



FACULDADE DE ECONOMIA
UNIVERSIDADE D
COIMBRA

MANAGEMENT AND E-COMMERCE TAXATION:

- VAT and Corporate Tax implications on organization development and business ethics

Master's degree dissertation in Management

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FACULDADE DE ECONOMIA
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GESTÃO E TRIBUTAÇÃO DO COMÉRCIO ELETRÓNICO:

- As implicações do IVA e do IRC no desenvolvimento das organizações e ética empresarial

**Dissertação de Mestrado
Mestrado em Gestão**

Helder Ferreira Da Cunha

Dissertação efetuada sob a orientação do Professor Doutor Manuel Paulo de Albuquerque Melo apresentada à Faculdade de Economia da Universidade de Coimbra para obtenção do grau de Mestre.

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ABSTRACT

The Digital Economy based on the Internet and the World Wide Web is revolutionizing the concepts of how to implement or develop a business, especially with the transition from traditional commerce to electronic commerce forcing managers to use new business features powered by technology to reach more markets.

How taxation tends to influence management in an even more digitalised market, is the main goal of this master dissertation. As a specific goal, analyse e-commerce management procedures that derive from e-commerce taxation, divided into several items, such as VAT, CIT, technical needs, financial management and competitor's taxation.

I used mainly a qualitative methodology with interviews, observation and secondary documental analysis and initially sampled 20 Portuguese companies that were supported in an e-commerce boosting programme. To enrich data, I added two more companies to analyse, added a few quantitative data, and made four extra interviews to three accountants and one tax consultant related to their clients that were implementing e-commerce.

The possible management problems related to taxation usually come in parts along with the development of a company, and this work tries to provide an integrated vision of taxation: of which tax, when, how, why (and if) taxation influences e-commerce management within the theme of organizational development.

The study tries to incorporate the view of Portuguese e-commerce managers, of the complex European and global taxation system, and how they deal with it, and if they find threats or opportunities driven by taxation.

The results show little influence in the initial stage of e-commerce development, but a higher importance as the e-commerce sales expand and generate greater profits, and the complexity of different tax systems is faced.

Keywords

Management, E-commerce, Taxes, VAT, Corporate tax, Business ethics

JEL CODES: **F23** (Multinational Firms / International Business), **H25** (Business Taxes and Subsidies), **H26** (Tax Evasion and Avoidance), **H30** (Fiscal Policies and Behaviour of Economic Agents – General) and **M15** (IT Management)

RESUMO

A Economia Digital baseada na Internet e na *World Wide Web*, está a revolucionar os conceitos de como implementar ou desenvolver um negócio, especialmente na transição do comércio tradicional para o comércio eletrónico, o que força os gestores a utilizarem novas ferramentas para alcançarem novos mercados.

Como a tributação tende a influenciar a gestão num mercado cada vez mais digital é o objetivo principal desta dissertação. O objetivo mais específico é descrever os procedimentos de gestão que derivam da tributação do comércio eletrónico, divididos em vários itens como o IVA, o IRC, as necessidades técnicas, gestão financeira e tributação dos concorrentes.

Usei uma metodologia qualitativa com entrevistas, observação e análise secundária de documentos e foram selecionadas 20 empresas que foram sujeitas a um programa de fomento do comércio eletrónico. Depois, e para dar mais robustez aos dados, adicionei duas empresas para analisar, adicionei alguns dados quantitativos e fiz quatro entrevistas a três contabilistas e um consultor fiscal, sobre os seus clientes com comércio eletrónico.

Os possíveis problemas de gestão relacionados com a tributação, vêm, muitas das vezes em partes, pelo que este trabalho tenta dar uma visão integrada da tributação: que imposto, quando, como e porque pode, (e se pode) influenciar a gestão de vendas através de comércio eletrónico e a forma como isso determina o desenvolvimento de organizações empresariais.

O estudo tentou integrar a visão de gestores portugueses, a complexidade do sistema de tributação europeu, e como os gestores de comércio eletrónico lidam com ele, e se procuram vantagens competitivas guiadas pela tributação.

Os resultados mostram pouca influência na fase inicial da implementação do comércio eletrónico, mas uma importância maior à medida que a empresa aumenta as suas vendas por comércio eletrónico e aumenta substancialmente os lucros daí resultantes, e, ou, começa a enfrentar dificuldades com sistemas de tributação diferentes.

Palavras-chave

Gestão, Comércio Eletrónico, Impostos, IVA, IRC, Ética empresarial

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List of Abbreviations

AICEP - Portuguese Electronic Commerce and Interactive Advertising Association
B2G - Business-to-Government
B2B - Business-to-Business
B2C - Business-to-Consumer
BEPS - Base Erosion and Profit Shifting
BRICs - Brazil, Russia, India, and China
C2G - Consumer-to-Government
C2B - Consumer-to-Business
C2C - Consumer-to-Consumer
CCO - Chief Commercial Officer
CEO - Chief Executive Officer
CFO - Chief Financial Officer
CIT - Corporate Income Tax / Corporate Tax
CRM - Customer Retention Management
DTC - Double Taxation Convention
DST - Digital Services Tax
EC - European Commission
EDI - Electronic Data Interchange
E.g. - Example granted
EP - European Parliament
EU - European Union
G20 - International forum for the governments and central banks of Argentina, Australia, Brazil, Canada, China, European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Korea, South Africa, Turkey, United Kingdom and the United States
G2B - Government-to-Business
G2C - Government-to-Consumer
G2G - Government-to-Government
GDP - Gross Domestic Product
ICT - Information and Communication Technologies
IOTA - Intra-European Organisation of Tax Administrations
MIT - Massachusetts Institute of Technology
MNE - Multinational Enterprises
MOTO - Mail order/telephone
MS - Member State of the European Union
OECD - Organisation for Economic Co-operation and Development
OFC - Offshore Financial Centre
PST - Profit shifting tax
SAFT - Standard Audit File for Tax Purposes
SME - Small and Medium-sized Enterprises
SWOT - Strength, weakness, opportunities, and threats
TWB - The World Bank
US - United States
UK - United Kingdom
VAT - Value Added Tax
WTO - World Trade Organization
WHO - World Health Organization

CHAPTER 1 - INTRODUCTION

Choosing the theme “Management and e-commerce taxation”

The main reason for choosing this theme was the importance of changes in management driven by e-commerce. The possibilities of e-commerce have reached a point where the most valuable companies in the world are e-commerce players and tech Multinational Enterprises (MNE). In the near future, and due to the digitalization of the economy, managers will have to continue to adapt their business to technological changes.

One of the obstacles to international e-commerce is, or could be, its taxation. However, and as will be described, taxation, or at least the taxation laws that address e-commerce, seem to be acting late, as if technology overpassed the bureaucratic procedures of taxation, resulting in late extra taxation measures, taxation agreements between companies and tax administrations, and taxation procedures that differ from country to country within the European framework.

The Organisation for Economic Co-operation and Development’s (OECD) global point of view and the European Commission’s (EC) view were integrated, because, even though the study starts in Portugal, e-commerce management requires a global vision of taxation, or at least European focus, for Portuguese e-commerce stakeholders. European Value Added Tax (VAT) and Corporate Income Tax (CIT) past and present characterizations show us clearly how the complete view of the taxation system could be a mind trap for managers.

Although taxation hasn’t always influenced financial matters in the management academic field, the legal (including taxation), ethical and social environment of e-commerce is pointed out as one of its frontiers. Nevertheless, and as will be mentioned in section 2.3.1. taxation is or can be a financial value creator.

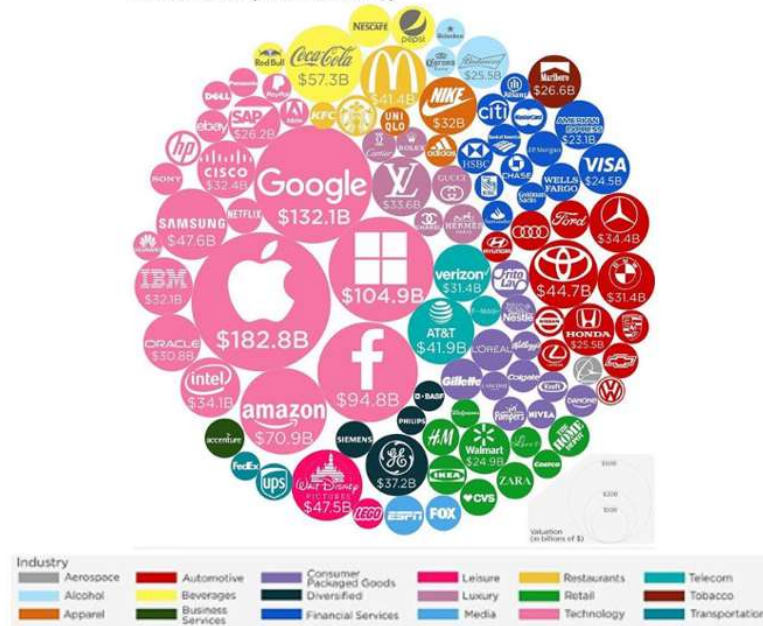
To spark the interest in the investigation, and as a Management Master student in the 21st century, I could not forget the most capitalized company in the world at the onset of this dissertation (2019/01/02): Amazon (La Monica, 2019). This company’s history is often mentioned in scientific works as a comparable example of e-commerce history, but also as a trigger to several governments’ taxation measures towards e-commerce transactions. And Amazon, as a pioneer in collecting taxes all over the world, was an example and a reference to this investigation.

Theme relevance

The main reason for choosing e-commerce taxation is the growing importance of e-commerce for management theory, and how managers deal with its boundaries, mainly how taxation is considered as a threat or opportunity. Additionally, e-commerce taxation is increasing its importance in all Governments' revenues, due to the digitalization of the world economy which gives a double critical view of the taxation issues.

According to Forbes Magazine Brand Value Ranking, technology and e-commerce companies are now the most valuable brands in the world: only three companies have brand values over 100 billion of \$, and they are all in technology; six of the top seven most valuable brands are in tech; Apple's brand (205.5 billion of \$) is worth nearly four times more than the most valuable non-tech brand, Coca-Cola (59.2 billion of \$) and the list of the five most valuable brands is unchanged since last year, and those companies are all in tech (Amoros, 2019).

Figure 1 - Top 100 world's most valuable brands in 2018 in billions of \$
Brand Value (in billions of \$)



Thus, e-commerce is important for managers in the 21st century and e-commerce's taxation is becoming more important for Governments' revenues. Undertaking this study at this point of the 21st century has, therefore, a double value: for management theory and governments' revenues.

When the investigation started, it was clear that there are countless books and master dissertations or doctoral theses on taxation, especially written by students of accounting or law universities. In the management area, it seemed that there are fewer

works that dive into e-commerce taxation matters, because a specific tax, or taxation, in general, are not the core of management issues.

1.1. Framing and study delimitation

The development of e-commerce has increased the level of complexity of direct taxation (CIT) and indirect taxation (VAT). Concerning VAT, the complexity results from three main issues: firstly, how to qualify the nature of the income (services/goods), secondly how to determine where the transaction is located (consume/production), and, finally, how to identify the taxable transaction persons (companies and consumers). Corporate Tax has a main issue: the concept of (permanent/stable) establishment that has implications on double taxation measures, and other related issues, such as double taxation, holdings, or tax havens.

This study aims to provide a recent e-commerce company's management view of the Portuguese and European Tax System, concerning what has happened in the recent past, and identifying trending management procedures to adapt their business, not only to the Digital Economy, but also to its recent taxation. Portugal is a member of the European Union (EU), so part of its tax system is determined by European directives. Therefore, this study amplifies the example of Portugal, to a European Taxing System with all its nuances.

However, e-commerce means global commerce. United States (US) internet companies like Apple or Amazon already operate in Portugal and interact with European and Portuguese e-commerce taxation, so this European taxation interests to all e-commerce companies that operate in Europe.

There are reasons for the focus on implementation and development: first, the fact that location of the establishment of the company might have a crucial impact on financial resources, due to the spectrum of zero taxation to high taxation. Second, that taxation issue is dynamic, and combined with the transition from traditional commerce to e-commerce, reinsures the need for taking taxation as a matter to consider throughout the development of digitalization.

1.2. Fundamental objective / motivation

The most common important feature of a manager, a group of managers, a director or a Chief Executive Officer (CEO) is to achieve its organization goals. A manager of the 21st century will have to deal with many changes, especially driven by technology. E-commerce

is gradually gaining importance on companies' profits and one of its barriers is taxation. The variable, or the variant, throughout the dissertation, will be (direct and indirect) taxation, seen from the perspective of managers and tax administrations, considering how that affects, or might affect, management decisions. CEO's or managers will – at some point – of its decision processes, consider the taxation issue.

The primally intention is to have a multi-point of view: management know-how, regarding the recent past of taxation (including non-digital economy, before 1995) and how that matters and motivates organization development, and if ethics is looked upon, within the scenario of digital economy of the 21th century. In particular, how the management of Portuguese companies that use e-commerce is influenced by taxation is analysed.

It was my intention to initially achieve four specific goals:

1. Measure e-commerce taxation (VAT and Corporate Tax) influence, in general in Europe, and in particular in Portuguese companies that are implementing or developing e-commerce departments.
2. Understand how recent e-commerce taxation may influence management decisions (financial, strategical or others).
3. Discover if recent e-commerce taxation (in any country/company) influenced any management procedures in the e-commerce Portuguese exporting companies that are implementing or developing e-commerce.
4. Make a critical analysis of tax havens and other taxation issues such as tax avoidance, tax havens, corporate use of Base Erosion and Profit Shifting (BEPS).

However, and considering the complex worldwide tax system, taxation differs substantially from country to country (for example, in Europe) or from state to state (US). It is this dynamic multi-faceted characteristic of taxation that influences, among other aspects of management, the financial strategy, developing and ethics issues that is focused on this thesis.

1.3. Brief of investigation draw

The investigation started with qualitative research, that includes an “array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring

phenomena in the social world” (Cooper & Schindler, 2014) and are both used at the data collection stage and the data analysis stage.

Considering that the dissertation aimed the influence of taxation in e-commerce, the first investigation theoretical questions were: what kind of taxes, how those taxes influence, when does that influence occur, where does it take place, and who are the players for whom taxation is looked upon when making management decisions.

I subdivided the of e-commerce taxation theme into four main issues: VAT, CIT, an integrated view of e-commerce taxation and, finally, the business ethics focused on e-commerce taxation.

Regarding VAT, I analyzed issues such as rates, time to declare and obtain a VAT refund, and the whole mechanism of VAT on e-commerce. Related to CIT the issue of the rate connected to the establishment, the time to declare and refund, and - like VAT - the whole mechanism of the tax was analyzed. However, only the main important features to management of these tax features were integrated with the investigation, considering the real effects on management decisions.

The holding concept and other legal instruments to tax evasion were also integrated. On the taxation integrated view, threats and opportunities driven by e-commerce taxation, big e-commerce taxation, the transition from traditional commerce taxation to electronic commerce taxation and, also, if competition advantages arise from e-commerce taxation. Finally, on the subtheme business ethics regarding taxation, tax havens, fairness, and complexity of the actual e-commerce taxation in Europe and worldwide were studied.

As the investigation methodology, the case study was initially chosen, considering that in this method “researchers select the specific organizations or situation to profile because these examples or subjects are often critical, extreme, or unusual cases. Researchers most often choose multiple subjects rather than a single subject to study, because of the opportunity for cross-case analysis. In studying multiple subjects, a deeper understanding of the subject emerges.” (Cooper & Schindler, 2014) It was this multi subject study (VAT, CIT, aggregated view of taxation and business ethics) that was projected.

1.4. Document structure / outline

This dissertation is divided into five chapters, following the suggested structure by the Faculty of Economics of the University of Coimbra.

The second chapter shows the literature review, the state of the art, pointing out some examples of US e-commerce enterprises, and resuming main EU legislation, within the Portuguese example.

European VAT and CIT concepts had to be mentioned, focusing into the Portuguese managers' point of view: tax influence and mainly management decisions that might be driven in their companies because of European (or other) e-commerce taxation.

The third chapter is dedicated to methodology, including how data was collected, what the conditionings of that collection were, and what considerations had to be made towards it. The reliability of data, possible application in other cases and strengths and weakness of the investigation were drawn in the summary.

The fourth chapter includes the results of the dissertation, a short confrontation with previous investigations and a critical analysis of the results.

Finally, the summarized analysis and discussion of the results allowed to drive the investigation to conclusions are examined in the final chapter.

CHAPTER 2 - LITERATURE REVIEW

I subdivided this chapter into seven parts and start by describing the digital economy, the e-commerce features, and their impact on management. In the second part, descriptions of e-commerce taxation in Portugal and Europe were introduced. The third part consists of an explanation why taxation matters to financial management and the EU and OECD points of view of e-commerce taxation. In the fourth part, some of the concepts related to management, types of e-commerce, taxation concepts, VAT, CIT, aggregated view of taxation and tax justice are exposed. In the fifth part, is given a universal view of e-commerce taxation. In the sixth part I make an initial confrontation with previous investigations and finally in the seventh part, I identify the investigation theme gap.

2.1. Digital Economy and its impacts on management

According to the Department of Management Executive Education of the Massachusetts Institute of Technology (MIT), customer, competition, value, data and innovation are the five domains of digital transformation (JKT, 2019).

These domains and the features of-commerce together point out the way for the transition from traditional commerce to electronic commerce in the next decades.

In a wider view and according to the OECD “The Digital economy is the result of the widespread and transformative process brought on by Information and Communication Technology (ICT). All sectors, ranging from retail, financial services, to education and broadcasting and media have been transformed by ICT technologies” (Bleasby et al., 2012). One of its major consequences is the rise of e-commerce. Over the past 20 years, e-commerce has rapidly grown since the first e-commerce transaction was undertaken in 1995 (Laudon & Traver, 2016).

Before entering the specific consequences of the digital economy on management, and the problem of taxation, I think that we must have a 360-degree vision of what is happening with e-commerce’s major tool: the use of the internet.

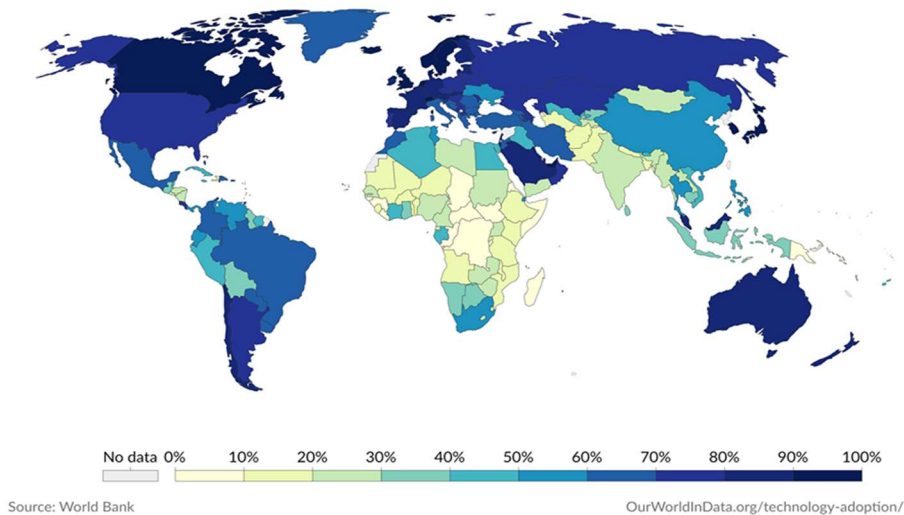
According to the World Bank, the internet is a growing phenomenon, which is still growing in some parts of the world. This also had consequences on reviewing articles, trying to avoid obsolete technology issues, or obsolete taxation procedures that influenced management. This study includes the growth occurring since 1995, but tries to capture the 2011-2019 period when framing the state of the art.

In the countries where internet is not used by the majority of population, e-commerce taxation might not be so important now, but will most likely will be so in the future, considering again, the trend to full coverage of the planet by Internet connections.

Figure 2 - Share of the population using the internet

Share of the population using the Internet, 2017

All individuals who have used the Internet in the last 3 months are counted as Internet users. The Internet can be used via a computer, mobile phone, personal digital assistant, games machine, digital TV etc.



(Hannah Ritchie and Max Roser, 2019)

To understand or study the consequences of e-commerce on management, I also take into consideration the traditional management canons, and they will be summarized in subsection 2.4.1.

Technological changes are here to stay, so management itself will have to keep following its tendencies. E-commerce is just a part of the digital economy but is a great competitor of traditional commerce. Managers must adapt their businesses to a more digitalised market. This adaption is often pointed out as an opportunity for companies to promote and sell their products and services, but also as a threat, in a simplified Strength, weakness, opportunities, and threats (SWOT) analysis. Other management theories and practices have been adapting this introduction of e-commerce in the success equation, towards commercial, financial, and competitive advantages.

According to (Laudon & Traver, 2016) "E-commerce has eight unique features:

Table 1 - The eight unique features of e-commerce

E-commerce eight unique features	Features' Description
Ubiquity	E-commerce is available all over the world at any time, reducing costs for the consumer comparing to traditional commerce
Global reach	In contrast with traditional commerce, e-commerce overcomes cultural and geographical boundaries.
Universal standards	One set of technical media standards) also allow for the seamless enablement of global commerce. In contrast, most traditional commerce technologies differ from one nation to the next.
Richness	In traditional markets, national sales forces and small retail stores can provide a complex and content-rich message and there is generally a trade-off between the richness of the message and the number of consumers who can be reached with the marketing message. In e-commerce, the trade-off is no longer necessary.
Interactivity	An information-rich environment is extended globally. Unlike any other commercial technology of the 20 th century, except perhaps the telephone, e-commerce technologies are interactive, allowing for two-way communication between the seller and the consumer.
Information density	E-commerce technologies reduce information collection, storage, processing, and communication costs, thereby greatly increasing the prevalence, accuracy, and timeliness of information. This information density (information that is more plentiful, cheaper, and of higher quality) sets e-commerce apart from all other traditional methods of conducting transactions.
Personalization or customization	E-commerce technologies also permit the personalization and customization of marketing messages on a level that was impossible with previous commerce technologies
Social technology	Marketing messages can be targeted to specific individuals based on their interest and past purchasing behaviour, and the product or service can be modified to suit a consumer's preferences and prior behaviour

All previous unique features set e-commerce apart from traditional ways of conducting commercial transactions. The internet and e-commerce allow users to easily generate and share content and permits a many-to-many model of mass communications that is different from previous technologies. This supports the creation of new business models and products that support social networking services.”

