

BUSINESS TAXATION IN THE DIGITAL ECONOMY: EXISTING PROBLEMS AND PERSPECTIVES

Unquestionably, taxation of e-commerce transactions constitutes an issue of ever-growing importance, given the fact that the Internet spreads rapidly, while online commercial trading increases remarkably. This study attempts a presentation of the implementation problems of a taxation framework in e-commerce characterized by modern state-of-the-art technologies applied in it. Moreover, the theoretical background of proposals and decisions about the issue in question on an international level is drawn, as e-commerce is intricately connected with the globalized market. Furthermore, the current taxation framework pertaining to the operation of e-commerce is presented, derived from European Union directives. In conclusion, proposals are formed towards a more effective implementation of taxation in e-commerce.

From the presentation of the contemporary taxation framework which focuses on indirect taxation it is concluded that crucial issues of the problematic developed above require further examination with the aim to adjust classic tax principles (direct and indirect) to the new technological standards brought about by the digital economy of cyberspace. This adjustment will, of course, be the result of international cooperation and consent, given the globalized nature of e-commerce. At the basis of this cooperation, software could be developed which, after establishing electronically the permanent establishment of the parties participating in the electronic transactions, would withhold the corresponding indirect taxes and render them electronically to the tax domains entitled to collect them. The WTO could, in fact, play a more significant role by determining a framework of international negotiations.

Tax administrations, besides adopting OECD and EU guidelines and aligning tax law, should also intensify efforts regarding tax control of online transactions and businesses, by using advanced electronic control tools, and scientific methods of Information and Communication Technologies, as well as exploiting international experience. Also of significant contribution would be the training of the tax control personnel by executives from tax administrations of EU Member-States, or from other states who have gained more extensive experience in e-commerce taxation.

Keywords: taxation; internet; e-commerce; digital goods; VAT; permanent establishment.