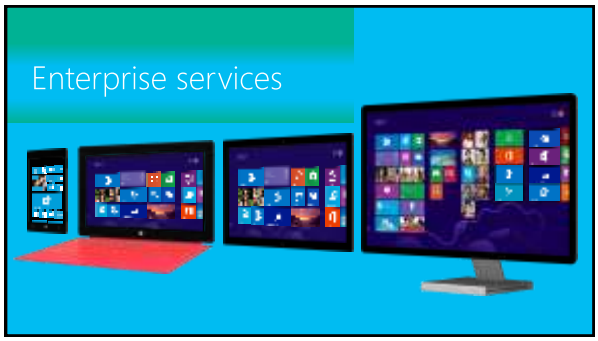
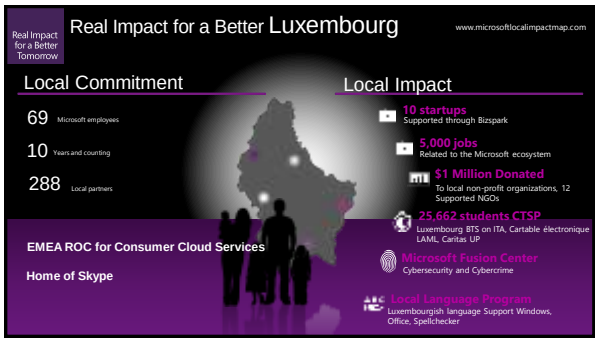
Le Marché intérieur :
Moteur de croissance pour la Grande Région …
(?)
(!)
Jeudi 17 janvier 2013
Chambre de Commerce à Luxembourg-Kirchberg

90,000 people
190+ countries
Diverse
Community

services


Enterprise services

E(MEA) Business opportunities
• With almost 500 million consumers, the European Union qualifies as one of the world's most attractive consumer markets. Choosing the right location, therefore, is the key to success in global European business. Luxembourg is the perfect gateway to the major European multimedia, communications and IT markets.
• With its first-class infrastructure and telecommunication networks, as well as a culture of trust and security reflected by an appropriate legal framework, Luxembourg thrives as the ideal place to serve as a global hub for:
✓ Music, video & games platforms
✓ Electronic data archiving and management
✓ e-Commerce
✓ Electronic payment systems
✓ Low latency hosting
✓ Cloud services (SaaS, PaaS, IaaS)
✓ Communications services
✓ Resilience services
✓ Domain name capital
✓ R&D, innovation and software development (IP, AR)
✓ Support services
✓ HQ functions


Real Impact for a Better Tomorrow
Real Impact for a Better Luxembourg
www.microsoftlocalimpactmap.com
Local Commitment
69 Microsoft employees
10 Years and counting
288 Local partners
EMEA ROC for Consumer Cloud Services
Home of Skype
Local Impact
10 startups
Supported through Bizspark
5,000 jobs
Related to the Microsoft ecosystem
$1 Million Donated
To local non-profit organizations, 12 Supported NGOs
25,662 students CTSP
Luxembourg BTS on ITA, Cartable électronique LAML, Caritas UP
Microsoft Fusion Center
Cybersecurity and Cybercrime
Local Language Program
Luxembourgish language Support Windows, Office, Spellichecker

Transformational trends

What's Different ?

- New environment for data:
  - Social
  - Regulatory
  - Economic
  - Geo-political
- We have digital issues v analogue policy
- Information flows non-linear…more 'atomic'
- Policy makers think local despite global realities
- What does 'local' mean today?
  - Where is the consumer/customer?
  - Where is the data?
  - Who owns it?
  - Who can get access?

The opportunity for EU

- History of economic integration is strong:
- The role of trade in enabling the cloud is increasingly important
- Human capital will fuel future
- Technology will underpin that knowledge economy
- The cloud is the next great 'leveler' and driver of opportunity

The new "*common market*"

- 20th Century saw trade and economic integration around goods and services
- The 21st century should be about the new online community with legal and regulatory frameworks to drive inclusion
- Data is the new currency, but we lack a effective 'exchange mechanism'
- What is the FX for Data?
- Policy framework that enables this 'exchange' - respecting national sovereignty but enabling greater integration
- A '*common market for online information*' is needed to facilitate effective trade in digital information and services

