



March 1<sup>st</sup>, 2018

Dear Minister and G20 Chair,

The G20 has already made major achievements in the field of international taxation, notably through the G20/OECD BEPS Project, and in the area of transparency, with the implementation of the automatic exchange of financial account information.

This momentum should be maintained as there is still a need for substantial progress. It is welcome that your presidency team has indicated that international taxation will be a prominent part of your agenda, notably in our next G20 meeting this month in Buenos Aires.

A global response to the tax challenges raised by the digital economy remains urgently needed. The current rules lead to fiscal shortfalls in countries where multinationals conduct genuine activity and generate profits significantly based on the contribution of users of digital products and contents but often have little or no physical presence, thus creating market distortions and undermining the sustainability of the corporate tax system.

Therefore, we look forward to having a thorough discussion on this issue at our next G20 meeting, based on an outline of the forthcoming interim report of the OECD task force due in April. We are looking forward to this report and we now expect operational solutions with the view to a fair taxation of the digital economy. Therefore the ongoing work on long term solutions must be pursued. The specificities of the digital economy require new global rules governing territorial nexus and allocation of profits. This should not stop countries – as a first step – adopting interim solutions, preferably on a coordinated basis to deal with the issues raised in the shorter term.

Mr. Nicolas DUJOVNE  
Minister of the Treasury – G20 Chair

More generally, we must continue our work to tackle tax avoidance and aggressive tax optimization, whether it is undertaken by companies or individuals, by increasing transparency and cooperation. We should therefore identify non cooperative jurisdictions still refusing to adequately implement the internationally agreed standards and increase our pressure on them. Additionally, we would like the OECD to further consider the risks relating to zero-tax regimes and the need to upgrade its standards accordingly. We should also rapidly improve the effective and worldwide implementation of the standard regarding beneficial ownership.

We really hope that we can count on your support on these critical and essential issues, and look forward to fruitful discussions at the March/April Ministerial meeting.

Sincerely yours,

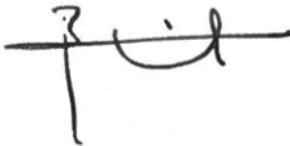
Signatures



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