NEW EUROPEAN AND INTERNATIONAL TAXATION PROSPETIVES. THE CASE OF THE ITALIAN´S WEB TAXATION. TOWARDS THE TAXATION OF THE DATA ECONOMY AND GLOBAL MINIMUM TAX

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Abstract*. The age of the internet and digital commerce has brought about complexities in taxation, particularly concerning multinational digital corporations. International discussions have sought ways to ensure fair taxation of these entities, but consensus has been challenging to reach. The paper aims to understand Italy's digital taxation measures, its alignment (or conflict) with EU directives, and the global efforts towards taxing digital multinational enterprises. In its document analysis, the research meticulously scrutinized Italy's taxation laws, giving particular emphasis to Article 17-bis and the Budget Law of 2018. Through comparative analysis, the research delved deep into EU directives, notably the Directive Proposal COM (2018) and the Directive 2006/112/EC, with the intent of discerning the harmony or disparities with the prevailing Italian statutes. Using historical analysis, the research charted the trajectory of international dialogues on digital taxation, commencing with the G7 in Bari in 2017, progressing to the G20 in Buenos Aires in 2018, and encapsulating subsequent summits. Turning to policy analysis, the research methodically probed into the nuances of the "Next Generation EU" recovery plan alongside the OECD's avant-garde two-pillar model. Finally, within its quantitative analysis, the research embarked on an exploration of the conceivable repercussions of the proposed thresholds for both revenue and profit rates. In its appraisal of Italy's Web Tax, the research reveals that the nation's digital tax harmonizes with VAT in spirit. However, it predominantly emphasizes B2B digital transactions, thus deviating from the recurrent mechanism that defines conventional VAT. As for the vision of the European Union, the research underscores the EU's ambition, channelled through Directive Proposal COM (2018), to institute a cohesive VAT transaction system for cross-border B2B merchandise. Notably, Italy's digital taxation approach doesn't seamlessly dovetail with this vision. With respect to the global consensus, the research elucidates that subsequent to the ravages of the COVID-19 pandemic, international discourse has exhibited a marked tilt toward the inception of a global minimum tax. Such a tax is envisioned to guarantee the equitable taxation of digital multinationals, uninfluenced by their geographical operational outposts. Delving into challenges, the research posits that the actualization of universal taxation standards is not without its hurdles. Nuanced challenges like revenue thresholds imply that a mere handful of corporations may come under its ambit. The intricate task of adapting to ever-shifting digital landscapes and the*

formidable challenge of reigning in the dark web further complicate the equation. Gazing into the future trajectory, the research intimates that contemporary accords hint at the prospective dissolution of individualized digital service taxes by the horizon of 2023. This is seen as a stepping stone toward a global minimum tax paradigm. Anticipations include the evolution of domestic directives, the fortification of bilateral agreements, and the emergence of a cohesive multilateral instrument. Yet, the stance of certain EU member nations remains enshrouded in uncertainty. In conclusion, while the digital age has brought about unmatched growth and opportunities, it has also surfaced complexities in its taxation. Italy's efforts, in sync with global moves, underscore the growing need for a comprehensive and fair digital taxation framework. However, the path to uniformity and consensus remains intricate and will require coordinated international collaboration.
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Introduction. In our digital era, tax regulations are struggling to adapt to the deepening relationship between users and their personal devices, dubbed the "Internet of me." This connection allows individuals to immerse themselves in a tech universe curated just for them. Growing fears loom about fiscal tools being used to surveil secretive areas of the web, known hubs for illegal activities. In a recent agreement, nations agreed to abstain from imposing new standalone digital taxes, progressing towards a universal minimum tax. However, the journey is tricky, with hurdles like Hungary's recent veto of a proposed tax change and Poland's indecision (Europäisches Parlament, 2022). The "metaverse" is a buzzword representing the fusion of our digital and tangible realities (Uricchio, 2022). This digital universe, overflowing with data, emulates the real world's spatial-temporal structure. The distinctions between "virtual reality" and the "augmented reality" of the metaverse, which melds digital components with our tangible world, are essential. Joining the metaverse is simple: sign up on a platform using a compatible device. The term, rooted in American science fiction, mirrors its dynamism and the legal and tax challenges it presents. Given its intangible nature, the metaverse presents hurdles in discerning appropriate legal jurisdictions, taxation frameworks, and identifying assets for potential taxation. Investments by major tech companies highlight the imminent need for its regulation. It's predicted that the metaverse will become a hub for many digital economic pursuits. This poses multifaceted legal challenges (Europäisches Parlament, 2022; Gallo & Uricchio, 2022). **Data Collection:** With activities channeled via servers, ensuring user privacy becomes arduous**. Service Contracts:** These often have vague terms and possible legal vulnerabilities. **Anti-money Laundering:** Crucial with the expected rise in metaverse-based financial services, especially given the likely use of cryptocurrencies, making user verification essential. **Tax Considerations:** The metaverse will generate value, ripe for taxation, as seen with "crypto-art" traded using cryptocurrencies. In conclusion, as digital landscapes evolve, so must our legal