Regarding that most of the Portuguese e-commerce companies are SMEs, (Leonard, 2019) their managers must keep up with the constantly evolving technology sector while maintaining a profitable company running. Internet technologies can be used to increase company's competitiveness, but in the future, more than being accessory, internet tools may become mandatory to keep companies alive.

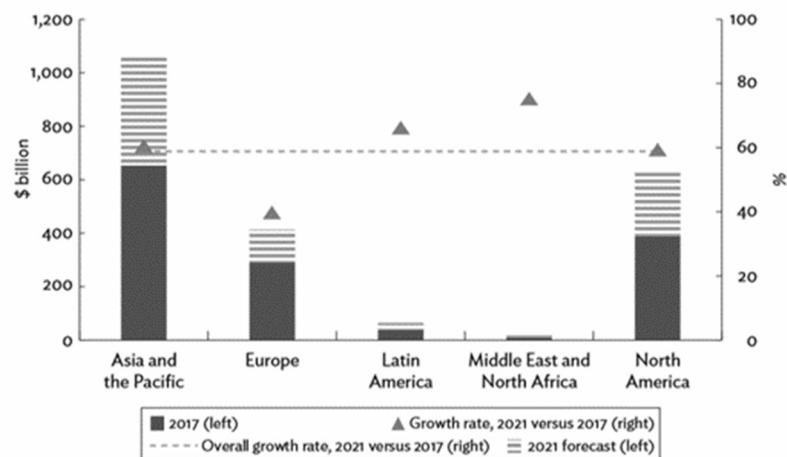
As main effects on management, literature points several areas of effects of Internet on modern business: first of all, with data storage and retrieval, costs with

administration and office are reduced, and data can be accessed from any location, and it may document customer history and tendencies; secondly, a rise in the mobile workforce, which extends the length of commercial representatives and allows employees to work remotely. Thirdly, with the rise of social network use, companies need to be present on social media, and must have more than just a simple website. Finally, internet has streamlined much of the work progress, tools like cloud-based inventory that allow business to redirect human resources, or customer retention management (CRM) that keeps detailed tracking of customers and promotes targeted marketing (Leonard, 2019).

Internet is causing an increase impact on all of Michael Porter’s five-force model, (that is a framework for industry analysis, business strategy development and competition study). On the threat of new entrants, the internet has considerably reduced entry barriers, for example with low-cost online retail sites. On the threat of new substitutes, the internet has reduced product’s life cycle, and shelf life of products and encouraged innovation as customer serving. On the bargaining power of customers, the internet has brought a well-informed customer, forcing companies to pay more attention to pricing and differentiation. With Internet, suppliers now have more information to negotiate prices in the market. Overall, and considering the threat of competition, the Internet forced companies to be more transparent in their success (Khoja, 2016).

E-commerce consequences on global market will go on in the next years, due to the high growth of the internet retail market, which again will influence management worldwide. Until 2021, the Internet retail market will grow all over the world, especially in Asia and North America. (Clement, 2020)

Figure 3 - Projected global retail e-commerce sales in 2020 by region in billions of \$



2.2. E-commerce taxation worldwide – zooming into Portugal

Motivated by the profit that can derive from e-commerce, managers are confronted with a multiple and complex network of tax systems around the world, to implement their business or to develop and increase international commercial performance. Taxation is one of the recent issues not only in e-commerce management but also mainly in the international management of technological companies. Different taxation regions all over the world have become determinant in these companies' financial strategy. This will drive to the discussion of the deontology of the implementation and development issues of companies – the ethical matters of management, which will be discussed on subsection 2.5.

Governments all over the world rely on sales taxes to fund various types of government initiatives and programs, including building roads, schools, and sewers or other utilities to support business development. How to change tax laws to reflect globalisation through the internet is a problem that many governments have grappled with.

“The fear is that the Internet may cause significant reductions in tax revenues to national or local governments if existing laws do not cover changes in purchasing patterns. (Basu 2007) notes that around a third of government taxation revenue is from domestic consumption tax, with revenue from import taxation around 17%.” (Chaffey, 2015)

E-commerce was born out of technology, its growth and working process is fuelled by technology, and its elements are part of that same technology, hence it is conceivable that all these forces would have to be taken in account when consideration is given on development of any tax collection mechanism. (Basu, 2016)

To understand how complex the actual taxing systems are, we must take a diagonal look around the globe. In the US, between the 50 states and the multiple counties and municipalities, there are thousands of different tax rates and policies. For example, in some states, food is not taxed at all, and there are a countless of different exceptions and inclusions depending on the location. Multinational corporations are now operating in new ways that exacerbate already complex tax determinations. For example, a manufacturer can purchase inputs from its subsidiaries in Oregon, Texas, China, and Germany. Therefore, for just one product, Oregon, Texas, China, and German tax laws must be consulted, cross-referenced, and reconciled.

Over the past decade, online retail transactions have increased dramatically in volume. According to the US Census, online sales constituted 2,5% of retail sales in 2006 and 7,6% in 2016.

Many factors have contributed to the growth in online sales, one of which is that out-of-state online retailers do not charge sales tax, which has generally given them a price advantage over retailers with a presence in the state. This sales tax collection loophole has not gone unnoticed by state governments or by competing retailers. State governments are concerned that these online sales depress local employment and erode tax revenues. Over the last decade many states responded by requiring that Amazon, the largest online retailer, begin to collect sales tax at checkout. Collectively, these laws are called the “Amazon Tax”. In February 2015, Amazon was collecting sales tax in 24 states, comprising more than half of the US population. (Baugh et al., 2018)

Literature devotes considerable attention to whether transactions should be levied on a destination or origin basis. The destination principle has frequently been chosen in the US and EU. David R. Agrawal in the article “The Tax gradient: a spatial aspect of fiscal competition” (Agrawal, 2016) states that there are two main issues raised by remote transactions: one key issue is whether transactions should be taxed on an origin or destination basis, and a second issue, is whether favoured effective tax rates should apply to remote e-commerce transactions. In the US, most reforms are aimed at destination taxation, and many states are applying or implementing similar taxes for traditional commerce and electronic commerce.

Is worth mentioning Japan’s and BRIC’s (Brazil, Russia, India, and China) overall situation and how these countries are taxing e-commerce. Again, we will find tax collection in multiple states, provinces or countries that create administrative complexities for firms needing to comply with legal statutes in different geographic regions, likewise the US and Europe. Yet, by describing the US and European situation, it can be understood how complex taxation is, how it differs from region to region, and somehow figure out what is going on in other parts of the world and anticipate consequences for e-commerce management.

It is clear that the EU’s legislation on internet and taxation, was, and is, mainly focused on the question of VAT, and in particular (albeit not only) aims to determine the due place of taxation in the case of cross-border e-commerce transactions, to avoid double

taxation or no taxation at all, together with compliance with the principle of neutrality (the same tax rate within a country regardless of where the suppliers are located, and also regarding traditional commerce). The foundations of a comprehensive EU regulation may be found in a report published in 1998 by the EU Commission.

In Europe VAT is collected along the entire value chain including the final sale to the consumer. The EU began collecting VAT on digital goods such as music and software delivered to consumers by foreign companies in June 2003. Previously, EU companies were required to collect the VAT on sales to EU customers, but US companies were not.

In 2002, the EU enacted two laws: Council Directive 2002/38/EC and Council Regulation 792/2002, on how VAT was to be charged and collected for electronic services. These principles establish that the rules for consumption taxes (such as VAT) should result in taxation in the jurisdiction where consumption takes place. These laws helped to make European countries more competitive in e-commerce.

Since January 1st, 2015, VAT has been charged in the MS (Member State) where the customer belongs, when radio and television broadcasting and electronic services are provided by a supplier established within the EU, to non-taxable persons also established in the EU.

Recently, several European countries have tried to introduce a PST (Profit Shifting Tax) or other taxing measures on US MNEs.

In Spain, a law named "Google Tax" introduced on January 1st, 2015, taxes any site with links to articles of the Spanish Newspaper Association. It intended to tax Google News, or other sites that work on aggregation systems. (D'Onfro, 2014). The aftermath resulted in the stopping of Google's news aggregation service in Spain.

The French Hollande Government also approved various measures towards internet companies like Google, Amazon, or Facebook. (Pfanner, 2013)

In Germany, Amazon.com Inc. paid income tax of just 3 million of € in 2012, after the group realized sales to German's customers of 8.7 million of € via its Luxembourg units. The consequent massive tax avoidance saw the issue placed at the top of the political agenda in 2013. (Bergin, 2013)

Brexit, with all its side effects to companies that operate in the United Kingdom (UK) is already a reason for companies to move their headquarters to other EU countries, regarding the possible complex taxation consequences of Brexit. Meanwhile, the UK will

implement a new tax, which addresses digital MNE, such as Google, Facebook, or Amazon. Quoting UK Financial Ministry, “It’s clearly unsustainable and unfair that digital MNEs generate a substantial amount of revenues and don’t pay taxes at the UK”. The goal is to assure that these enterprises pay taxes on the businesses that they make at the UK: from April 2020 on, a 2% tax on companies’ revenue will be paid by companies like search engines, social networks, and online retailers. According to the Wall Street Journal UK, will be the first developed economy to really apply this kind of tax.

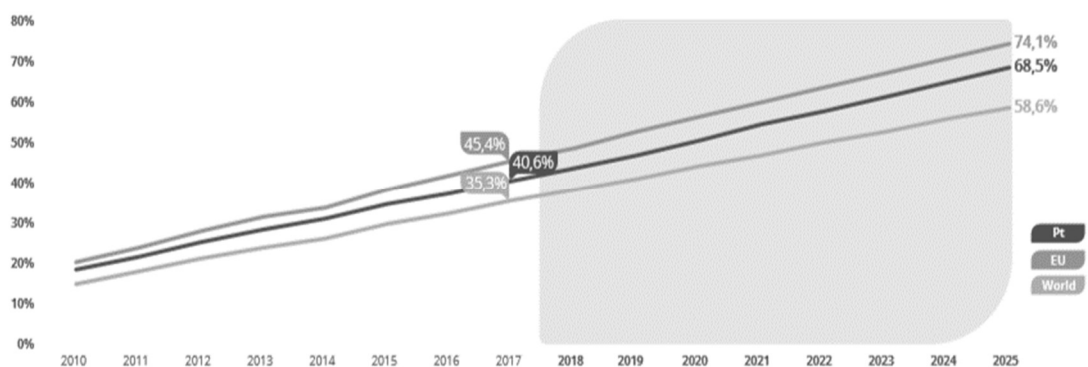
In a bigger frame, the last three fees applied to Google Inc. show how other procedures besides taxation can influence MNE financing management: globally, and in the last 3 years (2017, 2018 and 2019) Google was forced to pay 8,25 million of € by the EC. In 2017, due to search engine bias; in 2018 due to its Android operating system that had to be pre-installed (exclusively) to gain access to some applications; and in 2019 because Google imposed (on contracts) some clients to only promote their products or services through Google (AdSense issue). This last fee represents 1,29% of Google (estimated) overall income in 2019. (Chee, 2018)

These are examples of how e-commerce taxation affects not only big enterprises’ financial strategies but also government’s taxation measures towards digital economy.

The Portuguese companies which were chosen for the sample of this study are smaller and medium companies in which e-commerce is still in an initial phase of implementation or development.

With respect to the aim of this study, a description of the Portuguese situation will have to be framed within the EU taxing system. Portugal is in the EU since 1986, following most of the EU Directives regarding taxation.

Figure 4 - Total e-commerce in Portugal, Europe and World (% of GDP)



Online purchases by consumers, companies and the state in Portugal were worth around 75 billion of € in 2017, representing more than 40% of GDP, according to the Portuguese Electronic Commerce and Interactive Advertising Association (AICEP). Of this total, B2C purchases totalled 4.6 billion of € (+11.3% year-on-year), representing 2.5% of GDP, while B2B generated 70 billion of € (+11.1%) and contributing 38.1 % of GDP. In the reference period, 76% of the Portuguese population used the internet and 38% had already made purchases online. Clothing and fashion accessories (57%), mobile telecom equipment and accessories (52%) are the most purchased products. However, the preliminary data from a study carried out by AICEP, also indicates that 60% of Portuguese companies remain completely offline, without a website or presence on social networks.”(AICEP, 2018)

However, the Portuguese e-commerce market is small compared to other European countries, and its taxation, both VAT and Corporate Tax, are higher than in other EU members.

The Portuguese Tax Administration is quite advanced in digitalization, compared to other tax administrations and has introduced several e-government tax internet procedures targeting both less bureaucracy and more adapted to the digital global economy. Examples of these late developments are the electronic invoice, VAT simplified declaration, personal tax simplified declaration, tax-free app, on-line payments, digitalised transport docs, “e-rent”, SAFT¹ file / IES², other utilities such as certifications documents, towards foreign tax administrations.

2.3. State of the art

In this literature review, accounting and juridical articles were avoided, considering more the impact of taxation in e-commerce companies, and at an academic scientific stage, the largest e-commerce companies’ reaction to taxation. Hence, the financial roots of importance of taxation had to be mentioned, and European Tax Administration/OECD view along with possible consequences on management were prioritized, particularly considering trends in e-commerce.

“Writings on tax law and technology change often investigate three discrete but related questions: (1) how does tax law react to technology change; (2) how does tax law

¹ Standard Audit File for Tax Purposes

² *Informação Empresarial Simplificada*

provoke technology change; and (3) how does tax law seek to preserve traditional interests (such as revenue collection) in light of technology change.” (Cockfield, 2017)

“Many researchers investigate e-commerce barriers and taxation of e-commerce. However, there is less research examining how taxation of e-commerce affect the development of e-commerce.” (Yapar et al., 2015)

It is a goal for this work to extend and analyse how taxation influences managers’ decisions, regarding financial and strategical decisions. For example, is it profitable for an e-commerce company to move its headquarters to Ireland or Holland, rather than Portugal, because of its taxation? Or - and forgetting business ethics - why not to a tax haven? Or even keep on moving around the planet searching for advantages that arise from a complex taxation global system?

Looking up the major player of e-commerce Amazon, in the article “Can Taxes Shape an Industry? Evidence from the Implementation of the Amazon Tax” (Baugh et al., 2018) the conclusion is that “taxes affect not only decisions by managers, but also purchasing decisions by customers. In aggregate, purchasing decisions have significant effects on corporations” In this study, it is pointed, “the law requires Amazon to collect sales tax, which in turn makes Amazon’s products less competitive: (...) results indicate some substitution to Newegg, an online electronics retailer”.

2.3.1. Financial management view – why taxation matters

It was necessary to mention why taxation matters for management in a non-digital commerce so that its transition to e-commerce is understood, and, somehow predictable, for management. To do so, Modigliani and Miller 1963 article is a historical turning point regarding taxation as financial critical matter and, ultimately, as a value creator point to consider. Until then, scientific articles wouldn’t recognise taxation as determinant for financing management. (Modigliani & Miller, 1963)

Later, in 1977, Miller created a model where all taxes - personal and corporate - should be measured and considered, when planning companies’ financial structure. In summary, the model gives us two conclusions: companies increase their financial leverage when corporate tax is higher, or reduce their leverage when personal taxes increases. (Miller, 1977)

Moreover, DeAngel and Masulis in 1980 pointed out strong theoretical reasons for companies to consider the real impact of taxation on financial structuring (DeAngelo,

1980). However, taxation is a dynamic process, not equal in time and in space, and among others, Myers in 1984, defended that no company has a “firm tax status” regarding that same financial structuring. Back in 2003, Graham pointed out that this is influence of taxation, doesn’t always have the same impact, and therefore it is, in some companies’ case, insignificant. (Graham, 2005)

Recent studies establish a more solid statistic relation between taxation and financial (and management) decision making, like Desai, Foley and Hines (Desai, Mihir A.; Foley, C. Fritz; Hines Jr., 2003) Titman and Twite (Fan, Joseph P. H.; Titman, Sheridan; Twite, 2010). Taxation effects on companies’ capital structure of 29 OECD countries, in the period 1981-2009, were studied in an article by Mara Faccio and Jin Xu from Purdue University, Indiana US and the conclusions point out that personal and corporate tax both influence capital structure, and therefore companies’ management (Faccio & Xu, 2015). Among other procedures, the authors used the Miller Tax Index, $[1-(1-\text{corporate tax})\times(1-\text{personal dividend tax})]/(1-\text{personal interest tax})$, because in fiscal reforms there is correlation between corporate and personal interest taxes.

Taxation is not the core vector of management, but again, it must be pointed out that it influences management, especially in a digital commerce era, where internet is a major tool, with all its advantages and disadvantages for both companies and governments.

Subhajit Basu, in “Global Perspectives on E-commerce Taxation Law”, presents us with an accurate view on e-commerce taxation, differing within the International Taxation – Direct and indirect taxation concepts, the importance of e-commerce for taxation, the significant loss of Revenue and Erosion of the tax base, International Cooperation and Initiatives and Emergency Tax policy. This work sets off from these concepts, into the Portuguese companies most affected by e-commerce taxation.

2.3.2. European tax administration view

The European Union is aware that “some barriers within the single market remain and is working to further harmonise fragment national tax systems, separate national markets for financial services, energy and transport, varied e-commerce rules, standards between EU countries and complicated rules on the recognition of vocational qualifications.” (EU, 2020)

Portugal is part of the EU, so its fiscal legislation has been influenced by the European Directives³ since 1986, first with VAT, and then with other regulations towards corporate tax, having in mind horizontal harmonisation. This influence is here to stay, even if Portugal takes extra national parallel taxation measures, imitating other MSs of the EU. Therefore, that taxation will remain unharmonized, and even if it does in Europe, might remain not unharmonized in other nearby countries and continents.

On March 2018, the EC proposed new legislative rules to ensure that digital business activities are taxed in a fair and growth-friendly way in the EU. The legislative proposals have been submitted to the Council for adoption and to the European Parliament (EP) for consultation.

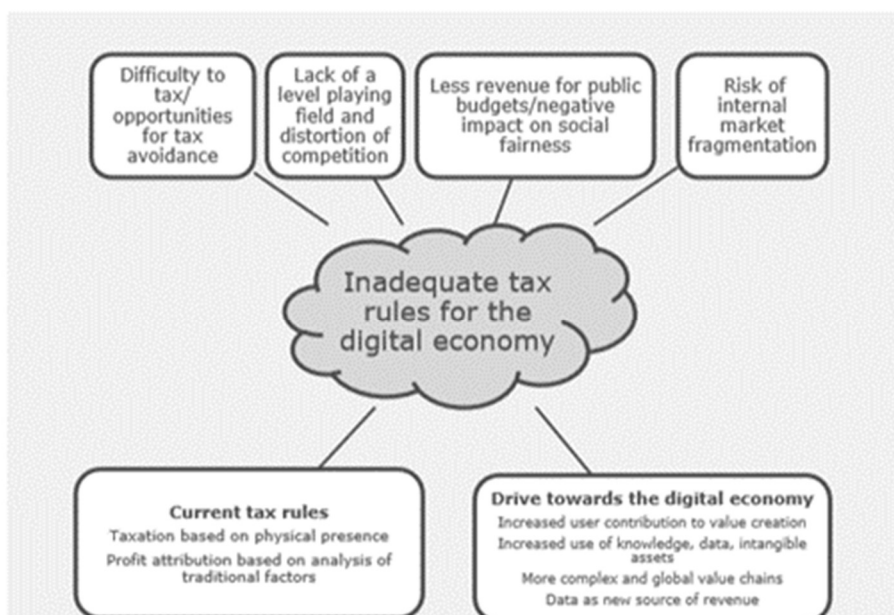
One of the initiatives is to reform corporate tax, so that profits are allocated where e-commerce companies have significant interaction with users through digital channels, or “significant digital presence”.

Another initiative is for an interim (temporary) tax on specific companies that have significant digital activities, and are escaping EM national taxations, because there is a erosion risk of tax bases in the meantime. The EC therefore proposed a harmonised interim solution: a new Digital Services Tax (DST). This indirect tax would also help to avoid unilateral measures to tax digital activities in certain EU MS.

On October 2018, the TAX Summit took place in Lisbon that had the contributions of several Tax Administrations to challenges of digital economy. The position of TAXUD/EC that regulates VAT matters in European Union clearly indicate an inadequate tax system for the digital economy. First, there is still difficulty to tax digital companies, or companies that operate on digital channels, which creates opportunities for tax avoidance. In addition, different degrees of taxation drive companies to a lack of level playing field and distortion of competition. Thirdly, there is less revenue for public budgets with negative impact on social fairness, and finally there’s a risk of market fragmentation.

³The latest e-commerce EU legislation on e-commerce is: - Directive 2011/83/EU and EP from 25.10.2011; – Commission Communication COM (2006) 688 final, 15.11.2006; - Commission Communication COM (2004) 28 final, from 22.01.2004; - Directive 2002/65/EC and EP from 23.09.2002; - Commission Communication COM (2001) 66 final, from 07.02.2001; - Directive 2000/31/CE and EP from 08.06.2000; “E-commerce Directive”; - Commission Communication COM (97) 157 final from 15.04.1997; - Commission Recommendation 92/295/CEE from 07.04.1992.

Figure 5- Inadequate tax rules for the digital economy



Current tax rules are based on a physical presence, profit attribution based on analysis of traditional factors, and, again, these principles are not adequate for digital economy. National tax administration should drive new legislation towards the digital economy, knowing that there is an increased user contribution to value creation, increased use of knowledge, intangible assets, and data as a new source of revenue.

