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Answer given by Mr Hoekstra
on behalf of the European Commission
(29.9.2025)

The Commission takes note of the Canadian Government's decision to suspend its planned implementation of a digital tax. As this is a sovereign policy decision, it is not a matter for the European Commission to comment on.

As stated, the Commission and its Member States would prefer a multilateral solution to the tax challenges arising from the digitalisation of the economy. Significant work in this regard has been undertaken by the Organisation on Economic Cooperation and Development (OECD) as part of Pillar 1 of the Two-Pillar solution. For the time being, the OECD discussions on Pillar 1 are temporarily on hold. However, the United States (US) administration has communicated its intention to resume the discussions on Pillar 1 once a solution on Pillar 2 is found. The recent G7 statement issued on 28 June 2025 on the co-existence of Pillar 2 with the US tax system gives a positive signal towards finding solutions. The Commission therefore expects that the discussions on Pillar 1 could resume at OECD later this year.

The Commission aims to focus its efforts on developing and securing a successful multilateral solution at global level. This requires providing the OECD process with the requisite space and time to develop. The Commission will continue to engage constructively with third countries, including the US, to foster a multilateral solution within the OECD. In case a global solution cannot be agreed, the Commission would remain in close contact with the European Parliament and Member States on the best way forward. It is the sovereign right of the EU and its Member States to put in place tax policies that ensure fair and equitable taxation of all economic operators, including in the area of digital taxation.