and fiscal strategies to address their unique challenges. In the emerging digital age, the metaverse's components may soon undergo economic valuation and potential taxation (European Commission, 2018). The metaverse consists of a grid-like structure, with each cell or "parcel" possessing value based on various factors. Such parcels group to form larger entities called "estates," which might soon be taxed using a system resembling present land registries. The digital realm's growth is evident through developments like Non-Fungible Tokens (NFTs) and cryptocurrencies, highlighting the burgeoning digital economy (European Commission, 2018). Users in this era aren't merely passive; they're actively involved, offering information, sharing experiences, and expanding the horizons of collective knowledge. However, legal structures currently seem ill-equipped to navigate the vast and evolving digital landscape (Gallo & Uricchio, 2022). The potential risk is that the digital realm could erode traditional sovereignties and weaken global institutions without a modernized legal framework (Uricchio, 2022). Central to the digital revolution is data, a powerful asset often obtained freely but immensely valuable when harnessed by advanced technologies like AI ((Europäisches Parlament, 2022). As tools like Big Data, blockchain, and distributed ledgers emerge, they reshape our understanding of value chains. Moreover, upcoming 5G advancements signify a further influx of data, emphasizing the need for protective legal measures and a realization of its economic worth (Gallo & Uricchio, 2022)). Historically, the Internet was initially approached with fiscal leniency, promoting its growth. But as its role shifted from a luxury to a fundamental tool and then to a value creation platform, fiscal perspectives began to change. The present digital arena, populated with intangible assets, calls for fiscal reevaluation. E-commerce, for instance, varies in its direct and indirect forms, both offering unique challenges and potentials. The European Commission's Communication No. 157/97 aptly distinguished between these e-commerce types. The Internet's evolution extends beyond a tool; it's a dynamic social space producing diverse forms of wealth. One primary concern is the commodification of data, which plays a central role in today's digital economy. The value of data is evident in significant business acquisitions and offers, emphasizing its undeniable economic potential (Europäisches Parlament, 2022). With automation and robotics becoming more prevalent, discussions on new tax models, like a robot income tax, are on the horizon. Such models consider the economic contribution of robotics compared to human labor. In conclusion, as we venture further into the digital era, there's an urgent need to update our fiscal and legal frameworks. The Internet, far beyond a mere tool, is a vibrant social hub generating diverse wealth forms. As digital interactions grow, from social chats to professional networks, these exchanges become potential tax considerations, emphasizing the importance of adapting our fiscal policies to this digital revolution (Uricchio, 2022).

