

Tokyo, 6 March 2019

**Re: Addressing the Tax Challenges of the Digitalisation of the Economy**

Dear Sir/Madam,

It is our great pleasure to submit our opinion on how to reform global taxation to make it fit for supporting economic growth in the new Internet era. We strongly support the OECD/G20 initiative to establish new rules to address the tax challenges posed by digitalization.

We believe that it is indispensable to find a consensus on new global rules on international taxation. The new rules should be ready as soon as possible, hopefully by 2020. This quick deadline requires that significant progress be made this year. We strongly hope for productive discussions in OECD as well as in G20 under Japanese Presidency.

In our view, the global tax reform should take into account the following issues:

- The entire economy is going digital. This digitization blurs the boundary between “digital” and “non-digital.” It will be unwise, impractical and soon outdated to draw a line between taxing digital and non-digital sectors. We need to agree on future-proof rules and definitions.
- New global tax rules should avoid posing a complicated administrative burden and expensive compliance costs on business. The more complicated the rules, the harder for business and government to properly and effectively implement them.
- Principles and uniform and global rules on profit allocation should be established at OECD level. In addition, the effective dispute resolution mechanism to deal with disputes on profit allocation and double taxation should be set up. This mechanism will contribute to avoiding and mitigating risks of double taxation, thereby enhancement of certainty for business.

**Hello, Future!**



### **About Japan Association of New Economy**

The Japan Association of New Economy (JANE) is dedicated to provide policy advocacy from a private sector perspective to help contribute to addressing the establishment of policies and systems while also providing a platform for information sharing and networking among members.

To that end, JANE works to achieve the triple objectives of promoting innovation, globalization and entrepreneurship. As an organization with a responsibility towards the socioeconomic future of Japan, JANE, with its member companies pioneering tomorrow's technologies and services, continues to challenge the status quo and advocates a vision of the future beyond conventional thinking.