The Intra-European Organisation of Tax Administrations (IOTA) in its 2018 Work programme included four priorities for tax administrations: progress in e-services and quality of taxpayer services, development of ICT and implementing new technological solutions, development of human resources regarding the its administrative capacity and tax compliance.

With these inadequate tax rules for the digital economy, companies are tempted to place their products and services where VAT is lower and sometimes relocate their headquarters to countries where CIT are also lower or don't exist at all. These management procedures are legal considering international law agreements, create financial advantage due to lower tax rates, but harms fiscal justice when it is done toward tax havens, and, or, zero taxation zones.

2.3.3. OECD point of view

At another degree of institutional influence lies the OECD, which point out proposals for many countries, including one that have the largest e-commerce markets.

“The Organisation for European Economic Cooperation (OEEC) was established in 1948 and today, 36 OECD member countries worldwide regularly turn to one another to identify problems, discuss and analyse them, and promote policies to solve them. (...) Brazil, India, and the People's Republic of China have emerged as new economic giants. The three of them, along with Indonesia and South Africa, are the Key Partners of the Organization and contribute to its work in a sustained and comprehensive manner. Together with them, the OECD brings around its table 39 countries that account for 80% of world trade and investment, giving it a pivotal role in addressing the challenges facing the world economy.”(Wikipedia, 2020)

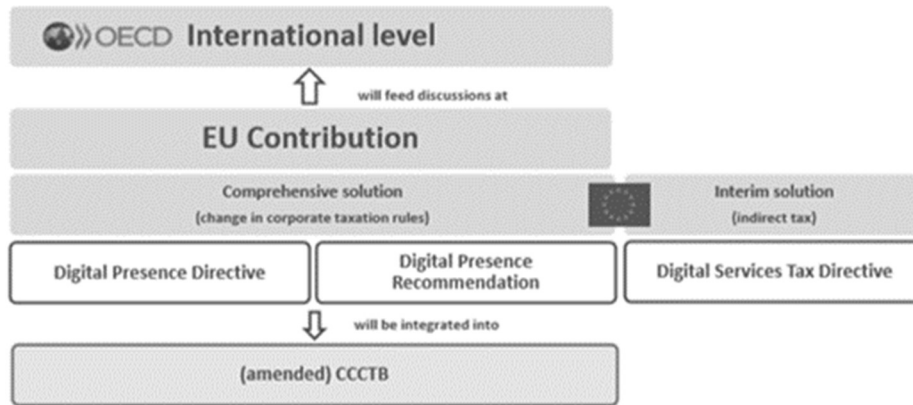
Consulting the OECD/G204 Base Erosion and Profit Shifting (BEPS) Project document “Addressing the Tax Challenges of the Digitalisation of the Economy”, we can discover what tax proposals are being addressed in a near future and how that might influence management procedures.

BEPS refers to tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations, where there is little or no economic activity or to erode tax bases through deductible payments such as interest or royalties. Although some of the schemes used are illegal, most are not. This undermines the fairness and integrity of tax systems because businesses that operate across borders can use BEPS to gain a competitive advantage over enterprises that operate at a domestic level. Moreover, when taxpayers see multinational corporations legally avoiding income tax, it undermines voluntary compliance by all taxpayers. (Bleasby et al., 2012)

OECD, together with EU, US, and other OECD members, are clearly trying to harmonize the global tax system to establish a fair and integrated global tax system. However, some European countries are already taking taxing measures to compensate the clear delay of those measures that promoted unfairness among e-commerce and traditional commerce players.

⁴ - International forum for the governments and central banks of Argentina, Australia, Brazil, Canada, China, European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Korea, South Africa, Turkey, United Kingdom and the United States

Figure 6 - The architecture of the proposals for taxing digital economy



2.3.4. Recent trends in e-commerce management and its taxation

According to AICEP, the fourth digital decade is characterised by the explosion of internet usage, especially because of smartphones, which will boost e-commerce all over the world. The more significant difference to traditional commerce is that e-commerce business models centres in the customer experience, considering that there is now more information on products, consumers communicate between themselves and interact more with companies and their brands. In addition, the consumer profile is changing, due to the new features of the digital economy, like mobile commerce, data cloud, social networks, artificial intelligence, and block chain.

So, in order to success in the growing digital vector, companies should search and be prepared for new customers, new incomes sources, new business models, new distribution channels, client centred marketing, CRM (customer relationship management), operation efficiency with new human resources digital competences.

Even though there are other opinions on how companies should revolutionize and adapt their management towards a more digitalised economy, it is a horizontal view that mobile e-commerce continues to grow, on-demand/sharing companies are capitalizing in millions of dollars and publicity is now competing in mobile/social networks/searching engines.

Nevertheless, all these trends have challenges: copyright, content, regulation, taxation, privacy, fraud, and abuse. This work focuses on e-commerce taxation, particularly how that may affect management procedures and identifying implications on organization development and ethics, considering the mentioned e-commerce markets recent trends. To do so, major e-commerce players, such as Amazon, Google, and Apple examples will be

briefly summarized, and used as examples of how taxation influences e-commerce management.

While OCDE prepares the Digital Services Tax (DST) in the medium term, the existing Double Taxation Agreements, along with other VAT regulations, MNEs are making management – mainly financial – to win strategical advantages.

“In 2017 Google transferred 19,9 billion of € through a Dutch company to Bermuda, as part of a scheme that allows Google reduce their tax bill, according to Reuters and The Dutch Commerce Hall. In 2016, Google Netherlands Holdings BV had made the same movement, in a 15 billion of € amount.

In this strategy known as the "Double Irish, Dutch Sandwich", Google uses its subsidiaries in Holland to transfer profits obtained outside the US to Google Ireland Holdings, an Irish company whose headquarters is located in the Bermuda Islands, a tax haven, where companies don't pay corporate tax. Even though this strategy is legal, Ireland was pressurised by the EU and the US to end this legalised scheme, and in 2014, Ireland decided to terminate it in 2020.

Google is a subsidiary of Alphabet, and in a briefing report to Reuters about these EU and US pressures, stated that Alphabet pays all its taxes wherever they operate. Moreover, in global average, Google (as other MNEs) pays around 26% of corporate tax. According to Reuters a Google Netherlands Holdings BV payed 3,4 million of € in taxes in the Netherlands, over 13,6 million of € profit.

Apple is another example of tax pressure by EU: in 2016, the EU demanded Ireland to charge Apple 13,1 million of € to the American company, considering that the agreements that were made between Irish Tax Administration and Apple were illegal.”

Amazon market capitalization went over 1 trillion of \$ again in February 2020, after the announcement of the 2019 4th trimester results.

These three big (new) examples show us that two phenomena are happening: the economy is even more represented by e-commerce companies, and governments are late on taxing them. It seems that taxation isn't following what's happening on the markets, or at least government measures only arise when part of the profits are gone and untaxable.

How are managers dealing with these two phenomena? The rise of e-commerce as an opportunity, its taxation as a frontier, or double opportunity if ethics is overlooked?

These three examples are likewise representative at a higher conceptual and practical level, because to a small company not only is e-commerce not yet representative of its sales percentage, nor is taxation a management dilemma. However, as shown above, for most companies, digitalization will be inevitable, and at some point, its taxation.

On a medium size level, most major traditional Portuguese commerce companies have moved their headquarters to lower taxation countries, demonstrating that taxation is an actual management dilemma, that offers legal financial advantages and enhancing the importance of these geographical moves driven by taxation, within the context of the digitalization of the economy, that will again influence major Portuguese companies, either driven or not by e-commerce.

Additionally, Governments have been promoting special agreements with some companies to compensate the lack of revenue from e-commerce, rather than promoting structural changes in taxation. The Irish Tax Agency for example has made agreements like this in the past, with Apple.

The Portuguese e-commerce players are not at the level of Amazon or other e-commerce players, but Amazon operates in Europe, and it is a competitor, and sometimes a pioneer regarding management decisions related to e-commerce taxation.

2.4. Used concepts

To better understand the investigation draw, some definitions and classification of management, e-commerce and taxation will be presented.

2.4.1. Managements concepts

According to Henri Fayol⁵, management had five basic functions in the 19th century: planning, organizing, commanding, coordinating, and controlling⁶. In the 20th century it was divided in seven scientific branches: financial management, human resources management, management cybernetics, information technology management, operations (and/or production) management and strategic management.

This work dives specifically into financial management, because this is directly related to taxation.

⁵ French engineer, economist and entrepreneur and author of the first comprehensive statements of a general theory of management.

⁶ In Henri Fayol original work, "*Administration industrielle et générale; prévoyance, organisation, commandement, coordination, contrôle*", five primary functions of management were proposed.

In the 21st century, management scientific branches have increased, but a manager still has three main roles: interpersonal, informational and decision. The roles of collecting information (on taxes and taxation in general) and see if that information causes or influences management, are those roles of the manager that this work analyses.

2.4.2. E-commerce and kinds of e-commerce

“Electronic commerce, or e-commerce, is defined as the "production, distribution, marketing, sale or delivery of goods and services by electronic means". An e-commerce transaction can be between enterprises, households, individuals, governments and other public or private organizations.”(World Trade Organization, 2017)

An older and wider definition of e-commerce is “any activity which involves enterprises interacting and doing business with customers, with each other or with administrations by electronic means. It includes electronic ordering of goods and services which are delivered using traditional channels such as post or couriers (indirect electronic commerce), on-line ordering, payment and delivery intangible goods and services such as software, electronic magazines, entertainment services (direct electronic commerce), electronic fund transfers, electronic share trading, electronic bills of lading, commercial auctions, collaborative design and engineering, on-line sourcing, public procurement, direct consumer marketing and after sales service.”(Eurostat, 2019)

According to EUROSTAT, “E-commerce can be defined generally as the sale or purchase of goods or services, whether between businesses, households, individuals or private organizations, through electronic transactions conducted via the internet or other computer-mediated (online communication) networks. The term covers the ordering of goods and services, which are sent over computer networks, but the payment and the ultimate delivery of the goods, or service may be conducted either on- or off-line.”(Eurostat, 2019)

For the Community survey on ICT usage in households and by individuals, e-commerce by individuals or households via the internet is defined more specifically as the placing of orders for goods or services via the internet. Also included in the definition are:

- Buying financial investments such as shares;
- Confirming reservations for accommodation and travel;
- Participating in lotteries and betting;
- Paying for information services from the internet;

- Buying via online auctions.

For the Community survey on ICT usage and e-commerce in enterprises, e-commerce refers to “the placement of orders (an order is a commitment to purchase goods or services) via computer networks. E-commerce may effectively be done via websites (which allow for online ordering or reservation or booking, e.g. shopping cart) or an exchange of electronic messages, EDI-type messages. EDI-type (Electronic Data Interchange) e-commerce refers to structured transmission of data or documents between enterprises by electronic means allowing automatic processing using for example EDI format or XML⁷ format.

Orders via manually typed e-mails, however, are excluded. Delivery or payment via electronic means is not a requirement for an e-commerce transaction.”(Eurostat, 2019)

These are the following kinds of e-commerce:

- a) Government-to-Government (G2G) which includes communication between different organizations and departments of the government (e.g. coordination between government institutions);
- b) Government-to-Business (G2B) in which we can find communication from the government to enterprises, to regulate the market (e.g. laws and business information);
- c) Business-to-Government (B2G) that contains communication from business to government (e.g. tax pay or refund procedures);
- d) Business-to-Business (B2B) which comprehends electronic transactions between companies (e.g. producer and client’s commercial transactions. GO2 Paper is an independent third-party marketplace that serves the paper industry.);
- e) Business-to-consumer (B2C) is the typical e-commerce transaction (e.g. a consumer that buys goods or services to a company by electronic ways. Amazon is a general merchandiser that sells consumer products to retail consumers.);
- f) Consumer-to-Government (C2G) when consumer communicate to government institutions (e.g. personal tax declarations);

⁷ Extensible markup language

- g) Consumer-to-Business (C2B) communication that arises from e-commerce and where the functions are inverted (e.g. price comparison, blogs on products or services);
- h) Consumer-to-Consumer (C2C) that occurs when consumers do commercial transactions without companies' intervention (e.g. auction, second hand selling. Airbnb and UBER are auction and listing sites that enable consumers to auction or sell goods directly to other consumers);
- i) Government-to-Consumer (G2C) establishes a connection between the citizen and the governmental institutions (e.g. information on Institutional useful information on social matters).

Others important concepts, such as social e-commerce, local e-commerce, mobile e-commerce, peer-to-peer, could be summarized. However, the focus of this study will be B2C and B2B, as seen in other e-commerce taxation studies. The reason is that are the main targets of present and future e-commerce taxation.

For a better framing of these concepts, Ecommerce Foundation (2016) definition includes purchases and sales (e.g. physical goods, digital products and services) conducted over computer networks and comprises B2C, B2B, C2C and B2G. B2B and B2C are the two leading segments in terms of size and relevance. B2C internet retail is the subset of B2C that excludes items such as auctions and online reservations.

2.4.3. Taxation concepts

Governments all over the world rely on sales taxes, and, as we look backwards to e-commerce taxation reality and literature, VAT is the main tax addressed. Or at least at the first level of taxation, because internet allows companies to move easily around the world, not only in monetary terms, but if needed their own headquarters to better CIT countries.

The Portuguese tax system is, as well as other European countries, complex and unstable, and these features together have been pointed out as one of its weaknesses or barriers, for foreign countries companies to promote investment.

The Portuguese tax system looks for the satisfaction of the state, state institutions and municipalities financial needs, towards a fair distribution of the national income and richness. VAT and CIT represent more than a half (52,2%) in its 2019 national budget (VAT 38,3% and CIT 13,9%).

As well as in other countries, Portuguese taxation laws are proposed by the Government and the Republic Assembly and ratified by the Republic's President. Likewise, the Portuguese taxation system has several taxes, and some of those taxes are determined not only by the Portuguese government but also by European institution's directives, especially VAT, since 1986.⁸

Table 2 - Main taxes in Portugal

Portuguese Tax Name	Name in Portuguese
Personal Income Tax	<i>Imposto sobre o rendimento das pessoas singulares (IRS)</i>
Corporate Income Tax	<i>Imposto sobre o rendimento das pessoas coletivas (IRC)</i>
Value Added Tax	<i>Imposto sobre o Valor Acrescentado (IVA)</i>
Stamp Tax	<i>Imposto de Selo (IS)</i>
Municipal Property Tax	<i>Imposto Municipal sobre Imóveis (IMI)</i>
Municipal Property Transfer Tax	<i>Imposto Municipal sobre Transações (IMT)</i>
Car Tax (CO2 emissions/ motor)	<i>Imposto sobre Veículos (ISV)</i>
Social Security Contributions	<i>Contribuições para a Segurança Social (SS)</i>

This might seem simple concerning again that most literature points out VAT, or CIT as the main taxes, but, for example, for a French or Brazilian real estate company that would like to invest in Portuguese properties, IMT and IMI taxes would become vital to the company's strategy, and not so much VAT, or CIT. Similarly, the financial companies investing in Portugal would have to care about the Stamp Tax, or other financial system taxation besides VAT or CIT.

In the US, there is different taxation within each state⁹, so, what happens in the US taxation map, where every state has its own tax measures, (and its states have its own counties taxes) happens at an identical level of complexity in Europe, and each country has its own tax systems. Investors and managers when implementing or developing must pay attention to this, especially for financial reasons.

Portuguese tax system concepts do not differ much from other European countries, and in this sense, the study only provides a partial view of the Portuguese taxation that companies face internally, but is complemented by the Portuguese and European tax administration view of foreign countries companies that operate and that are (or not) taxed in Europe, and in particularly Portugal.

⁸More information on the Portuguese Tax System can be found at http://info.portaldasfinancas.gov.pt/pt/docs/Conteudos_1pagina/Pages/portuguese-tax-system.aspx

⁹ Iowa state has 99 counties with different taxation laws, for example.

The B2C establishment of the producer/supplier and B2B Establishment of consumer issues will have to be clarified to understand what will be questioned throughout the investigation procedures and interviews/surveys. As seen above, B2B and B2C are the two leading segments in terms of size and relevance, and for the VAT and CIT matters.

On average, companies pay mainly CIT and consumers pay mainly VAT, therefore, the present work focusses on VAT, CIT, and other taxation measures that address e-commerce. Concerning VAT, rate, time to refund, and other issues such as influence on pricing decisions will be analysed. On CIT, the rate, establishment, and other corporate tax problems will be also analysed, towards the methodology and goal of the investigation.

In addition, as I pretend to show, VAT and CIT have higher rates in Portugal than in other countries, probably, because of 2011 bailout, or due to continuous political decisions that have maintained these high rates for the last 2 decades.

2.4.4. VAT issues

In Europe, value added taxes are collected during the entire chain including the final sale to the consumer. As the name itself indicates, VAT addresses the added value of a product or a service. Two key ideas: firstly, the consumer will pay *all* the VAT when payment is made. Secondly, the company that traded, will collect that VAT, subtract (to it) the part of VAT that it paid to its suppliers, and pay the difference to the tax administration treasury. A key idea for distinguishing VAT from other taxes that might influence financial decisions, is that even though it will be a cost to the consumer, it increases the price of the product or the service, therefore making it less competitive.

Accounting and taxation literature also tell us, obviously, that the higher the VAT rate becomes, the higher the prices will be for companies and consumers. On the opposite side, revenues for government will be collected according to that rate.

We can also see that in all MS, VAT has different rates for different products, but we will only take a glimpse at the main rates of VAT in EU, to discover differences of 10% (for example) between Hungary and Luxembourg. It is obvious that a 17% rate is much friendlier (than 27%) for implementing or developing an enterprise, especially because the product/service will have a more competitive price.

VAT rates have endless nuances, and several rates, within each MS. The following table provides the values of the main rate in each one of them, in a simple way to

understand VAT's complexity: for example, Portugal has 3 different rates 6%, 13% and 23% for different products and services.

Table 3 - VAT standard rates in the EU

Member State	VAT Standard Rate	Member State	VAT Standard Rate
Austria	20	Italy	22
Belgium	21	Latvia	21
Bulgaria	20	Lithuania	21
Croatia	25	Luxembourg	17
Cyprus	19	Malta	18
Czech Republic	21	Netherlands	21
Denmark	25	Poland	23
Estonia	20	Portugal	23
Finland	24	Romania	19
France	20	Slovakia	20
Germany	19	Slovenia	22
Greece	24	Spain	21
Hungary	27	Sweden	25
Ireland	23	United Kingdom (Brexit)	20

One of the recent academic works “Vat Challenges of the Digital Economy – an EU Perspective”, by Dóra Krinis (2016 - Minho University) analyses this particular issue of VAT, and provides a brief overview of the past, present and future of the EU VAT system in the context of the growing importance of the digital economy.

“The current VAT system has been unable to keep pace with the challenges of today’s global, digital and mobile economy. It is also struggling to address technological and economic developments as well as innovative business models. For example, different VAT rates apply to e-books and electronic newspapers because they can’t benefit from the reduced rates available for physical publications.” (Krinis, 2016)

This conclusion, illustrated by the example of e-books and electronic newspapers, can be extrapolated for many products, services and countries. In this work, I tried to have a management view of these issues, rather than an accounting or juridical one. I had more hypotheses related to this tax, but during the investigation, technical or compliance VAT issues were abandoned. Instead, I only tested two hypotheses: (1) does the refund mechanism interfere with financial e-commerce management and (2) do e-commerce managers measure clients’ sensibility to taxation, and if so if it interferes for example with pricing decisions.

Another conclusion of the study was:

“The current VAT system for cross-border e-commerce is complex, fragmented and costly. More generally, SMEs bear proportionally higher VAT compliance costs than large businesses due to the complexity and fragmentation of the EU VAT system. There is a lack of certainty for businesses, it is not neutral and there are compliance risks and losses for MSs.” (Krinis, 2016)

This conclusion pointed me to test three other hypotheses: first, a holistic view of taxation, supported by highly qualified human resources, might point easier management decisions where or when taxation is considered. Second, the complexity of different taxation in different countries has negatively influenced development of e-commerce, and, third, harmonization is welcomed by companies, which will reduce the importance of taxation, and the importance of management measures to fight that same complexity.

Adding other dissertations references on VAT and e-commerce taxation could bring an unnecessary complexity to the wanted aggregated qualitative view of taxation. Moreover, it was hard to find literature that makes a direct relationship between VAT and management decisions.

The fact that I knew that some of these countries already export (by e-commerce or not) to non-EU countries such as Brazil or Angola due to cultural nearness, made me once again have a global look at VAT. It is undeniable that VAT increases the price of a product or a service to final consumer, and that some countries don't charge VAT at all. Portuguese managers may consider pricing a product of a service or a good especially when the e-commerce promotes goods or services that can be supplied by no VAT countries, so VAT might go further and really interfere with management decisions.

Figure 7 - VAT standard rates in the world



2.4.5. Corporate Income Tax

Same as with VAT, CIT has different rates all over Europe, and around the world. Portugal, once again appears with a higher rate than other EU MS, promoting geographical moves into lower CIT countries such as the Netherlands, or Ireland.

Table 4 - Corporate tax standard rates in the EU

Member state	CIT standard rate	Member state	CIT standard rate
Austria	25	Italy	27,9
Belgium	29	Latvia	20
Bulgaria	10	Lithuania	15
Croatia	18	Luxembourg	29,2
Cyprus	12,5	Malta	35
Czech Republic	19	Netherlands	25
Denmark	22	Poland	19
Estonia	20	Portugal	21
Finland	20	Romania	16
France	30	Slovakia	22
Germany	22,8	Slovenia	19
Greece	28	Spain	25
Hungary	9	Sweden	22
Ireland	12,5	UK (Brexit)	19

The importance of establishment issues arises from these different corporate tax rates: even the main Portuguese companies have moved their headquarters (establishment) to Netherlands to save money, in a legal way. Establishment, according to Portuguese law is “any fixed installation, in which any commercial, industrial or agriculture activity is undertaken. A CEO office, subsidiary, office, factory, workshop, mine or oil well”¹⁰, for example, and its location will determine the corporate tax to apply.