In the budding landscape of the data economy, data-often voluntarily shared-boasts significant value, primarily for businesses (Migliaccio, 2014). Yet, its financial merit seldom returns to society via taxation. As such, the notion of taxing this hidden wealth emerges, with discussions veering towards taxing individual data or comprehensive databases (Gallo & Uricchio, 2022). The multi-use nature of

data, coupled with its varying forms from enriched 'smart data' to raw, only deepens the intricacies of its valuation. As even mundane devices process data, the demarcation blurs, deeming many as inadvertent 'data workers'. Parallelly, a robotic renaissance unfurls, ushering debates on tax structures befitting these automated entities. Traversing this digital realm, the narrative leans towards innovative tax frameworks apt for a data-centric economy. An encompassing, preferably global, strategy is crucial. Our digital interactions, be it via AI or data lakes, paint a novel economic tableau, beckoning taxation. As digital giants amass this wealth, the onus falls on policymakers to ensure its just redistribution (Uricchio, 2022).While taxation is inherently tethered to economic capacity, it's crucial to identify new taxable events arising from our digital age's unique wealth manifestations. Sound taxation, regardless of its focus, draws its resilience from principles of fairness, simplicity, and equity. These pillars, echoing our constitutional ethos, should guide tax formulations, even when treading unprecedented terrains of the digital economy (Migliaccio, 2019).

Literature review. In the digital economy's infancy during the mid-90s, tax perspectives underwent significant transformation. Pioneers like Arthur Cordell and Thomas Ide proposed a "bit tax" – taxing digital bits transmitted. The European Commission assessed this, suggesting a shift from traditional VAT to a bit-centric model for IT services (Europäische Kommission, 2021). However, the proposal's broad-brush approach, ignoring data context, faced criticism. Technical inconsistencies, legal hurdles, and practical challenges made implementation problematic. As the "bit tax" idea waned, the consensus pivoted towards devising fiscal tools apt for the digital era. Taxation expanded to encompass digital domains, including e-commerce, with innovative models emerging. The 1999 Helsinki summit marked the Commission's foray into e-commerce VAT. Subsequent laws defined e-commerce by client and location parameters (Uricchio, 2022). The OECD championed digital taxation, emphasizing neutrality, clarity, and simplicity. They clarified that mere online presence wasn't a permanent commercial entity. Italy's tax guidelines recognized the role of "electronic computers" in determining business establishments. While taxing digital trade posed challenges, the primary focus remained on tangible links to nations, informed by residency and territorial principles. As digital landscapes evolve, there's a growing plea to reevaluate traditional taxation tenets, shifting from strict physicality to a more inclusive view, acknowledging the importance of digital entities (Uricchio, 2022).

Research methodology. Assessing classic tax measures, there's a clear prospect for adapting them to the digital age, given necessary tech adjustments. The connection between old-world methods and current practices can be beneficial, offering clarity on digital residency and business presence. Initially, the OECD's focus was restricted to corporate digital traces but later evolved to address online multinationals' complex tax avoidance tactics (Uricchio, 2022). The pivotal 2015 BEPS Project report marked a significant turn by highlighting digital tax challenges and suggesting updated obligations. Notable BEPS strategies, like Actions 7, 6, and 15, introduced the idea of "digital permanent establishment," enhancing defenses

against online tax evasions. The OECD targeted vital concerns, such as defining the digital entities' geographic ties, unique value creation methods, revenue classification, and VAT issues for global e-transactions. They also emphasized the emerging concept of a "significant economic presence" in the digital landscape. The European Union has been refining its digital tax regulations. In 2017, it initiated reforms to simplify VAT duties, followed by a 3% tax proposal in 2018 for major online enterprises. These moves, in tandem with the European Commission's stances, aim to foster a fair and efficient digital tax framework, drawing insights from the OECD. The directive emphasizes a united market approach, cautioning against disjointed unilateral tax reforms. It accentuates the "significant digital presence" concept in sync with the OECD's understanding, focusing on the intricacies of digital businesses. To effectively tax digital entities, it's crucial to understand their ubiquitous yet intangible presence, the centrality of intangible assets and IPs, and the importance of user interaction. The directive calls for shrewd profit attribution principles, emphasizing an equitable distribution mirroring value creation. As digital landscapes evolve, tax policies must be agile, comprehensive, and future-ready (Uricchio, 2022).

