

Thus, the report of K. Ponomareva presented the concepts of permanent establishment

(significant economic presence) proposed by various organizations and States (OECD, European Commission, Australia, Great Britain, India and Israel). The main point was whether the proposals were in line with the stated objectives and compared them with the traditional concept of permanent establishment enshrined in article 5 of the OECD Model Convention. The variety of proposals presented is driven by discussions on whether the classical concept of permanent establishment remains the solution for determining the right to tax at source in the digital age. The basis of the discussion around the taxation of the digital economy is the question of the distribution of tax rights between States in relation to digital business models. The following problems of taxation of digital transnational companies can be called as urgent:

is the taxation of the digital economy fundamentally different from the taxation of the

traditional economy;

to what extent the proposed OECD and EU instruments will be able to address issues arising from the development of the digital economy;

are there other tax solutions that could sufficiently solve the problems of the digital economy (e.g. cross-country reporting);

does the classical concept of permanent establishment remain the solution for determining the right to tax at source in the digital age.

In any case, further research is needed to avoid inconsistencies between the real and digital economy. To the extent that any changes are made to the definition of permanent establishment and any new relationship is established based on the criteria of "significant digital presence", a clear threshold should be established in each country below which a permanent establishment is not established.

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