One of the mechanisms used by companies to pay less taxes is a holding. A holding is a company created to administrate a group of companies, by possessing and managing most of those companies’ group stocks. They are used to improve the capital structures, or to create partnerships with other companies. Holdings allow for the unification of the power of decision and reduce risk for stake holders. However, they are also used to benefit from tax reductions, exemptions, or other fiscal benefits. In fact, most Portuguese bigger companies are controlled by Holding Companies that have their establishment in the Netherlands.

¹⁰Given by article number 5 of the CIT Portuguese code.

For Portugal, as a MS of the EU, the result is a great loss of revenue to other MSs, that is incomprehensible considering a fair European Corporate taxation, according to some principles of the Treaty of Rome of 1960.

The unbalanced CIT around Europe shows us that VAT harmonization is a just a small step, to what seems to be a utopic full harmonized European tax system.

Dutch corporate tax exempt certain items of income, such as capital gains and dividends from qualifying subsidiaries (participation exemption¹¹) and income attributable to a foreign business enterprise (permanent establishment), and is one of the reasons for Portuguese and other countries' companies to move their establishments to the Netherlands.

Other CIT issues such as double taxation, autonomous tax, and municipal tax will be summarized, diving into the complexity of Corporate Tax in Portugal, and into the investigation's questions.

Autonomous tax¹² is a parallel CIT: the company may not pay CIT, but it might have to pay autonomous tax on certain type of expenses for example, non-documented expenses, or cars expenses.

Portuguese municipality tax¹³ is another parallel CIT, paid to the county according to companies' total income in the previous year, and is paid along with the CIT income declaration - Model 22. This extra tax is not the same in all Portuguese counties, so it has different rates, and demonstrates once again, the need of tax knowledge to improve financial management decisions.

Double taxation conventions are agreements made by two countries to avoid double (unfair) taxation regarding several kinds of income, such as dividends, interest or royalties. These conventions also allow governments to share information on international or multinational enterprises and contribute to prevent tax avoidance.

¹¹A subsidiary qualifies for the Dutch participation exemption when it's an active company and the Dutch parent company holds an interest of at least 5% of such company.

¹² Tax given by article 88 of the Portuguese Corporate Tax Code.

¹³ In Portuguese: *derrama*.

Other issues of the of the Portuguese CIT such as PEC¹⁴, PPC¹⁵, PAC¹⁶, DTJI¹⁷ and DTEI¹⁸ could be discussed to show the complexity of the refunding and how that, may interfere with financial management decisions especially for operating in multiple countries.

However, some of these issues did not seem important to a manager or for e-commerce management decision, and I just kept as questions in the interview, the influence of financial needs driven by a late refund in CIT (or VAT) and the possible decision of moving the establishment to pay less CIT, and have more financial capacity to other e-commerce needs.

The holding issue was not tested but incorporated in the documental analysis, where I discuss the fact that most of the wealthiest Portuguese companies are hold by holdings established in Netherlands. Regarding this, I try to analyze if an increase on e-commerce sales in the Portuguese companies could lead to same movements seen in traditional commerce.

2.4.6. The aggregated effects of taxation on e-commerce

The World Bank Group and Price Waterhouse Coopers have one indicator that influenced the research questions and interviews to be made: the ease of doing business index¹⁹. The reason for adopting and adapting this index is that it measures how paying influences the ease of doing business taxes (a complementary view of taxation). Even though it doesn't address e-commerce taxation in particularly, it gives the first impression of e-commerce taxation to management.

One of the indicator topics, is as mentioned, paying taxes variable. This topic has historically measured:

¹⁴ A special advanced payment of the CIT (In Portuguese: *Pagamento Especial por Conta*)

¹⁵ 3 advanced payments of the CIT (In Portuguese: *Pagamentos por conta*)

¹⁶ Additional advanced payment of the CIT (In Portuguese *Pagamento Adicional por Conta*)

¹⁷ Refund of (double) CIT payed by a company's subsidiaries abroad (In Portuguese *Dupla Tributação Jurídica Internacional*)

¹⁸ Refund of (double) CIT payed by a company abroad (In Portuguese: *Dupla Tributação Económica Internacional*)

¹⁹Paying Taxes 2020 is a joint annual publication by the World Bank Group and PwC looks at tax regimes in 190 economies and provides an unrivalled global database. This year marks the fourteen year of publication. The report is based on the Paying Taxes indicator and includes analysis and commentary by the World Bank and PWC.

- a) Total tax and contribution rate (the cost of all taxes borne, as % of commercial profit);
- b) The time needed to comply with the major taxes (profit taxes, labor taxes, mandatory contributions, and consumption taxes);
- c) Number of tax payments.

2020 is the fourth year the index includes the post-filing index that measures the process of claiming a VAT refund and correcting a corporate income tax return. The overall Paying Taxes score is now based on the scores of four components:

1. Time to comply with VAT refund (hours);
2. Time to obtain VAT refund (weeks);
3. Time to comply with a CIT correction (hours);
4. Time to complete a CIT correction (weeks).

Within the 28 members of EU, Portugal is ranked in the 24th position, indicating that it is still an issue to improve by the Portuguese tax Administration.

This indicator, however, only measures a possible financial influence, or a residual influence of the time to comply. The effects of taxation on management go much beyond this indicator, which analyses the paid tax, the reporting mechanism, the compliance frequency and, in an indirect way, the technical needs.

With the impact of one tax, whether it's VAT, CIT or other that might influence management, or even the sum of all taxes, I tried to investigate an aggregate view of taxation, and its possible influence in management decisions. To do that, I integrated some of Michael Porter's five forces analysis concepts and considering taxation either as a threat or an opportunity. For example, are lower taxation countries considered financial opportunities whose viability should be considered? Is the European - in specific, the Portuguese - taxation promoting unfair competitiveness among e-commerce players?

So, the threat of new entrants, the threat of substitutes, the bargaining power of customers, and the bargaining power of buyers were considered in constructing the questions/hypothesis for the interviews, in order to analyse the industry rivalry with the focus on taxation, considering the changes that this model is suffering due to the transition from traditional to electronic commerce.

2.5. A management universal view of e-commerce taxation

To survive the initial period of implementation of a new company, managers are tempted with “easier ways” that unbalance the ethical global procedure with positive economic financial output. Modern societies are now promoting more responsible and ethical enterprise behaviours, tending to social and environmental issues.

This means that companies are supposed to pay their taxes and to contribute to a healthy and sustainable society, in which they are major players. They must do so with integrity, honesty, avoiding corruption, disloyal competition, any form of dumping and any kind of tax fraud and lately climate change prevention is also on the table of management issues. Ethically, this should be the mind-set of managers and entrepreneurs, sometimes overcoming the profit maximization, productivity efficiency, or market share. If it is not, other players such as governments, clients, suppliers/providers, employees and other will at some point, pressurize them to meet these ethical matters.

The tax systems, like so many bureaucratic systems, have imperfections. For example, the different corporate taxes in Europe promotes an unequal taxation for the same type of company, in the European market, or, at least in the same euro currency geography.

Besides these imperfect features, some managers break ethics and choose to act in the shadow economy. Shadow economy occurs when business and individuals engage in inappropriate practices to avoid their legal obligations relating to matters such as taxes and duties.

Although this is not the main goal of this work, tax havens are a clear unfair gateway in the global tax system, pointing out an unfair global tax system.

According to the politician Miguel Poiars Maduro²⁰, digital economy is not contributing enough, especially considering MNEs worldwide profits. This might mean that citizens and non-digitalised companies must pay more taxes comparing to its total income. However – and during the last implementations of the European Commission – countries are implementing their own taxing measures towards digital economy, but not in an integrated and globalised way.

²⁰ Opinion of Miguel Poiars Maduro, *Jornal de Negócios*, March the 25th, 2019

2.5.1. Tax avoidance, tax havens, BEPS

Historically, the first tax haven group of countries was composed by the hub Zurich-Zug-Lichtenstein triangle, and Luxembourg in the 1920s. Since then, all over the world, many tax havens were created. Nowadays, and although some of them maintain high levels of OECD transparency, there are still more than 80 tax havens according to the Portuguese tax administration.

There is vast literature on tax avoidance, tax havens and BEPS, and the economist and Professor Dhammika Dharmapala of the University of Chicago's Law School is one of the most quoted researchers. He has served on the Board of Directors of the American Law and Economics Association and National Tax Association and is an International Research Fellow at the Oxford University Centre for Business Taxation. From his work, we can extract his tax haven list (Dharmapala-Hines 2009 list) where he points out 6 tax havens that hadn't yet appeared on OECD's lists: Ireland, Luxembourg, the Netherlands, Hong Kong, Singapore and Switzerland, which would become ranked in the world's top ten global tax havens.

These contradictions in the classification of tax havens, between the OECD or other institutions and academics, aren't new. The criteria to be considered a tax haven might include very low taxation, and for this study, countries like Netherlands, Luxembourg, Ireland, and Switzerland have the geographical closeness to Portugal feature that could be critical for Portuguese managers.

Tax avoidance can be described as using tax reliefs and allowances in a way in which they were not intended. Tax avoidance may also involve the re-labelling or re-characterisation of a transaction. These transactions were undertaken primarily to obtain a tax advantage, and not primarily for business reasons. Tax avoidance often involve contrived, artificial transactions that serve little or no purpose other than to gain a tax advantage. (Revenue.ie, 2019)

In April 1998, the OECD produced a definition of a tax haven as meeting three of four criteria: no or nominal tax on relevant income, lack of effective exchange of information, lack of transparency and no substantial activities. This definition has been criticised by academics who have produced their own tax havens lists following and analysing corporate investment flows and global corporate connections in recent years.

The University of Amsterdam's CORPNET²¹ group ignored any definition of tax haven and focused on a purely quantitative approach, analysing 98 million global corporate connections on the Orbis²² database, and came up with a tax haven classification: 24 Offshore Financial Centre's (OFC) jurisdictions in which a disproportionate amount of value disappears from the economic system (traditional tax haven) and five Conduit OFC's jurisdictions through which a disproportionate amount of value moves toward sink OFC's (the modern corporate tax havens).

Although there are many tax havens lists, made based on different criteria, there are four European countries with that appear on most of them: Ireland, Luxembourg, Switzerland, and the Netherlands.

For a Portuguese manager, considering the geographical nearness, Gibraltar, Andorra and Monaco could also be an option to reduce the tax bill, or considering the ability of e-commerce companies to move to lower taxation zone, such as Ireland, the Netherlands or Luxembourg, or even to a zero taxation country if they didn't care about business ethics.

The BEPS Project focuses largely on legal tax planning techniques rather than offshore tax evasion, which is illegal. However, other work is being carried out by the OECD Global Forum on Transparency and the Exchange of information and is focused on combating offshore tax evasion.²³

According to Portuguese legislation, tax havens are territories where taxation is clearly privileged and, for some Portuguese taxes, having a personal address or a company's headquarters in these territories, will tax extra rates to compensate those privileges. The actual list has 83 territories, and include for example, Gibraltar, Liechtenstein, Monaco, and San Marino.²⁴

On this matter I underline the conclusions of the working paper "Knocking on tax haven's door: Multinational firms and transfer pricing." Which delivers "(...) *internal prices are lower in destinations with lower tax rates and most importantly in tax havens. Furthermore, transfer pricing is primarily found within large MNEs.*" (Davies, Ronald B.;

²¹CORPNET is a European Research Council funded group at the University of Amsterdam investigating networks of corporate control

²² Orbis is the world's most powerful comparable data resource on private companies

²³More information about this work at www.oecd.org/tax/exchange-of-tax-information/.

²⁴ The Portuguese Tax Haven List can be found at Ordinance 150/2004, from Feb.13th 2004

Martin, Julien; Parenti, Mathieu; Toubal, 2014) This indicates that - at least a larger scale - tax rates highly influences MNEs management.

2.5.2. Management ethics and taxation principles

Management ethics, also called business ethics or corporate ethics is a form of applied ethics or professional ethics that studies ethical principles and moral or ethical problems that can arise in a business environment. According to Milton Friedman²⁵, one of these principles is “to make as much money as possible while conforming to the basic rules of the society, both those embodied in the law and those embodied in ethical custom.”

One of the issues of business ethics is law jurisdiction and taxation, and the management dilemma of paying taxes. Managers and CEOs are confronted with a complex multi taxing system and sometimes tempted to practice tax avoidance, corporate use of base erosion and profit shifting, or, when ethics is ignored, move the company to a tax haven or to a very low tax country.

To an e-commerce company manager, it might seem a paradox the fact that there are offshores and tax havens (with major offshore financial centres on the scale of the Cayman Islands and Bermuda) in continental Europe, very geographically near to countries with “normal taxation”: it seems that you just have to make the decision: how little taxes does my company want to pay? The paradox is clear: while regulators such as OECD, EU, EC and EP try to harmonize taxation in all MS, they simultaneously allow for the existence of tax havens such as Andorra, Channel Islands²⁶, Gibraltar, Liechtenstein, Monaco and San Marino for example.

So, if managers don't integrate in their mind set the need and fairness of paying taxes, they may be tempted to relocate their business to where taxes are lower.

Taxation itself has principles that are questionable when remembering the existence of tax havens:

- a) Neutrality: taxation should seek to be neutral and equitable between forms of business activities;

²⁵ The duty of business leaders according to Milton Friedman (American economist and Nobel Prize in Economics)

²⁶The Channel tax haven islands are Alderney, Guernsey, Jersey, Great Stark, Herm, Little Sark, Breghou, Jethou and Lihou.

- b) Efficiency: compliance costs to business and administration costs for governments should be minimised as far as possible;
- c) Certainty and simplicity: tax rules should be clear and simple to understand, so that taxpayers know where they stand;
- d) Effectiveness and fairness: taxation should produce the right amount of tax at the right time, while avoiding both double taxation and unintentional non-taxation;
- e) Flexibility: taxation systems should be flexible and dynamic enough to ensure they keep pace with technological and commercial developments. (Sanghavi & Sóvág, 2019)

The concept theory ends with the notion that managers (Portuguese or not) have of the tax justice. The concept of fair taxation is a vague and subjective matter. However, I tried to integrate the view of the Portuguese managers on this matter, for the only reason that e-commerce big players are competitors that should pay taxes accordingly. With gateways like low tax countries or tax havens there is a sense of fake competitiveness, which may lead to more tax evasion.

2.6. Initial confront with previous investigations

I tried to find European and American dissertations that made correspondence between e-commerce taxation issues and management decisions. Once I found them, I wanted to apply the same methodology of study to Portuguese e-commerce companies, and then add and identify the possible scientific evidence.

The studies that I found, were accounting or law dissertations that focus on just one tax, for example the establishment issue of CIT, and the problem of tax jurisdiction.

The main reference dissertations were “The state of e-commerce in Portuguese SMEs”, by Hugo Ferreira (2014 – Porto’s University) and Krinis (2016) dissertation already mentioned in subsection 2.4.4

From the first one, I extracted that the digitalization of companies in Portugal, and their percentage of e-commerce sales is still reduced. This was the main reason why I chose the 20 sampled companies that I knew had at least participated in an e-commerce upgrade programme. However, I did not follow either the theme (because taxation had to be critical) or the quantitative methodology of this dissertation. It was a first approach at all the barriers that the Portuguese companies face when developing e-commerce, and

taxation was not the main issue for these SME in this study. In fact, these companies use more e-business than e-commerce, and their main barriers with the expansion to e-commerce are the human resources and technology costs (Ferreira, 2014). My initial interpretation was that taxation only seemed to be critical for larger companies, with significant profits on e-commerce sales.

On taxation - and keeping in mind that VAT is the main tax that addresses e-commerce - I also review the second dissertation, and its conclusion: "The current VAT system for cross-border e-commerce is complex, fragmented and costly. More generally, SMEs bear proportionally higher VAT compliance costs than large businesses due to the complexity and fragmentation of the EU VAT system." (Krinis, 2016) This was also a matter that I analysed with the interviews to the three accountants and the four chiefs, but on others VAT consequences: refunding time and clients' sensibility to taxation.

One of the examples of VAT issues shown in this dissertation is: "(...) different VAT rates apply to e-books and electronic newspapers because they can not benefit from the reduced rates available for physical publications" (Krinis, 2016), which underlines the need for VAT rates harmonization in Europe, a problem that I will also identify in Portuguese e-commerce operations in subsection 4.1.1.

Overall "The current VAT system has been unable to keep pace with the challenges of today's global, digital and mobile economy" (Krinis, 2016) and this inability (of VAT and taxation in general) to keep pace with the challenges of digital economy has several consequences on management that I tried to aggregate in subsection 4.4.

The main articles for referencing hypotheses were "Can Taxes Shape an Industry? Evidence from the Implementation of the Amazon Tax" (Baugh et al., 2018) and "Knocking on tax haven's door: Multinational firms and transfer pricing" (Davies, Ronald B.; Martin, Julien; Parenti, Mathieu; Toubal, 2014)

From the first author I picked several ideas for this research work, because Amazon has been a pioneer with taxation issues in the US. It's hard to make a parallelism between the American and the European taxing systems, but how they've influenced the management of Amazon could be a reference for other managers in other parts of the world. This paper concluded:

"Taxes affect not only business decisions by managers, but also purchasing decisions by customers. In the aggregate, purchasing decisions have significant effects on corporations." (Baugh et al., 2018)

In which I underline the effects in business decisions by managers, that can be disintegrated in several functions such as choosing a supplier or entering a new market. It was that disintegration that I tried to achieve.

Additionally, the problem of multi taxation is the US could have a parallelism with European taxes affect e-commerce management in Europe, (or might affect in the future) was the concept analogy that I also tried to achieve with the data collection.

In this study, we analyze the effects of implementing the Amazon Tax law in various states. The law requires Amazon to collect sales tax, which in turn makes Amazon's products less competitive. (Baugh et al., 2018)

From the second author, (Davies, Ronald B.; Martin, Julien; Parenti, Mathieu; Toubal, 2014) I wanted to see who the players were that chose tax havens and somehow break business ethics, and distort the e-commerce market taxation.

When sampling the companies to be analysed, I included the top ten e-commerce players in Portugal, and tried to match the conclusions of the article with the Portuguese e-commerce market.

"We find that internal prices are lower in destinations with lower tax rates and most importantly in tax havens. Furthermore, transfer pricing is primarily found within large MNEs. These results are crucial for two reasons.

- *First, they support the OECD's (2013) assertion that there is a difference between low-tax countries and tax havens which provide a tax environment particularly amenable to tax avoidance.*
- *Second, it shows that although transfer pricing may result in significant revenue losses, such losses are primarily due to a small number of firms."* (Davies, Ronald B.; Martin, Julien; Parenti, Mathieu; Toubal, 2014)

Although I did not develop the theme of transfer pricing, this is primarily found in large MNEs, and results in revenue losses, and a tax environment amenable to tax avoidance. Similarly, I wanted to study the fairness of the European tax system, and tried to infer the possible consequences of tax havens existence in Portuguese e-commerce managers decision process.

2.7. Looking for the investigation theme gap

The importance of e-commerce to governments revenues and for companies' income is undeniable in the present, and it tends to grow (according to AliResearch and Accenture – 2015), challenging managers to a multiple faceted adaptation to technology

and taxation. And this is happening in a global base, at different speeds, depending on how technology and regulation are in different regions of the world.

Table 5 - Cross-border B2C e-commerce market forecast by region in billions of \$

Economy	2014	2015	2016	2017	2018	2019	2020	CAGR 2014-2020
Asia and the Pacific	71	99	144	218	299	381	476	37%
Latin America	6	10	15	25	37	47	53	44%
Mid-Eastern Europe and Central Asia	13	17	22	28	34	40	45	23%
Middle East and Africa	5	8	10	14	18	22	26	32%
North America	67	82	98	115	133	153	177	18%
Western Europe	73	92	112	131	156	184	217	2%
Total	235	308	401	530	675	826	994	27%

CAGR = compounded annual growth rate.
 Note: Figures may not add up to 'total' due to rounding.
 Source: AllResearch and Accenture (2015).

When reading the recent literature on e-commerce taxation, issued by tax administrations and governments, academic investigators and other players, I conclude that the main analysed tax is VAT, again, because it's the one that has addressed e-commerce transactions in the past, and it's pointed out as (one of the) future tax over e-commerce (within EU recent framework).

However, when analysing some European countries companies' establishment's behaviour - for example, the Portuguese ones - we can identify CIT as the most determinant in the companies' geographic and financial strategy. A more digitalized economy might even enhance these two taxes as the most important, concerning the vast literature about taxing e-commerce in particular.

So, if taxation influences companies' behaviour in the market, how it tends to influence a more digitalised market is, again, pointed out as the main or general goal of this master dissertation.

As a specific goal, analyse management procedures that are a consequence of e-commerce taxation, divided into four items as shown at the beginning of chapter 3.

As most companies that use e-commerce face several tax systems, which also happens to the Portuguese group of companies, this will also be surveyed/analysed.

This study aims to explain the causes and consequences of e-commerce taxation on management. Of course, excluding companies that only operate on traditional commerce, but as it has been mentioned, the digital economy tends to reach and cover all economy players. In particular, it addresses Portuguese companies that use e-commerce or are

somehow confronted with digital economy consequences, framing Portuguese and European taxation, but having to deal with a global highly complex taxing system.

The fact that Portugal doesn't have MNE such as Amazon, Google, Facebook, Microsoft or Apple could be pointed out as a limitation, bearing in mind that these type of companies spark extra taxation measures (taken by governments or others) towards e-commerce transactions.

The found gap was an integrated study that analysed the integrated effect of VAT and CIT on implementing or developing e-commerce. Moreover, trying to measure the whole effect of taxation (and not only the mentioned taxes) I joined the theme of the tax haven possibility question and the importance of business ethics.

Portugal has a small economy, but its e-commerce companies operate (or tend to operate) all around the world, which means that they will face diverse taxation areas. And this was another reason why I also had to take in the concepts of lower taxations zones and tax havens.

If the study only focused on VAT and CIT, the whole scenario of taxation would not be complete: lower taxation zones geographically near or tax havens possibilities were questioned to complete that entire view of the influence on management decisions.