Main results. In the digital age, data's versatility and manifold forms amplify its valuation complexities. Even everyday devices blur boundaries, casting many as 'data workers'. As automation burgeons, discussions on tax structures evolve to fit these mechanized actors. A holistic, global approach is essential to tax this new-age wealth aptly. As tech behemoths garner this opulence, policymakers must ensure equitable distribution. Anchored in fairness, simplicity, and equity, tax strategies must adapt to this unique digital prosperity (Migliaccio, 2019; Uricchio, 2022). The Directive's interim stance highlights digital ventures critically powered by user engagement. Digital Service Taxes (DST) target services significantly propelled by user interactions. Article 3 clarifies: the realm of targeted advertising, fueled by user data, and intermediation services that connect users. Crucially, these transcend mere communication conduits, owing to user involvement's centrality. Some spheres, like certain digital content and e-commerce revenues where user interaction is peripheral, escape the tax net, with financial digital services notably exempted. Intricacies aside, the Directive's essence is crystal: to tax platforms underpinned by user interactions. Key among taxable services are interfaces facilitating content sharing, and user-activity-based data transmission services. The focus is revenue from digital mediums leveraging user inputs, viewing these platforms as conduits for user contributions. Taxation revolves around revenue from user-centric actions on platforms, sidestepping mere engagement. It targets the gross revenue, sans VAT or equivalents. This tax model parallels IRAP, centered on user-contributed value within a digital framework. The Directive's purview encompasses both business types, B2B and B2C, aiming at entrepreneurs and professional entities. While primarily targeting large, data-rich corporations, it delicately maneuvers potential evasion routes and factors intra-group dealings. Financial benchmarks—global revenue of €750 million and EU revenue of €50 million-define taxpayer eligibility. Firms breaching these, even those extraterritorial to the EU, fall under the Directive. The challenge? Quantifying value generated by users, especially

when accessing free services, muddying the waters for revenue distribution among member states (Uricchio, 2022). The tax mechanism seeks to harness the value distilled from user interactions, particularly when they crystallize into revenue-yielding services. A closer gaze reveals some conflation in the Directive, especially for intermediation services where taxes apply only upon tangible payment. In digital commerce's corridors, targeted advertising and user data transfers, as delineated in Article 3, are distinct beasts. Such services cater to business affiliates rather than end-users. The economic bedrock here is rooted in ad payments or data transaction fees, untethered from users' direct contributions. The International Service Duty (ISD) proposition emphasizes taxing advertising and data services, assigning revenues as the tax fulcrum. Intriguingly, this presents fewer wrinkles than the mooted "Italian web tax", which underscores individual service valuation. Taxation's locale is key, rooted in each state's sovereignty, guiding the revenue split between source and residence countries. It's determined where taxable income arises, based on factors like user interactions, ad impressions, and data generation on digital platforms. Users are geolocated via IP addresses or better methods, if accessible. The Directive proposal details conditions for determining a user's tax location per service type. Another Directive, COM (2018) 147 final, sets the taxation state by a user's device usage relative to digital contracts, spotlighting a "significant digital presence". However, profit division among nations is influenced by functional analysis. The ISD, akin to Italy's web tax at 3%, is due after each tax year. To streamline, the One-Stop-Shop system mandates entities to register in any member state, acting as the single contact for ISD matters. This requires revenue declaration for each country and consequent ISD payment (Europäische Kommission, 2021; Giusti & Giambrone, 2022). The Directive relies on individual states for accounting, registration, and ISD-related anti-evasion steps. Articles 20-23 emphasize data sharing, underscoring the role of the identifying state. Internationally, digital taxation is fervently discussed. Norway seeks OECD collaboration on taxing minimally present giants. The UK, since 2015, eyes firms evading establishment rules. France considers taxing online audio-video ad incomes. Nations like Hungary, Spain, Australia, Israel, and India offer unique digital tax perspectives. Italy's venture, starting with efforts to tax global web companies, once introduced an unenforced rule necessitating an Italian VAT number for web ads, which was later withdrawn. Amidst the digital zeitgeist, Italy has embarked on forward-thinking measures to tax online undertakings. Central to this is Article 17-bis, which mandates an Italian VAT number for those intending to monetize search engine advertising spaces. While not a direct alteration to online service territoriality norms, it compels non-residents to acquire this VAT number to flourish in Italy. This legislation, however, soon found itself at loggerheads with both the EU's freedom principles and Italy's foundational economic liberties. Consequently, the 2018 Budget Law ushered in a national web tax, aimed at the revenues of digital services, regardless of the service provider's residency. Distinctly, it is tethered to where the client is during the service's consumption, not the service's legal conclusion. This 3% tax, however, is levied only on entities surpassing 3,000 transactions annually, thus sparing smaller ventures (Europäische Kommission, 2019). Notably, it is levied on services intertwined with internet or electronic