Information available to determine the place of supply

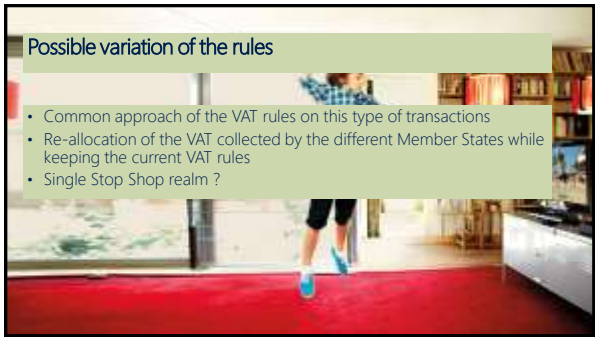
- The ID card is not a good reference as it does not always mention the address and is not always replaced when the person moves.
- The country of establishment of the bank who issued the credit card is not necessary the address or residence of the holder.
- The IP address is not a good reference as it is easy to re-route, etc.
- Other means of payment than credit cards.
- Many forms of anonymous payments. (gift voucher, pre-paid cards, etc.)

Privacy and copyrights law

- Problematic of privacy law issues regarding the data to collect and retain time compared to the statute of limitation for tax purposes.
- Privacy regarding the information provided to the tax Authorities.
- The country of establishment of the bank who issued the credit card is determined based on a part of the card number, privacy right, can we keep this information?
- Different systems to localize a transaction for VAT and right to distribute, in the different countries, the services subject to copyrights.

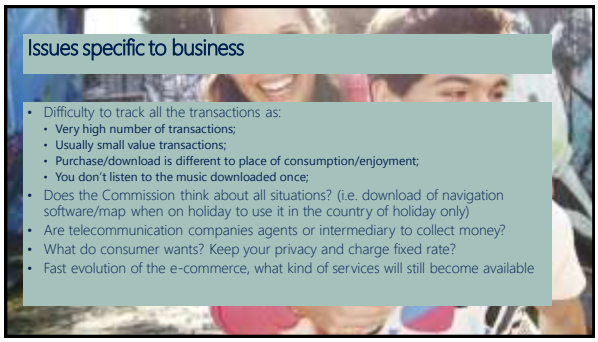
Different approach depending on the Member State

In order to be able to apply the foreseen new rules in 2015, there is a need to have a single approach with the European Union of the elements to consider to determine the place of supply as Electronic ID rules/Signature are different in the Member States.



Possible variation of the rules

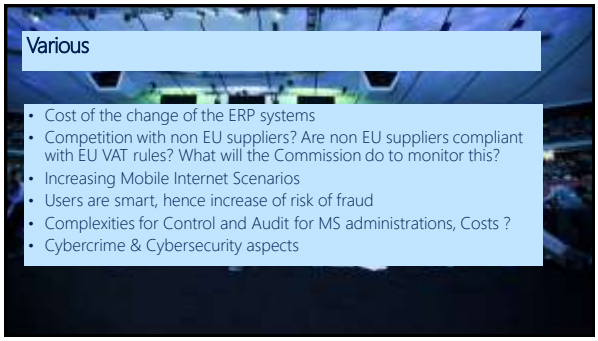
- Common approach of the VAT rules on this type of transactions
- Re-allocation of the VAT collected by the different Member States while keeping the current VAT rules
- Single Stop Shop realm ?



Issues specific to business

- Difficulty to track all the transactions as:
  - Very high number of transactions;
  - Usually small value transactions;
  - Purchase/download is different to place of consumption/enjoyment;
  - You don't listen to the music downloaded once;
- Does the Commission think about all situations? (i.e. download of navigation software/map when on holiday to use it in the country of holiday only)
- Are telecommunication companies agents or intermediary to collect money?
- What do consumer wants? Keep your privacy and charge fixed rate?
- Fast evolution of the e-commerce, what kind of services will still become available

Commercial aspects
• Can we commercially show different sale prices per country of consumption?
• Services or content different in each country due to e.g. AR differences..


Various
• Cost of the change of the ERP systems
• Competition with non EU suppliers? Are non EU suppliers compliant with EU VAT rules? What will the Commission do to monitor this?
• Increasing Mobile Internet Scenarios
• Users are smart, hence increase of risk of fraud
• Complexities for Control and Audit for MS administrations, Costs ?
• Cybercrime & Cybersecurity aspects

Jurisdiction ?
A Slovenian criminal buys a computer virus code from a Bulgarian programmer to infect a Luxembourg machine over the Internet from a website hosted in Germany having a domain name that was bought from a Chinese registrar with an French credit card which receives money from a Estonian bank account and linked to a Belgian prepaid mobile phone number and a US hosted email account.

What's next?

Transformation

Big/bold goals

Inventing the future

Challenging convention

Microsoft