The first filter was applied to Portuguese companies that have faced e-commerce challenges in recent past (from 2015 until 2020). Considering the medium degree of digitalization of the Portuguese economy, the chosen group (second filter) for the sample was a group of 20 companies that were being supported on an e-commerce upgrade programme.

To have a successful and focused investigation I started the empirical part of the dissertation by identifying the need for investigation questions. Initially, I formulated the research questions relating to the matters reported in chapter 2. The questions were formulated in 3 stages:

1. Firstly, discover the management dilemma:

How much should a company pay (within legal taxation) e-commerce taxes?

2. Define management question:

How can a company save money, gain financial leverage, create value, or market advantages, through management e-commerce legal taxation (and still, ethical) decisions?

3. Define research question (in which each question is an alternative action that management might take to solve the management dilemma – usually the most plausible action, or the one that offers the greatest gain using fewest resources is first researched) (Cooper & Schindler, 2014)

The first research questions were:

- a) How does taxation influence e-commerce management procedures in Portugal?
- b) How do exporting companies react to taxation in the EU and the US and eventually, other markets [Brazil, Russia, India, and China (BRICs), or Portuguese speaking countries]?
- c) Would Portuguese managers transfer its company's headquarter to a tax haven? (Gibraltar, for example)
- d) Can a specific country tax policy influence companies' strategy?
- e) Are taxes (and all its associated costs) important in recent management regarding ethics and implementing procedures?
- f) Is there a "behind the burglar"²⁷ advantage that is not pointed out in management literature?
- g) Is the Modigliani & Miller taxation effect amplified with e-commerce?

These were the first questions when trying to find the gap on recent literature on e-commerce taxation. However, these questions had to be operationalized in hypothesis to be tested in the empirical part of the study.

²⁷ This effect is my free translation from the Portuguese expression "*atrás do prejuízo*", which is a metaphorical way of illustrating the European Tax Administrations recent measures towards MNEs.

CHAPTER 3 - METHODOLOGY

In this chapter, it will be reported how the data was collected, what were the study constraints and limitations, what methodology was chosen due to the chosen theme. The investigation scheme will end with ten hypotheses (questions) that will have correspondence to the matters that were questioned in the interviews.

3.1. Specific objectives/goals

As mentioned, I intended to achieve four specific goals:

1. Measure e-commerce taxation (VAT and CIT) influence, in general in Europe, and in particular, in Portuguese companies that are implementing or developing e-commerce departments.
2. Understand how recent e-commerce taxation may influence management decisions (financial, strategical or others).
3. Discover if recent e-commerce taxation (in any country/company) influenced any management procedures in the e-commerce Portuguese exporting companies that are implementing or developing e-commerce.
4. Make a critical analysis of tax havens and other taxation issues such as tax avoidance, corporate use of BEPS.

3.2. Investigation scheme and methodology

After choosing the theme, defining the management dilemma and analysing recent data and literature on the matter (state of the art), the questions and the scheme of investigation, pointed out to several possibilities: the first one was to use only qualitative methods, with interviews, observation and documental analysis, most likely: a case study. The second possibility was to use only quantitative methods, with surveys to Portuguese companies, and, or, secondary data analysis. Finally, a third possibility with both quantitative and qualitative research.

It was a special problem trying to show how the chosen methods were adequate to respond to the dissertation questions, regarding the limitations of qualitative research methods. The main reason was the unmeasurable subject matters as taxation influence on management decision process: it is one of the boundaries of e-commerce, but it involves subjective concepts as fair taxation, concerning values and principles of managers within business ethics.

Business ethics is not an exact science, and therefore a qualitative methodology was favoured. Nevertheless, a few quantitative data will be inserted in subsection 3.2.4, to complement some of the analysis of taxation influence and sustain the conclusions.

3.2.1. Hypotheses

The ten hypotheses were:

A. VAT and Corporate Tax issues

1. There is a financial negative influence because of the delay on refunding the taxes that address e-commerce companies (VAT and CIT).
2. A higher CIT rate could drive e-commerce managers to relocate their business to lower tax countries or to engage in legal schemes to make substantial savings on corporate tax.
3. There is a consumer (or client) sensibility to VAT rate, even if it is hidden by the full price of the product or service, bought through e-commerce. That sensibility is measured by a closer relationship with the client, and it is incorporated in e-commerce management decisions.

B. Taxation technical needs //source of taxation critical information

4. A holistic view of taxation, supported by high qualified human resources, might point easier e-commerce management decisions where or when taxation is considered.

C. Integrated view of taxation // View of e-commerce market taxation fairness // management procedures to face taxation's complexity

5. Taxation is considered, or has been considered, in the management's decisions, regarding the implementation or development of e-commerce departments.
6. Financial competitive advantages driven by taxation are perceptible in big e-commerce European players, such as Amazon, Otto, John Lewis, Apple or Zalando²⁸.
7. The complexity of different taxation in different countries has negatively influenced the development of e-commerce, and harmonization is welcomed

²⁸ Top 5 E-commerce companies in Europe according to E-commerce news (<https://ecommercenews.eu/top-10-online-stores-in-europe/#ecommerce>)

by companies, which will reduce the importance of taxation and the importance of management measures to fight that same complexity.

8. E-commerce taxation in Portugal and Europe is unfair and/or, inadequate.

D. Competitors taxation // adaptability to other taxation systems

9. The Portuguese companies that are implementing or developing e-commerce are willing to face taxation complexity in Europe and the US (for example Amazon was collecting taxes in 5 states in 2011 and 45 in 2017²⁹).

10. The Portuguese companies that are implementing or developing e-commerce are aware that other e-commerce players use the imperfections of the taxing system as an advantage (for example recently, Amazon paid taxes in Luxembourg on sales made in Germany, and Apple made an agreement with the Irish Tax Agency).

3.2.2. Investigation scheme – mind map

In concept (or theory), VAT and CIT were the main taxes studied, as shown above for their importance, to both e-commerce (as a threat or opportunity) and government's revenue. This double tax view brought me to an integrated view (or vision) of taxation, which was followed by the dilemma "if my e-commerce companies have to pay taxes, why there are tax havens in the first place?"

On the empirical part of the study, the specific goals were set as seen at the beginning of this chapter. After the selection of the cases was made, it was followed by their characterization and I tried to correspond and adapt the study of each case to the conceptual framework of the theoretical part.

Due to that framework of the actual taxing system, VAT and CIT, seemed to be, at an initial phase of e-commerce companies, more important and with implications on organizational development and ethics. The following work was to collect and search for information on these two taxes, studying in each one of them, the issues that are more important to financial management. Moreover, studying only one feature of a tax, rather

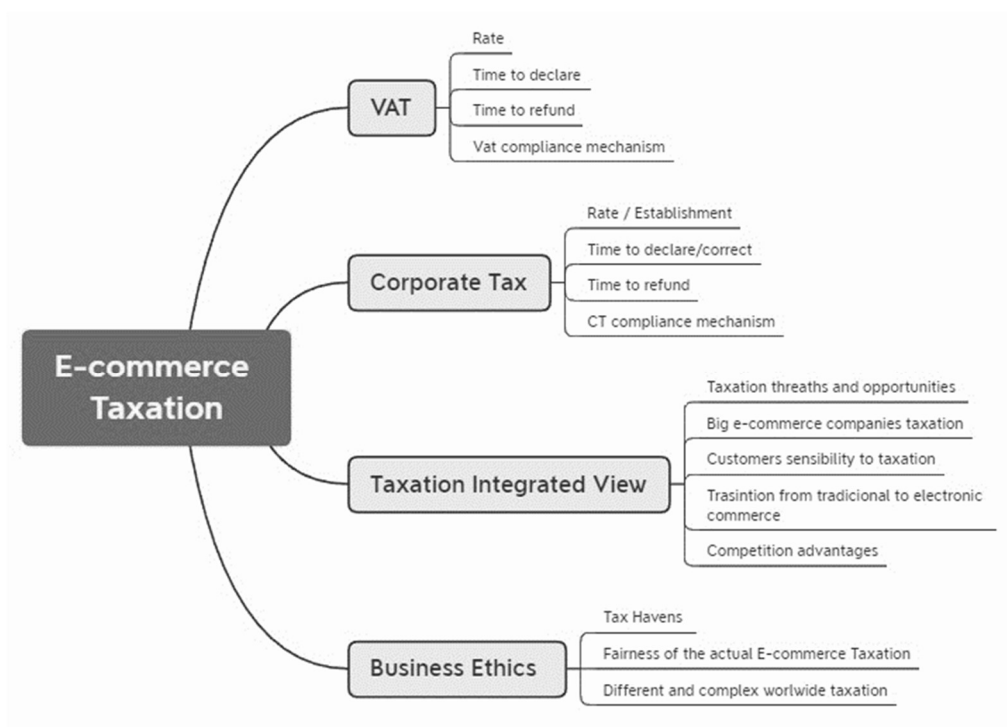
²⁹ Amazon.com originally collected sales tax only from five states as of 2011, but as of April 2017, Amazon collects sales taxes from customers in all 45 states that have a state sales tax and in Washington, D.C. [https://en.wikipedia.org/wiki/Amazon_\(company\)#Sales_and_use_taxes](https://en.wikipedia.org/wiki/Amazon_(company)#Sales_and_use_taxes)

than attempting a full view of taxation, would be not so important to a management dissertation.

I tried to relate the questions, the possible and the real output of the answers, and underline the connection with the hypotheses of the interviews and academic works with three main scientific works pointed out in subsections of Chapter 2.

This was the initial mind map of the investigation, and it was the basis for sectioning the interviews and making a first approach to the relationship between taxation and e-commerce management.

Figure 8 - Initial mind map of the investigation



3.2.3. Investigation model – the case study

When I initially started this investigation, I wanted to study two companies that had already faced some of the problems or opportunities driven by the actual global taxing system. To do so, and after defining some of the research questions, the investigation model that seemed more appropriate was the case study, qualitative search, not denying, at least at the first months, a complementary quantitative search of the chosen sample companies. Again, the fact that ethics on implementation and development are important when taxation is the matter, qualitative research looked more appropriate. It turned out that the two largest companies (Alpha and Tango) of the selected 20 did not accept the interviews and the initial data was not enough to support the first draft of the conclusions.

Afterwards, I opted for two lines of investigation: the first would be medium companies that already used e-commerce, and the second would be smaller companies giving e-commerce first steps.

“For some case study researchers, cases are selected in order to represent a population, and, in such cases, more formal sampling is required. (...) Stake (1995) suggests that the selection of cases should be based first and foremost on the anticipation of the opportunity to learn. Researchers should, therefore, choose cases where they expect learning will be greatest.” (Bryman & Bell, 2018)

This expectation pointed out the e-commerce boost program, and it was the first line of investigation. Due to the Covid-19 pandemic in March 2020, I realized that many small companies wanted to start doing e-commerce operations to surpass the economic crisis. And this brought me to the second line of investigation, smaller companies which I analyzed with the interviews with three certified accountants.

Remembering that there are three types of case studies, I chose the “category of multiple or collective cases that are undertaken jointly to explore a general phenomenon.” (Bryman & Bell, 2018), which is the implementing and developing e-commerce operations.

3.2.4. Qualitative research methodology

Qualitative techniques are used at both the data collection and data analysis stages of a research project. At the data collection stage, the array of techniques, include focus group, individual depth interviews, case studies, ethnography, grounded theory, action research, and observation. During analysis, the qualitative researcher uses content analysis of written or recorded material drawn from personal expressions by participants, behavioural observations, and debriefing of observers, as well as the study of artefacts and trace evidence from the physical environment. (Cooper & Schindler, 2014)

As mentioned above, the chosen method was a case study, and to have more than one opinion view of the matter, five companies were selected. Additionally, in each company, I tried to have a double view of the taxation issue for managers. The first view to be analysed was that of the Director/CEO of the company, exactly the person that makes core management decisions. The second view could be presented by someone to whom taxation would be critical, for example, the accountant/financial team, the legal team, or even the commercial department, if taxation would critically affect commercialization.

“Qualitative research is designed to tell the researcher how (process) and why (meaning) things happen as they do. While qualitative research currently accounts for about 20% of research expenditures by businesses, that is set to change. (...) The use of qualitative research by business is expected to explode.” (Cooper & Schindler, 2014)

The process of implementation and development of e-commerce is the process in analysis, and the meaning is explaining why governments tax the way they do, and why companies, through the management team, react to that manner of taxation. The complexity arises when a company faces a multi taxation market, and, therefore, regarding the mind-set of the managers, the author selected a qualitative methodology: it interferes with personality, values, and subjective decisions.

The taxation matter was divided into four sub-matters: VAT, CIT, integrated view of taxation, and business ethics: with this, I tried to cover the core of any possible impact of taxation in management decisions.

Furthermore, taxation principles such as its goal and the way it is operationalised (laws and others) will be discussed in the interviews. Tax avoidance and tax havens’ matters were added and, again, a qualitative approach was preferred.

To operate this methodology, I used three data and information sources: interviews, observation and documental analysis as shown in 3.5.

3.2.5. Quantitative research methodology

To complement the research, I have introduced some quantitative data on the largest e-commerce companies that operate in Portugal and Europe in subsection 4.1.2.

I was reluctant in introducing substantial quantitative data on the surveyed companies for the reason this is a qualitative study, and introducing data on them, could lead to a mixed-up methodology and compromise the agreed confidentiality.

3.3. Case study – an e-commerce up-grade program

A case study is research into a phenomenon, organization, process, or event that is studied as unit of analysis. “The case study, also referred to as the case history, is a powerful research methodology that combines individual and (sometimes) group interviews with record analysis and observation. Researchers extract information from company brochures, annual reports, sales receipts, and newspaper and magazine articles along with direct observation (usually done in the participant’s natural setting) and combine it with

interview data from participants. The objective is to obtain multiple perspectives of a single organization, situation, event, or process at a point in time or over a period.” (Cooper & Schindler, 2014)

One of my impasses during the investigation was what company to choose for the case study. I initially wanted to analyse the top ten e-commerce companies in the world: the first idea was that only on a big scale, CIT in particular, and taxation in general, influence management decisions. However, and considering the geographical issue, Portuguese companies were preferred for the first sampling.

The first filter was then to be Portuguese, the second would be to have had a recent high increase in its e-commerce sales percentage or, to have had a recent e-commerce department implementation. The third filter was to have felt that taxation somehow had affected management decisions, which was the hardest to apply, or to even know if it happened at all. By chance, a recent program to boost e-commerce promoted by a technological association came to my knowledge and it seemed to be the first right sampling. This programme had a first version in another Portuguese speaking country and the companies that went through it had an expressive growth in e-commerce sales. So, this kind of experience in Portuguese companies seemed to be appropriated for choosing them and matching the needed investigation sample.

Only one company (or only one case study) seemed little information for sustaining dissertation results and five companies (or five case studies) were chosen to case study. I decided later to study the case of all the 20 companies involved in the programme to obtain more data for robust results.

3.4. Sampling companies - from Alpha to Victor - and the accountants' contribution

I decided to contact the 20 managers of the 20 companies that participated in the e-commerce up-grade programme, operating in different markets, and of course with different levels of digitalization and e-commerce development. Due to the duty of confidentiality, I substituted their original names for a letter in the phonetic alphabet as follows.

Table 6 - The first twenty chosen companies to be studied

Pseudonym Company name	Business area	Type	Pseudonym Company name	Business area	Type
Alpha	E-commerce	B2B and C2C	Kilo	Marketplace	B2B and C2C
Bravo	Toys	B2C	Lima	Kitchen accessories	B2C
Charlie	Sports wear	B2C	Mike	Jewellery	B2C
Delta	Coffee	B2C and B2B	November	Food distribution	B2B
Echo	Baby clothing	B2C	Oscar	Cosmetics	B2C
Foxtrot	Clothes wear	B2C and B2B	Papa	Sports nutrition	B2C
Golf	Clothes wear	B2C and B2B	Quebec	Cosmetics	B2C
Hotel	Tourism	B2C	Romeo	Clothes wear	B2C
India	Clothes wear	B2C	Sierra	International commerce	B2B
Juliett	Clothes wear	B2C	Tango	E-commerce	B2B and C2C

Because I could not make an interview to at least five of them, I added two more companies whose CCO (Uniform) and CFO (Victor) I know personally.

Table 7 - The two added companies for data collection

Pseudonym Company name	Business area	Type	Initial Company substituted
Uniform	Clothes wear	B2B and B2C	India / Juliett
Victor	Tools	B2B and B2C	Lima

“One general sampling guideline exists for qualitative research: keep sampling as long as your breadth and depth of knowledge of the issue are expanding; stop when you gain no new knowledge or insights. That said, sample sizes for qualitative research vary by technique but are generally small.” (Cooper & Schindler, 2014) Additionally, qualitative research involves nonprobability sampling – where little attempt is made to generate a representative sample.

The effort for an integrated view mentioned in the beginning was materialized in trying to collect several points of view of these companies’ managers: some have experienced the transition from traditional to electronic commerce in the last decades (Delta and Oscar), others are quite young and e-commerce is the core of business (Alfa, Bravo and Tango). Some operate especially in Portugal (Hotel), others in Europe (India), and others worldwide (Alfa). Ten are smaller companies that operate mainly in Portugal, ten are larger companies that are international players.

From all these 22 managers, I expected a spectrum of different sensitivity and experiences related to taxation, specifically e-commerce taxation.

In this work, purposive sampling was chosen: choosing participants arbitrarily for their unique characteristics or their experiences, attitudes or perceptions. (Cooper & Schindler, 2014)

Considering that taxation – as shown above – is a matter that managers regard both in implementing or developing e-commerce or traditional businesses, I purposely selected the sample of companies to be studied: they had to be facing e-commerce up-grade and therefore taxation as a barrier or opportunity, or even neutrality to taxation.

Even though the programme was divided into four knowledge and practise cycles (1. Product/Technology; 2. Operation/Management; 3. Marketing/Sales and 4. Intelligence and Investment), the investigation had to focus on the cycle operation/management where the issue taxation is looked upon.

The reasons for choosing the first 20 companies was that they, within this programme, were able to face and discuss several challenges of e-commerce. Moreover, it was an objective of the programme to boost e-commerce in Europe, where it is most likely that Portuguese companies will export to. And it is exactly in Europe, where VAT and CIT are directed to e-commerce companies, and those two taxes were the core of the taxation that the study addresses.

As explained in subsection 3.2.3, I opened a second line of investigation dedicated to SMEs opening e-commerce operations.

Though most of the SMEs certified by these three accountants are from traditional commerce, some of them are now implementing e-commerce. According to them, I estimate that on average, 10% are at the e-commerce implementation stage, some of them in reaction to the Covid-19 pandemic. I kept the confidentiality by giving pseudonym names to the accountants “Antonio”, “Bernardo”, “Cesar” and “Daniela” likewise I had done with the 22 sampled companies.

Table 8 - Added contribution of the three certified accountants

Pseudonym Accountant name	Number of certified small companies	10% estimated initiating e-commerce
Antonio	50	5
Bernardo	50	5
Cesar	10	1
Total	110	11

To complete the whole sample spectrum of e-commerce companies in Portugal I also identify the top ten e-commerce companies in Portugal and make a brief description of their “tax behaviour”.

Table 9 - All sampled companies and methodology

Sampled Companies (in Portugal)	Methodology	Technique
Top 10 e-commerce sellers	Quantitative	Documental analysis
4/22 companies developing e-commerce	Qualitative	Interviews to CEO/CFO/others & documental analysis
11 Companies implementing e-commerce	Qualitative	Interviews to accountants

3.5. Data sources and techniques

I used mainly three sources of information for the dissertation: interview, documental analysis, and observations. I then related the data in the end and make a correspondence between the investigation questions/hypotheses and the answers.

3.5.1. Interviews

The fact that I did not find any scientific work that filled the gap that I believed to have found, made me create my own interviews, which were initially divided in four sections: VAT, CIT, taxation aggregated view and taxation through the lens of business ethics.

Both open and closed questions were used in a first draft, and then factual questions on others were added, questions about normative and values, questions about attitudes and (taxation) knowledge and finally a personal factual question that might illustrate some of the hypotheses and concepts, that gave rise to several improved versions of the interviews. Taxation is not the preferred matter of conversation (interview) to a manager: he would most likely prefer to be interview on a matter that could increase his company’s performance. This pointed out to interview other position in the company, for whom taxation was more important, for example CFOs, accountants, auditors, commercials or marketing departments. This would most likely occur in larger companies that already have significant financial or e-commerce departments.

The 22 chosen companies were or are not all at the same level of e-commerce, and therefore in some cases e-commerce taxation is not that relevant. In these cases, questions about tax justice in Portugal and Europe could have longer answers or useful dialogues.

Before interviewing the companies, I would also make a summarized review of its business, mainly on their website. The first contacts with the sampled companies started in late March 2020, when the pandemic Covid-19 was announced by the Health World Organization (WHO) conditioning and forced social distancing, which impelled the interviews to be made by phone.

I contacted the first 20 companies by email and then by phone during March, April, and May 2020. By the end of May, and because only two companies accepted the interviews after several attempts, I thought that I had to have more contributions from managers to sustain the investigation. I continued to request interviews from other companies that were not in the mentioned e-commerce boosting program and made two other interviews in June and July. Moreover, to study the e-commerce implementation stage, and as a matter of convenience, I choose four Portuguese tax experts: one tax consultant and three official accountants, responsible for the taxation's compliance of more than 100 small Portuguese companies. Their connection to managers was critical contribution to provide more substantial data results. I then adapted the interviews as shown in the Annexes B1 to B4 to their possible vision on the matters.

The interview is a technique of gathering information that seeks to analyse the meaning that actors give to their actions, the depth of a specific problem or a repetition of a process, or experiences in the past. There are three kinds of interviews: not structured, semi structured and structured. I selected semi structured interviews divided in four sections: VAT, CIT, Integrated view of taxation and business ethic matters regarding fair taxation.

However, this technique has limitations such as flexibility, illusion of transparency and information processing. This illusion of transparency is even more critical when it comes to taxation questions such as: would you move your headquarters to a tax haven?