networks, and the client, akin to a withholding mechanism, remits it to the provider. In essence, it draws inspiration from VAT models but hones its attention on B2B digital exchanges. The European Union, through its Directive Proposal COM (2018), aspires for a fluid VAT system. The vision is a singular VAT transaction for cross-border B2B goods interactions, taxed where the goods eventually reside. This blueprint also outlines rules for services by those outside the EU and a distance sales framework. Italy's digital tax stands as a harbinger of a paradigm shift, attempting to decode and tax the complexities of the digital age. It resonates with elements of VAT and older tax archetypes but carves a fresh path, underscoring B2B digital provisions over B2C and bypassing tangible goods. Yet, lurking beneath this fiscal innovation is a potent debate (Giambrone, 2021; Migliaccio & Iovina, 2019). Can there be a harmonious coexistence between taxes on turnover and the prohibitions in Article 33 of the Sixth Directive, later transmuted into Article 401 of Directive 2006/112/EC? This tussle hinges on deciphering the web tax's essence — does it echo taxes on registration or those on production? (Europäische Kommission, 2021; Uricchio, 2022). The EU's legal wisdom outlines four foundational stones for VAT. Firstly, it's tethered to goods or service transactions. Next, it corresponds with the price paid. It then permeates every phase of production and distribution, climaxing at retail. And, deductions ensure the tax zeroes in on the added value at each stage, ultimately burdening the consumer. Contrastingly, Italy's web tax, tailored for digital exchanges, doesn't mirror VAT's hallmark cyclic mechanism. It might fit snugly within a harmonized turnover tax model due to its digital specificity, but it sidesteps VAT's core pillars. This divergence invites scrutiny, from both a European market integration perspective and constitutional veracity. Delving into the intricate web of digital taxation, debates ensue over its very foundation. Is it rooted in the distinctive essence of digital service delivery or does it undesirably overlap with VAT? The legitimacy of the web tax is questioned, notably when it potentially impacts Italian businesses negatively and may encompass services provided by Italian entities. Dual taxation concerns loom large, with the web tax potentially colliding with VAT. Solutions like tax credits for local firms have been proffered, yet non-resident entities grapple with unrecognized taxes back home. Central to this debate is the notion of "transaction value" (Europäische Kommission, 2019). In scenarios devoid of a clear price tag, the challenge of establishing a "standard value" emerges. Both the OECD and Italian legislative shifts have shied away from this criterion in transfer pricing (Uricchio, 2022). Yet, the quest to ascertain a "fair price", deeply intertwined with market forces, persists. The recommended OECD method involves imagining a “virtual” firm with extensive economic ties, underlining the intricate bond between digital activities and taxation (Giambrone & Uricchio 2020, Migliaccio G., F. Iovina (2019). The digital transaction tax, primarily geared towards B2B relationships, usually reflects clear price-service reciprocity. Yet, quandaries arise when businesses engage in mutual promotional pursuits or data swaps. Under specific scenarios, these are perceived as distinct VAT entities, harking back to art. 11 and 13 of D.P.R. 633/1972.A remarkable legislative insertion is clause 1010's subsection a), introduced in the 2018 Budget Law (Draghi M. 2018). It paints the picture of a "virtual" establishment with a pronounced economic footprint in Italy

