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Dear Mr Bradbury,

**IBFED Response to the discussion draft entitled OECD request for input on work regarding the tax challenges of the Digitised Economy.**

Thank you for taking the time recently to discuss your work on the tax challenges of the Digitised Economy.

As you know, the International Banking Federation (IBFed<sup>1</sup>) is the representative body for national and international banking federations from leading financial nations around the world. This worldwide reach enables the IBFed to function as the key international forum for considering legislative, regulatory and other issues of interest to the banking industry and its customers. We also have a keen interest in the efficiency of the global tax system.

The IBFed has had the opportunity to read the AFME/UK Finance letter of 12 October 2017 regarding the OECD work on the tax challenges of the Digitalised Economy. We would like to reiterate and further comment upon some of the points made in this letter.

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<sup>1</sup> The International Banking Federation (IBFed) was formed in 2004 to represent the combined views of our national banking associations. The IBFed collectively represents more than 18,000 banks, including more than two thirds of the largest 1,000 banks in the world. IBFed member banks play a crucial role in supporting and promoting economic growth by managing worldwide assets of over 75 trillion Euros, by extending consumer and business credit of over 40 trillion Euros across the globe, and by collectively employing over 6 million people. The IBFed represents every major financial centre and its members' activities take place globally. With its worldwide reach the IBFed is a key representative of the global banking industry, actively exchanging with international standard setters and global supervisory bodies on subjects with an international dimension or with an important impact on its members.

Like the OECD we are committed to a global tax system which avoids both double non-taxation and double or multiple taxation. We acknowledge the comments you made that banking activities are not the target of potential taxes aimed at the provision of digital products and services across borders. This is consistent with the outcomes of the global regulatory regimes which apply to banks, where bank taxation broadly reflects customer activity and follows the location where economic activity occurs.

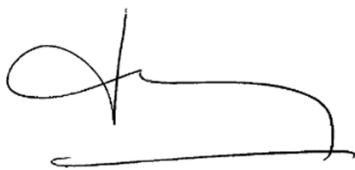
In this regard we note that consideration is being given to equalisation and withholding taxes. We advocate that banks should not be required to act as withholding agents in relation to any withholding taxes. Our view is that any proposal to tax cross border products and services be specifically targeted to the types of products and services which governments are seeking to tax. In this regard international agreement and coordination is important to ensure that multiple layers of taxation are not imposed on the same economic gain. The OECD is the best place to ensure that international coordination takes place.

We are happy to elaborate on any of these points and look forward to continuing engagement with you on this topic.

Yours sincerely,



Michael Barbour  
Chair of the IBFed Tax WG



Hedwige Nuyens  
Managing Director IBFed