The programme of e-commerce up-grade that the selected companies experienced was just a part of the gradual transition from traditional to digital commerce that they all somehow initiated earlier in past or will likely face in the future. So, the interview technique seemed quite appropriate for gathering the sense and qualifying the managers' sensibility

to taxation as a frontier to achieve that transition. The advantages of this method are the depth of information, flexibility, respecting for the referential frame of the persons interviewed.

As compensation for the responses to the interview the few time token by the interviews, a copy of this dissertation, and confidentiality were negotiated.

“The interview is the primary data collection technique for gathering data in qualitative methodologies. Interviews vary based on the number of people involved during the interview, the level of structure, the proximity to the interviewer to the participant, and the number of interviews conducted during the research.” (Cooper, 2014)

The first interview made was a test interview in early May, to experience conducting the dialogue through all the concepts, and investigation hypothesis, within the 20 minutes estimated time. This test was made to an accountant professor, and I integrated one of his answers in the discussion in subsection 4.5.

As guidelines for the interview, I tried to find an adequate context, to do minimal interventions, to do open but directed questions and to have no direct action on the contents. I also required permission for recording the interview (and informed of the posterior destruction of the recording) and agreed to keep confidentiality.

According to literature, interviews should be made until the saturation point: when the data/knowledge and the output of the interviews is declining, and they do not fit for the investigation purposes. I must admit that I was not able to reach this point, not because I did not try, but because not all the managers of the selected companies accepted to the interviews.

3.5.2. Documental analysis

Although the interviews were the main technique used, I also proceeded with the analysis of documents that were not produced with the specific objective of research. To have a global and current view of e-commerce taxation, and to complete the primary data gathered with the interviews, I read and analysed the documents seen in the bibliography mentioned throughout the dissertation.

I used this technique in the 10 major e-commerce sellers in Portugal and the companies that went through the e-commerce boost program.

3.5.3. Participatory observation

Respecting the deontology associated to my function at the Portuguese tax administration, I have of course observed the tax procedures and behavior of MNEs in Portugal and Portuguese companies that are developing e-commerce.

This six-year continued observation (2015-2020) as tax inspector was not made to produce any scientific investigation but is somehow comparable with “participant observation research in which the researcher immerses him or herself in a social setting for an extended period of time, observing behavior, listening to what is said in conversations” (Bryman & Bell, 2018).

I tried to eliminate the possible bias of my view and integrate my opinion (sustained on the observation experience) in subsection 4.4. and in the final conclusions.

3.6. Data Organization, interpretation, and analysis

Before making the interviews, I tried to provide the answers myself and performed a test interview. With the possible answers, I made (or tried to) a relation between my initial questions, what was already written in scientific/academic works, and adapted to the Portuguese managers’ reality. I also integrated documental analysis, when remembering what happened with the PSI2030 companies’ and the top ten e-commerce sellers in Portugal.

As mentioned with the first 20 interviews, I expected to obtain robust data and experiences that could answer the initial investigation questions.

Observation and documental analysis were therefore secondary methods that nevertheless helped me to support some of the conclusions.

³⁰ The PSI-20 (an acronym of Portuguese Stock Index) is a benchmark stock market index of companies that trade on Euronext Lisbon, the main stock exchange of Portugal.

Table 10 - Correspondence between hypotheses and questions in the interviews

Theme	Hypotheses	Questions	
		To e-commerce companies' chiefs	To accountants
VAT and CIT	There is a financial negative influence because of the delay on refunding the taxes that address e-commerce companies (VAT and Corporate Tax). (H1)	1	1
CIT	A higher Corporate Tax rate could drive e-commerce managers to relocate their business to lower tax countries or to engage with legal schemes to make substantial savings on corporate tax. (H2)	3 and 4	2
VAT	There is a consumer (or client) sensibility to taxation, even if it is covered by the full price of the product or service, bought through e-commerce. That sensibility is measured by a closer relationship with the client, and it is incorporated in e-commerce management decisions. (H3)	2	-
Technical Needs / Aggregated view of taxation	A holistic view of taxation, supported by high qualified human resources, might point easier e-commerce management decisions where or when taxation is considered. (H4)	5 and 11	3
Aggregated view of taxation	Taxation is considered, or has been considered, in the management's decisions, regarding the implementation or development of e-commerce departments. (H5)	6	-
Aggregated view of taxation	Financial competitive advantages driven by taxation are perceptible in big e-commerce European players, such as Amazon, Otto, John Lewis, Apple or Zalando. (H6)	7	4
Aggregated view of taxation	The complexity of different taxation in different countries, has negatively influenced the development of e-commerce, and harmonization is welcomed by companies, which will reduce the importance of taxation, and the importance of management measures to fight that same complexity.(H7)	9	-
Aggregated view of taxation	E-commerce taxation in Portugal and Europe is unfair and, or inadequate. (H8)	6, 7, 8 and 10	4
Competitors taxation World / Europe /Portugal	The Portuguese companies that are implementing or developing e-commerce are willing to face taxation complexity in Europe and in the US (for example Amazon was collecting taxes in 5 states in 2011 and 45 in 2017. (H9)	14	5
Competitors taxation World / Europe /Portugal	The Portuguese companies that are implementing or developing e-commerce are aware that other e-commerce players use the imperfections of the taxing system as an advantage (for example recently, Amazon payed taxes in Luxembourg of sales made in Germany, and Apple made an agreement with the Irish Tax Agency). (H10)	12 and 13	4

3.7. Methodology summary

This investigation started with the innocent ambition of interviewing 20 managers of companies that were supported by an e-commerce boosting programme. Unfortunately, I could only interview two of them, after several (more than five) attempts by email and phone. The plan B was to interview other companies at the same e-commerce level, which I did, and ended up with four interviews out of 22 possible. Additionally, I opened a second line of investigation towards the Portuguese SMEs that were implementing e-commerce operations, that I support with three accountants' opinions on their e-commerce clients.

The reliability of data is, in my opinion, good, but not representative enough of the Portuguese manager's point of view that I initially wanted to capture, because only four accepted the interviews. Even collecting the extra opinion of the three accountants, I knew that for small business, or small Portuguese e-commerce companies, taxation would not be a must-see problem to managers, and that can be pointed out as a weakness of the investigation.

As strengths, the fact that I integrated the two main taxes that I know to be more critical in this transition from traditional to electronic commerce, and the fact that I made several analysis of the pioneer of tax influence on e-commerce management Amazon, which gave me, with the small Portuguese e-commerce companies, a whole spectrum of possible influences, from the small to the larger e-commerce players in the global market.

I think that there is a possible application to other cases, as long as more opinions could be collected, and a sophisticated relation between what is already in the literature, and the questions to be made to the stakeholders could be done. Moreover, this work was made within the European taxation framework, which would have to be adapted if applied, for example, in the US where there is no VAT.

Table 11 - Methodology summary

Main data time lap	2015-2020
Place	Portugal
Industrial Sectors	Multiple
Organization size	Multiple
Case Selection A	Companies developing e-commerce
Analysis unit/number	4/22 companies' e-commerce upgrade
Case Selection B	Companies implementing e-commerce
Analysis unit/number B	11 Portuguese SMEs (3 official accountants)
Data source and Techniques	Interviews, documental analysis, and observation
Data Collection	From March till July 2020
Stakeholders	CEO, CFO, CCO, Tax Consultant, Accountants
Data Analysis	June and July 2020

CHAPTER 4 - RESULTS

This chapter includes the results of the dissertation, a short confrontation with previous investigations and critical analysis of the results. I will try to present results systematically and attractively and correspond to the expectations at the beginning of this study, even if I did not achieve the data collection projected. In the comparison with previous investigations I will distinguish different phenomenon basing them in the presented theory.

4.1. What does the data say?

4.1.1. Interviews

A. *VAT and Corporate Tax issues*

Hypothesis 1: There is a financial negative influence because of the delay on refunding the taxes that address e-commerce companies (VAT and CIT).

All the answers point out that there is not a financial negative influence driven by these tax refunds. However, in the SMEs VAT (late) refunding could generate financial needs, but not related to e-commerce management operations.

Hypothesis 2: A higher CIT rate could drive e-commerce managers to relocate their business to lower tax countries or to engage with legal schemes to make substantial savings on corporate tax.

This hypothesis was confirmed by three of the four chiefs and sustained by the tax consultant. The only one that said this would not happen, would not do it for personal (family) reasons.

The three accountants said this is not currently a question for their managers, because the of their businesses' dimension.

Hypothesis 3: There is a consumer (or client) sensibility to taxation, even if it is covered by the full price of the product or service, bought through e-commerce. That sensibility is measured by a closer relationship with the client, and it is incorporated in e-commerce management decisions.

Only one of chiefs ("Uniform") reported a measured sensibility to VAT, in his company's B2B transactions, and said that VAT "weights" in the financial management, which has consequences in the financial decisions. Apparently, if the VAT rate was lower, fewer financial needs would be faced.

B. Taxation technical needs //source of taxation critical information

Hypothesis 4: A holistic view of taxation, supported by high qualified human resources, might point easier e-commerce management decisions where or when taxation is considered.

Horizontally, all chiefs gave little importance to the idea that high qualified human resources might generate easier e-commerce management decisions where or when taxation is considered. None of them reported such kind of support.

In the SMEs, where some are now implementing e-commerce (also due to the Covid-19 pandemic), the e-commerce support comes from computer software staff, rather than accounting departments.

C. Integrated view of taxation // View of e-commerce market taxation fairness // management procedures to face taxation's complexity

Hypothesis 5: Taxation is considered, or has been considered, in the management's decisions, regarding the implementation or development of e-commerce departments.

This hypothesis is related to hypothesis 4, because the people that are specialized and that could provide such critical information are most likely the accounting departments and tax consultants.

Therefore, the answers go in the same direction: they do not consider e-commerce taxation in implementing e-commerce operations. However, the marketplace's chief answered that he did not consider taxation when he started the company but giving an in-between-the-lines sign that he should have done it.

Hypothesis 6: Financial competitive advantages driven by taxation are perceptible in big e-commerce European players, such as Amazon, Otto, John Lewis, Apple or Zalando.

Half of the chiefs' answers describe these financial advantages driven by taxation as unfair and criticized the lack of tax harmonization.

According to the accountants, these advantages for larger companies become disadvantages for SMEs implementing e-commerce, because of unfair taxation.

Hypothesis 7: The complexity of different taxation in different countries, has negatively influenced the development of e-commerce, and harmonization would be welcomed by companies. This harmonization would reduce the importance of taxation, and the importance of management measures to fight that same complexity.

Two of the chiefs reported problems with other countries taxation, “Victor” with Poland and Italy but of little importance, and “Uniform” reported that they gave up on entering e-commerce Brazilian markets because of taxes. Two of them said that within the European market there are not many problems with e-commerce taxation procedures and that problems start outside the EU market.

Hypothesis 8: E-commerce taxation in Portugal and Europe is unfair and, or inadequate.

This is a loophole (subjective) question that I insisted to be made for two main reasons: first of all, I wanted to know if the sense of unfair taxation is shared between traditional commerce and e-commerce, or if that sense is amplified by larger e-commerce players in the Portuguese and European e-commerce markets; second, I wanted to infer if that sense of unfair taxation could drive to management reaction measures, such as moving into a nearby tax haven.

The output was not the expected, but one of the chiefs said that e-commerce companies should pay as much tax as traditional commerce companies, which is not happening, and, in that sense, there is injustice. And this is, - in my opinion as a tax inspector - the right critical vision of what is happening in e-commerce taxation justice in Portugal, in Europe and the World.

D. Competitors taxation // adaptability to other taxation systems

Hypothesis 9: The Portuguese companies that are implementing or developing e-commerce are willing to face taxation complexity in Europe and the US (for example Amazon was collecting taxes in 5 states in 2011 and 45 in 2017).

This was a question where I explored the measures that managers had to take towards taxation complexity driven by e-commerce. The majority replied that human sources and technology would be the keys to facing this complexity that Amazon already overcomes.

To SMEs, the comparison with Amazon is impracticable, and the three accountants revealed few or none experience with foreign tax administrations due to their e-commerce clients, indicating that this is not an issue for them yet.

Hypothesis 10: The Portuguese companies that are implementing or developing e-commerce are aware that other e-commerce players use the imperfections of the taxing

system as an advantage (for example recently, Amazon paid taxes in Luxembourg of sales made in Germany, and Apple made an agreement with the Irish Tax Agency)

Because one of the selected companies sell through Amazon, and another was a CCO, I only made this question to two of the chiefs. I wanted to explore the matters of legal tax advantages performed by Amazon, if and how that affects the Portuguese and European e-commerce market. The answers were however unanimous: there should be more harmonization, and some taxing procedures should not be possible, because it prejudices the e-commerce SMEs.

There is a final question in all interviews that I summarize in subsection 4.3. Narratives.

All the interviews (questions and answers) that interested the study were transcribed and can be consulted in Annexes A1 to B4 (that I present only in Portuguese, following University's recommendations regarding the possibility of unintended mistranslation).

4.1.2. Documental analysis and observation

Big groups of companies sometimes have a holding company that manages social participation in each company. Holdings usually search for lower CIT countries to pay lower taxes in the countries its companies are settled in, mainly the origin country. The lack of harmonization in the EU allows this to happen on a legal base.

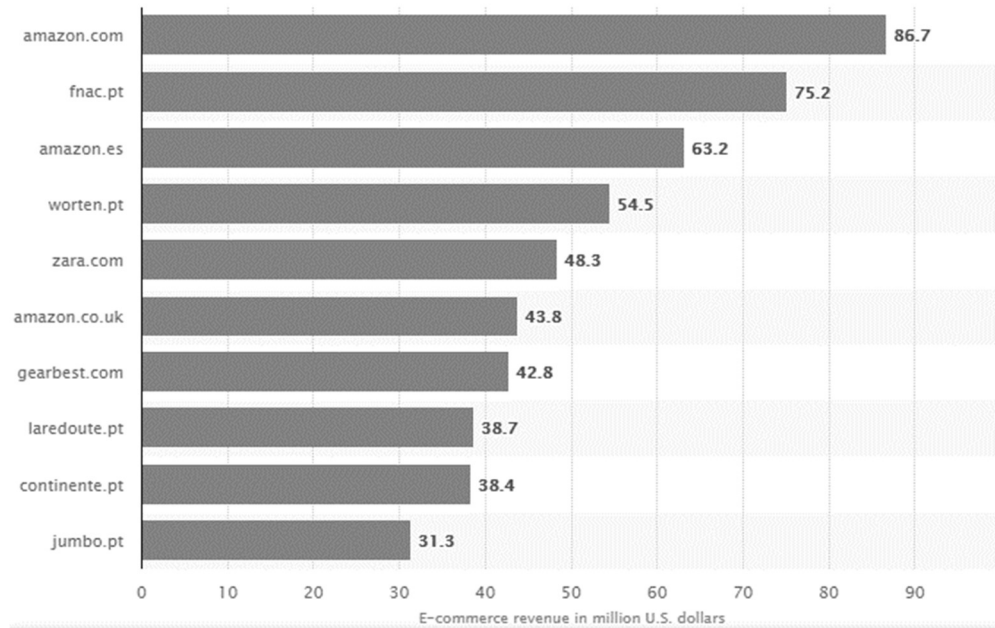
I searched for the 18 Portuguese companies of PSI 20 Index, and all of them have a holding and most of them (more than 80%) in the Netherlands. Netherlands is the favourite country for these holdings, because of the difference in CIT rates that are lower than in Portugal. The taxation of profit and dividends is so significant in Portugal that compensates the creation of the holding, as well as other costs associated with this juridical figure.

As shown in the introduction in figure 1, the digitalization of the economy is happening in a fast way, which will inevitably happen to the small Portuguese economy. So I introduced this issue of the traditional quoted Portuguese companies, because if no changes happen in the Portuguese CIT Code, mainly a reduction of rates, this loss of revenue from Portugal to lower CIT rate countries will continue with the Portuguese e-commerce companies.

Moreover, when I started to collect information on the first 20 sampled companies, I realized that some of them also already belong to a holding company... in the Netherlands.

To complete this rational I introduce some data on the top ten e-commerce companies in Portugal: first, Amazon has three subsidiaries in this list, which sustains that is already a direct competitor of the sampled companies for this study, second, only 30% of them are Portuguese and all of them have a holding... again in the Netherlands.

Figure 9 - Top ten online stores in Portugal, 2018, in millions of \$



(Montasell, 2020)

4.1.3. Main findings

I tried to aggregate the possible consequence of e-commerce taxation on management in subsection 4.4. Probably some of the consequences are shared with traditional commerce, but some are not. For example, with e-commerce there is a bigger chance of working with several tax administrations, due to the possibility of selling or buying in more countries.

Initially, I wanted to capture the Portuguese managers' view of taxation within the context of digitalization. Subsequently, and after the first readings and collecting other opinions, it seemed adequate to study the dimensions of taxation effects on e-commerce management. First the weight of taxation in the financial structure of the company, second the compliance mechanism, third the technical needs and fourth the compliance's frequency. I ended up adding possible variables related to or driven by taxation such as the use of critical tax information as a financial advantage, investment decisions related to CIT

savings or from fiscal benefits, suppliers' choice, possible new markets and clients sensibility.

4.2. Narratives

To sustain some of hypotheses and concepts one of the questions of the interview was "Have you had any curious experience, or funny story related to e-commerce taxation?"

The "Kilo" company CEO reported a story regarding not taxation or regulation outdoors, but an experience the company had with another regulator...in Portugal. And the wrongly applied penalty almost cost the survival of the company! This is particularly odd, but it sustains that barriers that e-commerce face outdoors, sometimes starts indoors. Happily, the company was represented by a lawyer that promoted an agreement with that same regulator, and the penalty came to be insignificant.

The "Hotel" CFO also reported that Spanish clients may prefer his company's services rather than Spanish because they don't pay VAT in Portugal in the first payment. Of course, they will pay it later, according to the rate of Spanish VAT, but this in this meanwhile period, 21% (standard VAT rate in Spain) of the service stays available.

The "Victor" CFO told me a story directly connected with his companies e-commerce taxation: during the Covid-19 pandemic, they had a high increase in e-commerce sales, and this forced the company to get a Spanish tax number, because their company group had surpassed the limit of sales (35.000€ x 3), again testifying the VAT issues related to e-commerce.

Two official accountants also reported two episodes related to taxation. The first one had to do with the (apparently) bad communication between Social Security and the Tax Administration, and the second with a technical problem at the tax administration website that did not certify (with a digital document) the regularity of one company's situation, when the company had everything in order.

From all of these narratives I underline the "Hotel" experience with Spanish clients, where VAT is an advantaged for the company that sells to them through e-commerce, and this VAT issue could be critical to e-commerce SMEs operating nearby European borders.

4.3. Confront with theory and previous investigations

As shown in subsection 2.7. my investigation starting points were two dissertations and two articles that address some of the effects in management, but which I did not follow, neither methodology nor goals, and so it's hard to generate an accurate final confront with them.

I was told to follow a researcher's work, to explore his past and present articles on e-commerce taxation and then try to add scientific evidence to its theory, following his methodology, and if possible, improve its theory. That was a part of the work that could have been infinite, because even though I tried, I did not find the binary e-commerce taxation and management in the Portuguese works, and the Portuguese e-commerce market could not be enough representative to extrapolate conclusions to e-commerce management theory. These limitations suggested that I had to build my own investigation with different goals from the ones I found in the literature review.

The most accurate confront that I make between this dissertation and the existing theory is comparison between with the conclusion *"Taxes affect not only business decisions by managers, but also purchasing decisions by customers. In the aggregate, purchasing decisions have significant effects on corporations."*(Baugh et al., 2018)

The disintegration of the effects was achieved, though through the Portuguese management's lens.

Client's point of view to management is enhanced with e-commerce, and I also questioned on the feedback of e-commerce clients on taxation. Overall, competitive advantages of taxation, driven mainly by financial savings, were questioned by VAT, by CIT, and the aggregated power of all taxes on e-commerce strategy.

As seen, I tested the ten hypothesis mentioned in subsection 3.2.1. and I tried to illustrate how (Portuguese) management is influenced by taxation in the four interviewed companies and in the eleven SMEs that are starting e-commerce operations and tried to produce a simple and summarized table of the effects of e-commerce taxation in the next subsection.

4.4. Data analysis - relation between hypotheses and the answers in the interview

In the next table, I try to summarize the possible influence of taxation in e-commerce management, which, in some respects, are shared with traditional commerce taxation, that I extracted from the interviews, secondary documental analysis and participatory observation.

Table 10 - The effects of e-commerce taxation in management

Taxation issue	Features	E-commerce Management issue	E-Commerce Management Function
VAT	Rate increases price	Lower profit percentage	Pricing adapting
	Paid by consumer	Reduce price if high VAT rate?	
	Refund time is slow/critical	Possible financial need	Financial funding
	Existence of no VAT countries	Possible change of suppliers	Suppliers selection
CIT	Rate decreases companies' income	Possible financial need	Financial funding
	Paid by the company	Less financial availability	
	Refund time is slow/critical	Possible financial need	
	Existence of low or zero CIT countries	Possible reduction of CIT costs	Geographic or strategic moves
Other taxes	Paid by the company	Possible financial need	Financial funding
Aggregated view of taxation	Transition from trad. to e-commerce	More taxing systems faced	Selecting human resources and technology
	Complex/diverse taxing systems	More human/tech resources	
	Compliance needs	Higher costs	
	Human resources need	Higher costs	
Business ethics	E-commerce taxation justice	Ethical considerations, Reaction?	Promoting and practising tax justice and avoid OFCs
	Existence of tax havens Market unfairness	Possibility of zero taxation	
Competitors taxation World / Europe /Portugal	Big competitors 'financial advantage	Less financial availability	Financial funding
Human and technology resources	Source of critical information on tax/financial advantage	Connection to tax and accountant departments/ subjects	E-commerce management's decisions driven by taxes
	Added need if e-commerce increases	Higher costs/outsourcing	Selecting human resources and technology

4.5. Critical analysis to results and discussion

To achieve a real and wide view of taxation, other taxes would have to be included, because it was that combined (of personal and corporate tax) effect that allowed the first academic conclusions mentioned in subsection 2.3.1. (why taxation matters). In Portugal, other taxes would have to be included namely, IRS (personal tax) and Social Security that also represents a cost for e-commerce or non-e-commerce companies, and final consumers.