but lacks a physical presence. Whether this represents a novel permanent establishment category or simply acts as an anti-abuse mechanism remains open to interpretation. The National Foundation of Accountants underscores the need for unambiguous taxability benchmarks in Italy (Giambrone, 2021). Relying on mere revenue and user metrics might fall short. Factors like domain localization and content tailored to local nuances should be weighed. This perspective finds resonance in the OECD's BEPS project, which showcases diverse indicators of digital presence. The legal landscape has evolved, detailing what doesn't qualify as a permanent establishment, refining the concept of related entities, and reshaping the role of agents. In a marked shift, the revised clause 5 of Art. 162 T.U.I.R. no longer regards the mere availability of computer apparatus as indicative of non-permanent establishments. This alteration signals Italy's forward-thinking legislative approach, poised on the cusp of the impending Digital Services Tax and the conceptualization of the "significant digital presence" (Giambrone, 2023b).

Discussion and conclusions. In the face of digital economic shifts, global leaders have sought to establish new taxation frameworks for multinational digital enterprises. During summits like the G7 in 2017 and the G20 in 2018, the need for rules beyond the existing 'status quo approach' became apparent. These rules, instead of merely extending existing guidelines, should fundamentally rethink the principles of profit localization, helping to combat international tax evasion. By the time of the G20 summit in Osaka in 2019, the urgency to conceptualize a taxation model attuned to the digital economy was palpable (Giambrone F., Uricchio A. F. 2020). The OCSE unveiled two main pillars: Pillar I, reimagining taxation beyond mere physical presence to accommodate the distinctive nature of digital businesses, and Pillar II, advocating for a global minimum tax rate for international companies. As the COVID-19 pandemic unfolded, the European "Next Generation EU" plan bolstered this initiative, promoting tax fairness in the digital realm and considering it a fiscal pillar of post-pandemic rejuvenation (Uricchio & Selicato, 2022). Despite earlier reservations, particularly from the U.S., which had previously dubbed certain digital taxes as discriminatory, sentiment shifted by early 2021. Italy's decision to delay digital service tax payments and the subsequent inclination of the Biden administration towards compromise signaled a thaw in transatlantic tensions. In 2021, multilateral talks bore fruit. The G7 proposed a "global minimum tax" with a recommended rate of 15%. Later, 130 OCSE member countries, making up over 90% of global GDP, committed to this two-pillar model of reform. Finally ratified at the G20 summit in Rome in October 2021, this commitment sought to enshrine fiscal fairness on a global scale. Subsequently, the European Commission, harmonizing with the OCSE's consensus, proposed a directive focusing on the same 15% minimum tax rate, with specific considerations for genuine economic activities. Beginning from 2023, there are plans to abolish the contentious European digital service tax, potentially offering tax credits for overpayments relative to the global tax (Uricchio, 2022). Delving deeper, "Pillar One", or the "Unified Approach", endeavors to revolutionize profit allocation. By altering rules on profit transfer and introducing new "nexus rules" grounded in digital user engagement, it seeks to award tax rights to nations housing consumers of digital businesses. This innovative approach recognizes digital corporations' ability to

