November 2026

Open letter: A call for caution on digital levies in the next EU budget

Dear President António Costa,

Dear Members of the European Council,

On behalf of the undersigned organisations, representing businesses of all sizes across Europe's digital economy, we are writing to express our concerns regarding the proposed introduction of an EU-wide Digital Services Tax (DST) as a new own resource under the Multiannual Financial Framework (MFF) 2028–2034.

While we acknowledge the fiscal pressures facing the EU and its Member States, we are concerned that a sector-specific, turnover-based tax risks undermining Europe's objectives of strengthening competitiveness, innovation and investment while creating the risk of double taxation and of reigniting trade tensions. This would ultimately have negative repercussions on European consumers.

Risks of double taxation. The proposed 3% tax, combined with the global and EU turnover thresholds of EUR 750 million and EUR 50 million respectively, would apply on turnover whether or not a service makes a profit. By taxing turnover rather than profits, the proposed measure fails to account for differences in profitability and investment intensity, potentially placing a disproportionate burden on certain businesses. It would also come on top of the corporate income tax, the 15% global minimum tax the EU has already implemented, and the national digital services taxes already in force in several Member States. This could create a situation where the same economic activity would be taxed several times over.

Distortions in the Single Market. An EU levy layered on top of differing national taxes would add to an already fragmented landscape, not simplify it. A tax that targets one sector also treats the same economic activity differently depending on whether it takes place online. This runs against the Union's own simplification and competitiveness agenda.

Costs for European consumers and businesses. Online advertising, marketplaces and intermediation are how millions of European SMEs, creators and developers reach customers across the Single Market. Experience with national digital services taxes shows these costs are passed on through higher fees for sellers, advertisers and app developers, and from them to consumers.

Trade tensions. Digital services taxes have repeatedly triggered threats of retaliation measures from third countries. An EU-wide levy would raise those stakes, and any countermeasures could

fall on European exporters well beyond the digital sector. Europe benefits from open digital trade and should avoid steps that put it at risk.

The OECD is the right forum. Taxing the digital economy is a global question that needs a global answer. The OECD/G20 Inclusive Framework has just opened a new dialogue on this issue. This is where the debate should take place, with the EU helping to shape the outcome.

We therefore ask you to:

1. Refrain from including a digital levy in the MFF agreement, and look instead at own resources with a broad, stable base that do not single out one sector.
2. Keep any discussion on taxing the digital economy within the OECD/G20 Inclusive Framework, where the EU can help shape a global solution.
3. Preserve open digital trade and work towards a coherent approach to existing national digital services taxes rather than adding a further layer.

The undersigned organisations and their members are committed to the success of the European Single Market. We stand ready to engage constructively and work with you on an EU budget that strengthens Europe's competitiveness and keeps its digital economy open.

Yours sincerely,

- CCIA Europe - Computer & Communications Industry Association
- Chamber of Progress
- Danish Entrepreneurs
- Digital Poland Association
- DOT Europe
- eco – Verband der Internetwirtschaft e.V.
- EPIF – European Payment Institutions Federation
- eu travel tech
- ITI - Information Technology Industry Council
- Startup-Verband (German Startup Association)
- Technology Ireland