Considering that this is mainly a qualitative study on management, and due to the fact that few of the managers accepted the interviews, I tried to enrich the dissertation with a longer exposition of the imperfections of the European and Portuguese tax systems in chapter 2, the horizontal opinion of three accountants, one financial consultant and my own professional experience in the Portuguese tax administration on the explanation of CIT, for example.

This was the methodology used in the referenced dissertation “VAT Challenges of the Digital Economy – an EU Perspective”, by Dóra Krinis (2016 – Minho’s University), but as said in subsection 3.2.3., in a qualitative research methodology, the generalizations are harder to achieve.

The generalizations are summarized in table 12, in which I tried a simplification.

I do not doubt the importance of e-commerce taxation both to management (theory and practice) and to governments’ revenues, and this will be a critical matter as the digitalization of the global economy advances.

CHAPTER 5 - CONCLUSIONS

As illustrated in subsection 2.3.1., in the transition from traditional to electronic commerce, taxation could be a financial advantage that influences managers in their decisions. Literature also points out other consequences of taxation that I tried to survey during the interviews, discussing them within the actual scenario of the digitalization of the Portuguese companies and the possible global scale economy of e-commerce. With only four CEO/CFO/CCO interviews, out of the desired 22, it is hard to generalize, and produce robust conclusions, especially undertaking qualitative methodology. However, I also integrated the interviews of three accountants and one financial consultant that certify around 110 Portuguese SMEs and my own professional experience at the Portuguese Financial Ministry as a Tax Inspector to sustain the conclusions.

5.1. Key ideas

As stated before, one of the goals of the investigation was to have an integrated view of taxation, and to understand how it influences e-commerce management. To achieve it, a disintegration of e-commerce taxation was initially made: VAT, CIT, holistic view to management and tax justice.

On VAT, and considering that this tax is paid by the final consumer, it does not significantly influence e-commerce management decisions, but it does slightly influence financial management: first, the higher the VAT rate, the higher will the price of the good or the service be; second, lower VAT rate countries have therefore lower and more competitive prices, which might influence price definition by lowering their added value, in countries with higher VAT rates.

One other finding was that not all Portuguese companies measure their e-commerce client's sensibility to VAT, but there are some that do. Clients' decision however may be influenced partly by taxation, because VAT is part of the final price.

On Portuguese CIT, the main issue is the location of the headquarters that determines where the company will be taxed. However, its rate in Portugal throughout the years has promoted the evasion of the larger companies to lower CIT countries or, the constitution of holdings that have their headquarters located in also lower CIT countries, especially in the Netherlands. This clarifies the power of taxation (in this case, the rate of Portuguese CIT) on management decisions in traditional commerce and anticipates what

will most likely happen with Portuguese big e-commerce companies. In fact, that is already happening if we consult the top ten e-commerce sellers in Portugal (figure 9).

One of the most frequently used legal instruments to avoid CIT is a holding, whose headquarters usually is in a low CIT rate country or in a tax haven. This instrument usually must have a significant trade-off between the costs of the instrument (holding for example) and the fiscal saving caused by that same instrument.

E-commerce companies should have an accountant or financial department ready to deal with a complex global taxing system if they want to expand and sell to several countries, that will have different tax procedures, mainly outside Europe. Even though they will always be a cost, financial and accountant departments in e-commerce companies may provide useful information for the swamp of global taxation.

On the possible consequences of refunding (VAT or CIT) the four interviewed denied a possible negative financial management influence driven by the delay on the main e-commerce taxes. However, some of the SMEs that have more financial needs could use a faster refunding on 3-month VAT regime.

On the aggregated view three of the four chiefs agreed on the fact that with a larger scale of the e-commerce sales, they would consider moving to a lower CIT country. The CFO pointed out the extra money needed of to afford the transition to e-commerce, and that CIT paid by his company could pay for more e-commerce investment. So, there is taxation sensibility in managers' decisions, but it only becomes critical with the scale of the company profits.

In the second line of investigation addressed to SMEs, the results show that VAT has more importance than CIT, mainly for financial needs and the profit margin that is "squeezed" by a 23% VAT rate in most of the products and services they are starting to e-commerce.

On internal analysis, there is no evidence in the answers, that in the transition from traditional to electronic commerce taxation is considered a possible financial advantage, and, within the Portuguese and European framework, digitalization of tax compliance will reduce tax evasion.

On the competitors' analysis, there is awareness that big e-commerce player's use tax schemes to create financial advantages not achievable by Portuguese small e-

commerce players, which also demonstrates the urgency for the need of tax harmonization in Europe.

The Portuguese companies' stakeholders interviewed don't yet look at taxation in Europe as a barrier but are aware of its imperfections. They think that this lack of harmonization leads to the existence of tax havens, wrong tax laws, market unfairness and fake competitiveness. This happens both in traditional and e-commerce according to their vision.

If their companies' sales on e-commerce grows outside the European, in the US for example, and if taxation becomes a real barrier, they will try to pursue local partnerships, in order to access critical information on taxation. This would then be also overcome with technology to reduce costs on human resources.

Overall, taxation has little influence on the four interviewed companies, due the scale of sales on e-commerce. However, some of the remaining companies that I sampled and that I wanted to study (Alfa, Charlie and Juliet for example) have already passed that turning point, and they belong to holding companies settled in the Netherlands.

Remembering the four specific goals from where I started this dissertation, I think they were all achieved, and I would like to underline the critical analysis to tax avoidance and tax havens: they are "the elephant in the living room" of worldwide taxation system.

Besides all these conclusions, and as a final note, where I deliver my opinion, is that the Portuguese, European (or elsewhere in the world) taxation system is very complex and dynamic. The digitalization of the economy, and therefore of tax administrations, will increase the fairness of these systems, because there is more information for government to tax companies. However, there is much criticism to be made to the actual worldwide taxing system, where wrong tax laws lead to market unfairness and fake competitiveness. The utopia would be a perfect taxing system, where taxation would not be considered at all, because it would be equal in every country in the world. The real e-commerce market has in taxation one of its boundaries, but it can turn into a financial advantage as Amazon has demonstrated.

5.2. Contributions

Besides the nine interviews and other used techniques, my professional experience in Portuguese Tax Administration (Financial Ministry) as a tax inspector since 2015 has

given me involvement with the taxing procedures for Portuguese and foreign companies that operate in Portugal and in Europe. That experience helped me integrating the features of CIT and VAT as the variables of the study.

Moreover, and to complement the several points of view delivered by interviews, I introduced my own perspective of e-commerce both as tax inspector and final consumer in table 12 (effects of e-commerce taxation in management).

To write this dissertation, I integrated mainly four disciplines/matters of the master's in management curricula of the University of Coimbra: corporate finance, e-commerce, investigation methodology and financial management.

5.3. Limitations

I have purposely chosen the VAT and CIT rate examples to show how the European market has a long way to travel to reach an integrated and harmonised taxation system. If we enter the complexity of each tax, on several EM countries, the lack of synchronization is even bigger. In fact, the lack of harmonization is used by several companies to acquire legal financial advantages. But are they all fair?

This subjective concept of fairness was the reason for a qualitative approach to the investigation, and it was clear that it might be a weakness, when putting out, or when trying to put out scientific evidence.

The political power in Europe estimates a loss of 170.000 million € per year due to tax havens existence. Political also recognize the need for a much fairer taxation system, and that can only happen with a coordinated effort all countries in the world, particularly in Europe. In the US, a more synchronized taxing system is also pointed as a need, by American researchers.

One of the first limitations I had, was that without out the contribution of the 20 managers that I initially wanted to interview, the data would not be enough, regarding the horizontal integration of management procedures related to the binary e-commerce and taxation. As said, I complemented that absence, with the opinion of three official accountants and my own professional experience at the Portuguese Financial Ministry.

If I had had a longer period of data collection with other Portuguese e-commerce managers, I could have collected more interviews, but after three months after the first contacts with only four interviews, and the deadline for presenting a final version nearing,

I opted for a B plan. Nevertheless, I made nine interviews, and tried to collect the several visions of the chiefs of the companies.

I had also limitations when accessing some of the articles and academic works, and a more advanced confrontation with previous academic works relating taxation and e-commerce management could have been done, if a free access to some databases existed.

The results and conclusions therefore have many limitations, particularly because this is a dissertation on management, and taxation is not the core of management. And when it gets to be critical, there are ethical considerations to be made, keeping in mind that is not ethical to consider tax havens as an ethical solution, for example.

If you ask a manager whether he wants to pay less taxes, either VAT, CIT, or any other kind of tax, he will sure say yes. However, his answer may depend on where his company operates: if it is company operates in Scandinavia, he will not mind paying higher taxation, due to its more-likely-to-pay-taxes-mindset Nordic social culture.

It can be legal to move a company to a tax haven, but is it fair for other players that pay taxes while your company does not? This happens in traditional commerce, and it appears to continue with e-commerce transition.

5.4. Clues for future works

For future scientific works and studies somehow followed by the Portuguese governments, I would strongly recommend testing lower (VAT and CIT) rates to increase Portuguese tax revenues. It might look paradoxical, but with more (digitalized or not) companies choosing Portugal for paying taxes, the rates could be lower, and still increase the tax income. Moreover, it could recover part of the receipt of the top Portuguese companies that have gone to the Netherlands in last two decades.

On the management scientific field, I would dare to propose to review Michael Porter's Competitive Model, giving taxation a bigger importance for larger tech and e-commerce companies' strategy, regarding the minimum accomplishment of business ethics, and considering that these legal financial advantages driven by taxation will still exist in the future.

For administration and juridical scientific works, more studies for consequences on the tax justice of the data leaks: Liechtenstein tax affair 2008, British Virgin Islands offshore

leaks 2013, Luxembourg leaks 2014, Swiss leaks 2015, Panama papers 2015, Paradise papers 2017, and (why not?) to study the reduction or total elimination of tax havens.

5.5. Portugal as e-commerce country booster and its taxation

What happened in the traditional commerce, with the largest Portuguese companies using legal instruments such as holdings to pay less CIT in Portugal, could also happen to technological or e-commerce companies that start operating, or develop e-commerce in Portugal.

The taxation competitiveness of Ireland CIT rate (12,5%) or the reduced tax on holdings of the Netherlands has proved to be a great instrument for these countries governments' revenues. In my opinion, the Portuguese CIT and VAT standard rates should be lower in the future, and start a paradoxical governments' revenue extra increase.

The Portuguese government has tried to promote the calling of start-up and high-tech companies, trying to transform Lisbon into a new Silicon Valley in Europe. The Web Summit is just one of the events promoted by the Government towards the attraction of start-up and high-tech companies. However, in the long run, that might not have success, if taxation keeps on being an issue once the scale of a company permits high CIT savings in other countries around Europe.

Portugal has good conditions for e-commerce businesses: it has the same time as the UK and the Republic of Ireland, it's the nearest European country to the US and Canada, it has one-hour time difference from Central Europe time zone, a three-hour time difference to Moscow, a three-hour time difference to Sao Paulo and a privileged location to reach different e-commerce markets, for example to the South Hemisphere where the most spoken language is Portuguese.

Throughout the investigation, I tried to underline the importance of e-commerce taxation, and of course, in the first stage of development, it does not matter. The most important thing for a manager is – in a profitable e-commerce company – to create value. But to create value in e-commerce, companies must sell, and to sell in many countries as possible. Taxation, at some point, will appear as a boundary... or as a financial advantage.

As mentioned in subsection 2.3.1. taxation is a creator of value for the simple reason that it can save money for other priorities in a more digitalized economy. What priorities? It depends on the needs and the strategy of the company, but why not save money in taxes

to promote other pro-social investments such as research and development, new jobs, or, as suggested by the marketplace's CEO, to develop e-commerce furthermore?

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ANEXOS (Portuguese)

A1 – Entrevista ao CFO da empresa “Kilo” (B2B e B2C) em 20/05/2020

Entrevista semiestruturada, por telefone

GUIÃO

Apresentação agradecimento inicial e enquadramento do assunto da entrevista

A. Características do IVA e do IRC

1. O que acha do tempo para obter um reembolso de IVA ou de IRC, no contexto das atividades de comércio eletrónico? E esse atraso traz consequências de gestão financeira, por exemplo?

Resposta: “Não usamos o dinheiro do valor dos impostos como fundo de maneo de forma regular. Pontualmente, sim.”

2. De que nacionalidade são os seus melhores/maiores clientes e qual a sensibilidade deles à carga fiscal sobre os produtos vendidos através do e-commerce?

Resposta: “Não medimos essa sensibilidade. Na plataforma de venda só há pouco introduzimos a informação sobre o imposto no preço de venda a pronto pagamento (no nosso caso a 6% e a 23 %), e não tivemos ainda feedback dos clientes sobre o IVA.”

B. Carga fiscal (IRC)

3. Num cenário de aumento exponencial de vendas de e-commerce no médio prazo, consideraria relocar a sede da sua empresa para diminuir a carga fiscal³¹ de IRC? Se sim, até onde iria geograficamente? Gibraltar? Andorra? Mónaco? Luxemburgo?

Resposta: “Sim, consideraria, se compensasse. Essa eficiência financeira poderia financiar ainda mais o comércio eletrónico.”

4. Estaria disposto a mover a sua empresa para um paraíso fiscal de tributação ZERO?

Resposta: “Não, isso não.”

C. Necessidades técnicas

5. De que forma é que as necessidades técnicas da tributação (contabilistas e, ou, departamentos financeiros) tem contribuído para os processos de implementação e desenvolvimento de e-commerce?

Resposta: “Não me lembro. Em termos de custos não oneram muito, muito desse trabalho é feito por mim.”

³¹ O IRC português compreende a autoliquidação, a derrama, as tributações autónomas

D. Visão integrada de tributação e possível influência na gestão: IVA e IRC (e/ou outros impostos que possam ser determinantes do posto de vista financeiro ou estratégico)

6. Nos constrangimentos e oportunidades que se colocaram (no up-grade para e-commerce), alguma vez foi considerado ou ponderado, o peso da tributação nos processos de decisão (ou a sua possível influência) no sucesso dessa implementação ou desenvolvimento do e-commerce?

Resposta: “Não, por desconhecimento, não tivemos isso em conta quando começamos.”

7. Como olha para possíveis concorrentes no comércio eletrónico a nível europeu como a Amazon, a Otto, a John Lewis, a Apple ou a Zalando³² e a sua tributação em comparação com a tributação do e-commerce em Portugal e/ou na Europa?

Resposta: “Parece-me injusta, deveria haver mais harmonização.”

8. A forma como as suas operações de e-commerce são tributadas são fonte de vantagem ou desvantagem competitiva? Se, sim, qual?

Resposta: “Sim (...) os produtos não são todos nossos, mas com o IVA mais baixo poderíamos ter uma margem maior e oferecer mais competitividade no preço.”

9. Na transição do comércio tradicional para o e-commerce, acha que a tributação assume um papel importante, pela complexidade de vender para mais países com diferentes sistemas de tributação?

Resposta: “Creio que isso pode acontecer mais fora da União da Europeia, na União Europeia é mais fácil, e a tributação não é um entrave.”

10. Qual a sua perceção global da tributação do e-commerce a nível nacional?

Acha a carga fiscal sobre o e-commerce justa? (situações equivalentes pagam o mesmo)

Resposta: Considero justo que o comércio eletrónico tenha a mesma tributação que o comércio tradicional, mas se calhar as grandes empresas tecnológicas não estão a ser tributadas da mesma maneira, e nesse sentido, poderá ser injusta.

11. Dado que existem diferentes taxas e diferentes procedimentos de tributação, para diferentes áreas do globo, como tem lidado com essa complexidade?

Resposta: À nossa escala ainda não é um problema, acredito que quando crescermos isso poderá de facto ser um desafio. Pretendemos crescer na Europa e provavelmente vender

³² Top 5 E-commerce na Europa de acordo com E-commerce news (<https://ecommercenews.eu/top-10-online-stores-in-europe/#ecommerce>)

produtos de vários países a taxas diferentes poderá adicionar alguma complexidade. Na Europa cremos que conseguimos lidar devido à proximidade, noutras áreas se calhar teremos de procurar parcerias locais para ultrapassar esse problema.

E. Medidas extrafiscais aplicadas a concorrentes

12. O que acha de medidas extraordinárias aplicadas a concorrentes gigantes do e-commerce? (Por exemplo a União Europeia obrigou a Irlanda a cobrar 13 milhões de euros à Apple por acordos ilegais)

Resposta: “Acho injusto, e isso passa-se na Holanda, e no Luxemburgo, e claramente desvirtua o mercado.”

13. O que acha de a Amazon ter poupado 5,7 milhões de dólares no Luxemburgo, por vendas feitas por comércio eletrónico na Alemanha?

Resposta: “Injusto, isso não deveria ser possível.”

14. Imaginaria a sua empresa a cobrar impostos em vários estados dos EUA, como a Amazon que por exemplo, que passou a cobrar impostos de 5 estados nos EUA em 2011, para 45 em 2017?

Resposta: “Temos de cumprir, com mais tecnologia e mais recursos humanos, sobretudo por causas dos prazos e das possíveis coimas. Não queremos correr atrás do prejuízo.”

Narrativas

15. Tem alguma experiência de gestão (história, experiência, situação anedótica) de e-commerce que tenha que ver com esta questão da fiscalidade de e-commerce?

Resposta: “Não foi com impostos, foi com outro regulador, a ASAE. Fomos notificados pela ASAE porque não estávamos a cumprir a Lei dos Saldos, e a coima foi tão elevada que seria o fim da empresa! A questão teve a ver com o preço dos produtos, que não cumpria a lei. A verdade é que o preço não é determinado por nós, mas quem vende, empresas e particulares. Reclamámos, e conseguimos um acordo para uma coima muito menor que acabámos por pagar.”

Agradecimento final e despedida.

A2 – Entrevista ao CEO da empresa “Hotel” (B2C) em 29/05/2020

Entrevista semiestruturada, por telefone

GUIÃO

Apresentação agradecimento inicial e enquadramento do assunto da entrevista

A. Características do IVA e do IRC

1. O que acha do tempo para obter um reembolso de IVA ou de IRC, no contexto das atividades de comércio eletrónico? E esse atraso traz consequências de gestão financeira, por exemplo?

Resposta: “Não. Não nos afeta.”

2. De que nacionalidade são os seus melhores/maiores clientes e qual a sensibilidade deles à carga fiscal sobre os produtos vendidos através do e-commerce?

Resposta: “Cerca de 80% são portugueses. Os nossos orçamentos e faturas têm o preço sem e com IVA. Isto porque boa parte dos nossos clientes são empresas e nesse caso dado que recuperam o IVA. No entanto também temos consumidores finais e a esses interessa mais o preço com IVA. Aliás, não é de bom tom dar o preço nos orçamentos sem incluir essa informação.”

B. Carga fiscal (IRC)

3. Num cenário de aumento exponencial de vendas de e-commerce no médio prazo, consideraria relocar a sede da sua empresa para diminuir a carga fiscal de IRC? Se sim, até onde iria geograficamente? Gibraltar? Andorra? Mónaco? Luxemburgo?

Resposta: “Sim, consideraria, se compensasse. Com o dobro da faturação poderíamos ter uma poupança que compensasse essa mudança e ainda gerasse disponibilidade financeira para investir. Essa eficiência financeira poderia financiar ainda mais o comércio eletrónico.”

4. Estaria disposto a mover a sua empresa para um paraíso fiscal de tributação ZERO?

Pergunta não efetuada, considerando a resposta anterior.

C. Necessidades técnicas

5. De que forma é que as necessidades técnicas da tributação (contabilistas e, ou, departamentos financeiros) tem contribuído para os processos de implementação e desenvolvimento de e-commerce?

Resposta: “Nós extraímos boa parte da informação financeira mais relevante do programa de faturação, e de outros, portanto não há esse contributo.”

D. Visão integrada de tributação e possível influência na gestão: IVA e IRC (e/ou outros impostos que possam ser determinantes do posto de vista financeiro ou estratégico)

6. Nos constrangimentos e oportunidades que se colocaram (no up-grade para e-commerce), alguma vez foi considerado ou ponderado, o peso da tributação nos processos de decisão (ou a sua possível influência) no sucesso dessa implementação ou desenvolvimento do e-commerce?

Resposta: “Não é um fator influenciador nas nossas tomadas de decisão.”

7. Como olha para possíveis concorrentes no comércio eletrónico a nível europeu como a Amazon, a Otto, a John Lewis, a Apple ou a Zalando e a sua tributação em comparação com a tributação do e-commerce em Portugal e/ou na Europa?

Resposta: “Parece-me injusta, com esses ganhos financeiros eles conseguem enormes vantagens, até porque conseguem baixar a margem.”

8. A forma como as suas operações de e-commerce são tributadas são fonte de vantagem ou desvantagem competitiva? Se, sim, qual?

Resposta: “Nas vendas (ou no IVA) talvez, sobretudo empresas que tem de suportar o IVA, ainda que por pouco tempo”

9. Na transição do comércio tradicional para o e-commerce, acha que a tributação assume um papel importante, pela complexidade de vender para mais países com diferentes sistemas de tributação?

Resposta: “Não, pelo contrário, acho que os procedimentos, pelo menos na Europa, são simples.”

10. Qual a sua perceção global da tributação do e-commerce a nível nacional?

Acha a carga fiscal sobre o e-commerce justa? (situações equivalentes pagam o mesmo)

Resposta: “Foi aquilo que já referenciámos: com grandes empresas a não ser tributados como as empresas médias, e as pequenas, prevalece muita injustiça fiscal”

11. Dado que existem diferentes taxas e diferentes procedimentos de tributação, para diferentes áreas do globo, como tem lidado com essa complexidade?

Resposta: “Nos vendemos para fora da EU, sobretudo para os PALOPs, em particular para Angola e Moçambique e não temos tido problemas fiscais”

E. Medidas extrafiscais aplicadas a concorrentes

12. O que acha de medidas extraordinárias aplicadas a concorrentes gigantes do e-commerce? (Por exemplo a União Europeia obrigou a Irlanda a cobrar 13 milhões de euros à Apple por acordos ilegais)

Resposta: “Tem de haver mais harmonização sobretudo ao nível das taxas, quando a escala é maior justifica-se a deslocalização no mercado único.”

13. O que acha de a Amazon ter poupado 5,7 milhões de dólares no Luxemburgo, por vendas feitas por comércio eletrónico na Alemanha?

Resposta: “Revela mais uma vez uma a necessidade de harmonização.”

14. Imaginaria a sua empresa a cobrar impostos em vários estados dos EUA, como a Amazon que por exemplo, que passou a cobrar impostos de 5 estados nos EUA em 2011, para 45 em 2017?

Resposta: “Acho que isso também acontece no Brasil, mas de certeza que isso seria ultrapassado, com mais tecnologia do que com recursos humanos”

Narrativas

15. Tem alguma experiência de gestão (história, experiência, situação anedótica) de e-commerce que tenha que ver com esta questão da fiscalidade de e-commerce?

Resposta: “Temos clientes em Espanha que preferem trabalhar com a nossa empresa por que não tem de para IVA à cabeça (só o pagam depois), e isso dá-lhe maior disponibilidade financeira.”

Agradecimento final e despedida.

A3 – Entrevista ao CCO da empresa “Uniform” (B2C e B2B) em 29/06/2020

Entrevista semiestruturada, por telefone

GUIÃO

Apresentação agradecimento inicial e enquadramento do assunto da entrevista

A. Características do IVA e do IRC

1. O que acha do tempo para obter um reembolso de IVA ou de IRC, no contexto das atividades de comércio eletrónico? E esse atraso traz consequências de gestão financeira, por exemplo?

Resposta: Eu não tenho acesso a esse tipo de informação, mas não me parece que isso tenha sido alguma venha acontecido. (...)

2. De que nacionalidade são os seus melhores/maiores clientes e qual a sensibilidade deles à carga fiscal sobre os produtos vendidos através do e-commerce?

Resposta: Os nossos maiores clientes são portugueses, mas estamos no mercado espanhol através do site Kiero (só vende para mulheres e on-line) e vendemos através da Zalando.

(...) Sim, eu tenho 180 contas de lojas e todos se queixam do IVA, no caso das lojas (B2B) em contas de 20, 30, 50 mil euros “pesa”, e por isso é que alguns fornecedores optam por comprar a Espanha porque não tem de pagar o IVA à cabeça. (Só pagam quando venderem e é mais confortável.) Em Portugal se tiveres o produto muito tempo, ficas temporariamente sem esse dinheiro do IVA.

B. Carga fiscal (IRC)

3. Num cenário de aumento exponencial de vendas de e-commerce no médio prazo, consideraria relocar a sede da sua empresa para diminuir a carga fiscal de IRC? Se sim, até onde iria geograficamente? Gibraltar? Andorra? Mónaco? Luxemburgo?

4. Estaria disposto a mover a sua empresa para um paraíso fiscal de tributação ZERO?

Resposta: Daquilo que eu conheço da administração, sim, sem dúvida. São pessoas que olham para o negócio “mesmo”. Querem fazer tudo corretamente, mas se encontrarem uma brecha (financeira) que possa permitir por exemplo mais investimento noutra área, fá-lo-ão.

C. Necessidades técnicas

5. De que forma é que as necessidades técnicas da tributação (contabilistas e, ou, departamentos financeiros) tem contribuído para os processos de implementação e desenvolvimento de e-commerce?

Resposta: O departamento financeiro não tem tido essa função... ao chefe do departamento financeiro, são pedidos recursos para essa eventual transição. Mas essa visão/decisão de como vender não é determinada por ele, antes, por alguém da direção.

D. Visão integrada de tributação e possível influência na gestão: IVA e IRC (e/ou outros impostos que possam ser determinantes do posto de vista financeiro ou estratégico)

6. Nos constrangimentos e oportunidades que se colocaram (no up-grade para e-commerce), alguma vez foi considerado ou ponderado, o peso da tributação nos processos de decisão (ou a sua possível influência) no sucesso dessa implementação ou desenvolvimento do e-commerce?

Resposta: (incluída na resposta anterior)

7. Como olha para possíveis concorrentes no comércio eletrónico a nível europeu como a Amazon, a Otto, a John Lewis, a Apple ou a Zalando e a sua tributação em comparação com a tributação do e-commerce em Portugal e/ou na Europa?

Resposta: Não creio, que isso traga uma desvantagem direta. Nós dominamos a área de negócio e provavelmente temos margens que eles não têm.

8. A forma como as suas operações de e-commerce são tributadas são fonte de vantagem ou desvantagem competitiva? Se, sim, qual?

Resposta: (incluída na resposta anterior)

9. Na transição do comércio tradicional para o e-commerce, acha que a tributação assume um papel importante, pela complexidade de vender para mais países com diferentes sistemas de tributação?

Resposta: No Brasil não é fácil por causa dos impostos. Acho que poucas empresas têxteis europeias conseguem vingar, por exemplo a Inditex conseguiu, mas teve de lá instalar fábricas.

10. Qual a sua perceção global da tributação do e-commerce a nível nacional?

Acha a carga fiscal sobre o e-commerce justa? (situações equivalentes pagam o mesmo)

Resposta: Temos uma carga fiscal exagerada, uma grande maioria das contas (lojas) que acompanho têm tido imensas dificuldades devido à carga fiscal. Hoje as empresas têxteis vivem de promoções, como há muita concorrência as margens são “esmagadas” ao passo que a tributação se mantém.

11. Dado que existem diferentes taxas e diferentes procedimentos de tributação, para diferentes áreas do globo, como tem lidado com essa complexidade?

Resposta: Na nossa expansão para Espanha, as coisas não correram bem (também por causa dos impostos): inicialmente instalamos um escritório e um showroom, mas acabámos por recrutar um agente, e fisicamente operamos só em Portugal. Mas estamos no mercado francês e chinês também, mas nesses casos trabalhamos diretamente com várias plataformas de venda, por exemplo a Zalando.

E. Medidas extrafiscais aplicadas a concorrentes

12. O que acha de medidas extraordinárias aplicadas a concorrentes gigantes do e-commerce? (Por exemplo a União Europeia obrigou a Irlanda a cobrar 13 milhões de euros à Apple por acordos ilegais)

(pergunta não efetuada por ser um CCO)

13. O que acha de a Amazon ter poupado 5,7 milhões de dólares no Luxemburgo, por vendas feitas por comércio eletrónico na Alemanha?

(pergunta não efetuada por ser um CCO)

14. Imaginaria a sua empresa a cobrar impostos em vários estados dos EUA, como a Amazon que por exemplo, que passou a cobrar impostos de 5 estados nos EUA em 2011, para 45 em 2017?

Resposta: A “Uniform” teria antes de mais que ter posição de mercado, e isso começa com agentes comerciais, pelo menos temos preferido iniciar assim em mercados mais difíceis.

Narrativas

15. Tem alguma experiência de gestão (história, experiência, situação anedótica) de e-commerce que tenha que ver com esta questão da fiscalidade de e-commerce?

Resposta: (Não respondeu/não se lembra)

Agradecimento final e despedida.

A4 – Entrevista ao CFO da empresa “Victor” (B2B e B2C) em 11/07/2020

Entrevista semiestruturada, por telefone

GUIÃO

Apresentação agradecimento inicial e enquadramento do assunto da entrevista

A. Características do IVA e do IRC

1. O que acha do tempo para obter um reembolso de IVA ou de IRC, no contexto das atividades de comércio eletrónico? E esse atraso traz consequências de gestão financeira, por exemplo?

Resposta: Não, não influencia. Até porque normalmente pagamos IVA. No passado, contudo – e dado que importamos muito (...) – sobretudo via porto de Leixões - (...) era nos dada uma declaração pela alfandega do IVA pago para depois deduzirmos na Declaração Periódica e chegámos a preferir importar por Roterdão em vez de Leixões, porque via Roterdão é uma operação intracomunitária. Entretanto isso mudou, mas continuamos a fazer muita coisa via Roterdão.

2. De que nacionalidade são os seus melhores/maiores clientes e qual a sensibilidade deles à carga fiscal sobre os produtos vendidos através do e-commerce?

Resposta: São portugueses e espanhóis, mas sobretudo empresas, e por isso o problema não se põe. Temos também lojas a consumidores finais, mas isso é insignificante no volume total de vendas.

B. Carga fiscal (IRC)

3. Num cenário de aumento exponencial de vendas de e-commerce no médio prazo, consideraria relocalizar a sede da sua empresa para diminuir a carga fiscal de IRC? Se sim, até onde iria geograficamente? Gibraltar? Andorra? Mónaco? Luxemburgo?

4. Estaria disposto a mover a sua empresa para um paraíso fiscal de tributação ZERO?

Resposta: Penso que não. Isto é uma empresa familiar, não penso que fossem fazer isso.

C. Necessidades técnicas

5. De que forma é que as necessidades técnicas da tributação (contabilistas e, ou, departamentos financeiros) tem contribuído para os processos de implementação e desenvolvimento de e-commerce?

Resposta: Tem havido um grande aumento de aposta no site (...) tendo vindo a melhorar o nosso site, também devido à pandemia (...), mas não nos pediram qualquer apoio, foi tudo feito pelo novo informático.

D. Visão integrada de tributação e possível influência na gestão: IVA e IRC (e/ou outros impostos que possam ser determinantes do posto de vista financeiro ou estratégico)

6. Nos constrangimentos e oportunidades que se colocaram (no up-grade para e-commerce), alguma vez foi considerado ou ponderado, o peso da tributação nos processos de decisão (ou a sua possível influência) no sucesso dessa implementação ou desenvolvimento do e-commerce?

Resposta: (Resposta já dada na primeira pergunta)

7. Como olha para possíveis concorrentes no comércio eletrónico a nível europeu como a Amazon, a Otto, a John Lewis, a Apple ou a Zalando e a sua tributação em comparação com a tributação do e-commerce em Portugal e/ou na Europa?

Resposta: Por acaso nós vendemos para a Amazon.

8. A forma como as suas operações de e-commerce são tributadas são fonte de vantagem ou desvantagem competitiva? Se, sim, qual?

Resposta: “A grande vantagem é o próprio comércio eletrónico, (...) podes ter um só armazém e vendas para o mundo inteiro.”

9. Na transição do comércio tradicional para o e-commerce, acha que a tributação assume um papel importante, pela complexidade de vender para mais países com diferentes sistemas de tributação?

Resposta: Houve um problema com a Polónia... e com a Itália, mas sem grande significância.

10. Qual a sua perceção global da tributação do e-commerce a nível nacional?

Acha a carga fiscal sobre o e-commerce justa? (situações equivalentes pagam o mesmo)

(pergunta não efetuada)

11. Dado que existem diferentes taxas e diferentes procedimentos de tributação, para diferentes áreas do globo, como tem lidado com essa complexidade?

Resposta: De há um tempo a esta parte quer Angola quer Cabo Verde tem baixado a procura (mesmo antes da pandemia) por causa de terem IVA a receber, se calhar por causa da política monetária.

E. Medidas extrafiscais aplicadas a concorrentes

12. O que acha de medidas extraordinárias aplicadas a concorrentes gigantes do e-commerce? (Por exemplo a União Europeia obrigou a Irlanda a cobrar 13 milhões de euros à Apple por acordos ilegais)

(pergunta não efetuada, pelo facto de ter abandonado esta questão)

13. O que acha de a Amazon ter poupado 5,7 milhões de dólares no Luxemburgo, por vendas feitas por comércio eletrônico na Alemanha?

(pergunta não efetuada pelo facto de a Amazon se tratar de um parceiro e não um concorrente)

14. Imaginaria a sua empresa a cobrar impostos em vários estados dos EUA, como a Amazon que por exemplo, que passou a cobrar impostos de 5 estados nos EUA em 2011, para 45 em 2017?

(pergunta não efetuada pelo facto de a Amazon se tratar de um parceiro e não um concorrente)

Narrativas

15. Tem alguma experiência de gestão (história, experiência, situação anedótica) de e-commerce que tenha que ver com esta questão da fiscalidade de e-commerce?

Resposta: “Vou-te contar uma história relacionada com a parte fiscal do e-commerce que aconteceu agora. Nós temos 3 lojas físicas (...) mas por questões de concorrência não têm o nome da empresa-mãe (...) Com esta história da pandemia, a empresa-mãe vende através da Amazon, e nós (empresa filha) vendemos através de um site espanhol e houve um aumento brutal de vendas on-line para Espanha (...) e há um limite de 35.000€ para vendas a consumidores finais e mesmo distribuindo pelas várias empresas do grupo esse valor foi ultrapassado o que nos obrigou a registar com um numero de contribuinte espanhol, e liquidar IVA a 21%, uma consequência obvia do comércio eletrônico e da pandemia em simultânea.

Agradecimento final e despedida.

B1 – Entrevista ao contabilista certificado “António” em 08/06/2020

1. Os teus clientes com comércio eletrónico queixam-se do reembolso dos impostos em Portugal, sobretudo do IVA e do IRC?

Resposta: O problema dos pedidos de reembolso, sobretudo os de IVA era que obrigavam, a curto prazo a uma fiscalização por parte da AT. Sobretudo nos trimestrais, e alguns precisam mesmo desse dinheiro (...) o sistema devia ser automático.

2. Já alguma vez foi proposto algum estudo de viabilidade económica para mudança de sede por causa do IRC?

Resposta: Os maiores pedem apoio especializado, os pequenos não pensam muito nisso, os custos de deslocalização são desmotivadores nessa fase inicial.

3. Sentes que o teu gabinete de contabilidade tem fornecido informação crítica para a tomada de decisões relacionadas com comércio eletrónico? É-te pedido algum aconselhamento com comércio eletrónico? (quais os canais, como vender, como fazer o up-grade para comércio eletrónico...)

Resposta: Sim. Nota-se cada vez até por esta situação da COVID, que obrigou a acelerar os processos de disponibilização de canais de venda on-line, mas por norma recorrem a empresas de informática. Há empresas a vender muito bem através de e-commerce, lojas de óticas sobretudo.

4. Como olhas para a tributação do comércio eletrónico em Portugal? As gigantes do e-commerce estão a concorrer com as tuas? Tens recebido algum feedback nesse sentido sobre a sua tributação? Achas que empresas que vendem em Portugal (através de e-commerce) conseguem não ser prejudicados por isso?

Resposta: Eles fogem para onde o IRC é menor e a lei permite essas discrepâncias...e a Europa não consegue controlar os Estado Unidos e a China. Gera desigualdades e é injusto. As empresas portuguesas ao pagarem mais IRC, na composição do preço final do produto, tem as margens de lucro mais asfixiadas, menores.

5. Dado que vender por comércio eletrónico implica lidar com impostos de outros países, qual tem sido a tua experiência em trabalhar com Administrações Fiscais de outros países?

Resposta: Não temos tido essa experiência.

6. Tem alguma experiência de gestão (história, experiência, situação anedótica) de e-commerce que tenha que ver com esta questão da fiscalidade de e-commerce?

Resposta: O exemplo da Segurança Social é muito burocrático na recuperação do IVA, pedem todos os documentos digitalizados, quando já existe o E-fatura.

B2 – Entrevista ao contabilista certificado “Bernardo” em 11/06/2020

1. Os teus clientes com comércio eletrónico queixam-se do reembolso dos impostos em Portugal, sobretudo do IVA e do IRC?

Resposta: É raro acontecer. O que acontece é que pontualmente podem ter necessidades de tesouraria, e com a Declaração Periódica do IVA certificada podem pedir financiamento junto do banco.

2. Já alguma vez foi proposto algum estudo de viabilidade económica para mudança de sede por causa do IRC?

Resposta: Não tenho nenhum cliente que o tenha feito, mas conheço um cliente que faz comércio internacional de automóveis abriu um *stand* em Espanha, seguramente para tirar vantagens fiscais.

3. Sentes que o teu gabinete de contabilidade tem fornecido informação crítica para a tomada de decisões relacionadas com comércio eletrónico? É-te pedido algum aconselhamento com comércio eletrónico? (quais os canais, como vender, como fazer o *upgrade* para comércio eletrónico...)

Resposta: Não, porque a nossa carteira ainda não está muito digitalizada. Há alguns que já sentem a necessidade de se digitalizarem.

4. Como olhas para a tributação do comércio eletrónico em Portugal? Os gigantes do e-commerce estão a concorrer com as tuas empresas? Tens recebido algum feedback nesse sentido sobre a sua tributação? Achas que empresas que vendem em Portugal (através de e-commerce) conseguem não ser prejudicados por isso?

Resposta: O problema são os paraísos fiscais, essas empresas pagam muito pouco impostos, os estados ou esses lugares, fazem isso (taxas baixas de IRC) para atrair investir investimento, mas essas empresas acabam por pagar muito menos IRC.

5. Dado que vender por comércio eletrónico implica lidar com impostos de outros países, qual tem sido a tua experiência em trabalhar com Administrações Fiscais de outros países?

Resposta: Não tivemos esse feedback, na realidade só trabalhamos com as Finanças Portuguesas, estrangeiras, não. Se isso acontecesse, e numa primeira abordagem teria de consultar uma pessoa ou uma empresa, que prestasse esse serviço. Eventualmente em Portugal se existisse, por norma gabinetes de consultoria ou de advogados prestam esse serviço.

6. Tem alguma experiência de gestão (história, experiência, situação anedótica) de e-commerce que tenha que ver com esta questão da fiscalidade de e-commerce?

Resposta: Já aconteceu os clientes terem a situação fiscal regularizada, quererem tirar uma certidão de não dívida no Portal das Finanças, e a certidão sair com dívidas. E pode perturbar por exemplo um recebimento de uma outra entidade, ou impedir um financiamento.

B3 – Entrevista ao contabilista certificado “Cesar” em 11/07/2020

1. Os teus clientes com comércio eletrónico queixam-se do reembolso dos impostos em Portugal, sobretudo do IVA e do IRC?

Resposta: Não, não de IVA nem sequer me recordo de nenhum caso. Em IRC sim, mas não afeta a gestão financeira.

2. Já alguma vez foi proposto algum estudo de viabilidade económica para mudança de sede por causa do IRC?

Resposta: Não.

3. Sentes que o teu gabinete de contabilidade tem fornecido informação crítica para a tomada de decisões relacionadas com comércio eletrónico? É-te pedido algum aconselhamento com comércio eletrónico? (quais os canais, como vender, como fazer o up-grade para comércio eletrónico...)

Resposta: Nada. O único que caso que me recordo e vende mais por esses canais, não me perguntou nada sobre essa transição.

4. Como olhas para a tributação do comércio eletrónico em Portugal? Os gigantes do e-commerce estão a concorrer com as tuas empresas? Tens recebido algum feedback nesse sentido sobre a sua tributação? Achas que empresas que vendem em Portugal (através de e-commerce) conseguem não serem prejudicadas por isso?

Resposta: Acredito que de uma forma geral isso seja verdade. Não me parece é que concorram diretamente com as minhas (...) Por outro lado essa tributação baixa pode fazer esmagar as margens das empresas mais pequenas.

5. Dado que vender por comércio eletrónico implica lidar com impostos de outros países, qual tem sido a tua experiência em trabalhar com Administrações Fiscais de outros países?

Resposta: Tenho tido no âmbito das compras sobretudo. Tenho um cliente que compra serviços de publicidade a outros países, e obter alguns documentos fiscais de outras administrações fiscais é complicado (...).

6. Tem alguma experiência de gestão (história, experiência, situação anedótica) de e-commerce que tenha que ver com esta questão da fiscalidade de e-commerce?

Resposta: Assim, de repente, não me lembro.

B4 – Entrevista à consultora fiscal “Daniela” em 14/07/2020

1. Os teus clientes com comércio eletrónico queixam-se do reembolso dos impostos em Portugal, sobretudo do IVA e do IRC?

Resposta: Os reembolsos que os meus clientes tiveram eram sempre acompanhados (...), se houvesse algum problema, havia um departamento que fazia esse trabalho. Mas não precisavam desse dinheiro, as empresas em causa já tinham alguma dimensão.

2. Já alguma vez foi proposto algum estudo de viabilidade económica para mudança de sede por causa do IRC?

Resposta: Sim, claro, para fora de Portugal, mas dentro da razoabilidade. Para países como Irlanda e Luxemburgo e Malta.

3. Sentes que o a consultora tem fornecido informação crítica para a tomada de decisões relacionadas com comércio eletrónico? É-te pedido algum aconselhamento com comércio eletrónico? (quais os canais, como vender, como fazer o up-grade para comércio eletrónico...)

Resposta: Na parte fiscal não.

4. Como olhas para a tributação do comércio eletrónico em Portugal? Os gigantes do e-commerce estão a concorrer com as tuas empresas? Tens recebido algum feedback nesse sentido sobre a sua tributação? Achas que empresas que vendem em Portugal (através de e-commerce) conseguem são prejudicados por isso?

Resposta: Não tenho opinião sobre isso. Não recebi feedback sobre isso.

5. Dado que vender por comércio eletrónico implica lidar com impostos de outros países, qual tem sido a tua experiência em trabalhar com Administrações Fiscais de outros países? (resposta dada na pergunta seguinte.)

6. Tem alguma experiência de gestão (história, experiência, situação anedótica) de e-commerce que tenha que ver com esta questão da fiscalidade de e-commerce?

Resposta: Tivemos uma experiência no Brasil mas não com e-commerce, em que um cliente pretendia investir em imóveis, e nós contactamos os nossos colegas do Brasil (dado que só trabalhávamos com regras fiscais portuguesas), para nos darem um parecer. O parecer demorou tanto tempo que o investidor acabou por desistir.