generate profit without tangible presence in many jurisdictions. Its counterpart, the "Global Anti-Base Erosion Proposal" (GloBE) under Pillar II, is a complex initiative aiming to counter tax base erosion and profit shifting, mandating a global minimum tax and necessitating modifications to existing tax legislations. Pillar Two stands as an ambitious stride towards reshaping the global corporate tax landscape. It doesn't merely address profit shifting but ventures into realms of transparent tax competition. Foremost among its tools are the Global Anti-Base Erosion (GloBE) rules, which potentially usher in a global tax harmonization era, exceeding regional aspirations. The objectives of this proposal echo those of the European Union's Common Corporate Tax Base (CCTB). Contained within Pillar Two are two intertwined rules: the Income Inclusion Rule (IIR) and the Undertaxed Payment Rule (UTPR). The IIR, essentially a domestic rule, grants states the prerogative to tax income from foreign-controlled entities or permanent establishments if the state of origin falls short in effective taxation. UTPR, meanwhile, empowers the source country to withhold certain tax benefits if payments to associated entities don't achieve a set minimum tax rate (Giambrone, 2023a). Other anticipated measures include the "switch-over rule", permitting the conversion from the exemption to the credit method in double-taxation conventions when income fails to meet the prescribed tax level. There's also the projection of a "subject to tax rule", deciding the application of treaty benefits upon whether an income type hits a minimum tax benchmark. However, the task ahead is riddled with challenges. These range from determining revenue thresholds and profit margins to ensuring that the tax reforms encompass the entire spectrum of digital enterprises, not just the elite few. The evolving nature of the digital world, epitomized by phenomena like the "Internet of Me", and the murky depths of the dark and deep web, complicate regulatory efforts. From October 2021, the accord stipulates that no new unilateral digital service taxes can emerge (Uricchio & Spriveri, (2022). By 2023's end, existing taxes should ideally be phased out. This agreement, while monumental, is a mere precursor. We anticipate a flurry of domestic regulations, bilateral agreements, and a multilateral instrument in the months to come. The journey, however, remains fraught with political challenges, as seen in the reservations expressed by countries like Hungary and the ambiguity of Poland's position. As we know, new technology not only provides users and businesses access to virtual reality (either pure or augmented), but it also blurs the lines between digital experiences and everyday life. The digital realm is not just a technological tool but also shapes virtual spaces, fuelled by endless streams of data, closely intertwined with the real world (Uricchio, 2022; Giambrone, 2022). The convergence of virtual and real experiences, aided by advanced tools like 3D goggles and avatars, is defining a novel realm termed the "metaverse". Upon closer inspection, it's essential to differentiate between virtual reality and augmented reality. The former immerses the user entirely in a digital world, while the latter, characteristic of the "metaverse", overlays digital elements onto physical reality, creating a unified experiential dimension. For users, accessing the "metaverse" is relatively straightforward. All it takes is registration on a dedicated platform and having a compatible device or goggles. The term, originating from a famous American science fiction novel, is evocative (Gallo, 2015). "Meta" combined with "verse" suggests "within the universe", indicating its fluid and indefinite nature,

continually evolving due to rapid technological progress. Although it lacks a physical essence, the "metaverse", as a parallel universe, holds economic significance, with consequent legal, and by extension, fiscal implications. There are numerous entities, legal relationships, and taxable situations within this intangible, parallel universe, which challenges the norms of extraterritoriality. It demands unique localization rules, while at the same time, emulating real-world scenarios and requiring verification of existing laws or the development of specific regulatory tools (Giambrone & Uricchio, 2020). Many legal and tax implications emerge, such as identifying applicable laws, competent tax authorities, or how to tax various manifestations of wealth within this digital space. The significant attention and substantial investments by tech giants like Facebook, Microsoft, and Apple hint at the necessity for regulations beyond mere data protection or e-commerce guidelines, or even the OECD's two-pillar approach to digital economy taxation. It's foreseeable that many digital economic activities will soon find their natural habitat in the "metaverse", with significant consequences in various legal fields. This includes issues related to data collection, service contracts, anti-money laundering norms, especially given the likely use of cryptocurrencies, and of course, tax considerations. The "metaverse" emerges as a new way of experiencing the internet: a virtual space where a multitude of activities, including economic ones like "crypto-art" (unique art pieces in virtual reality registered on the blockchain), can take place, with cryptocurrencies as the primary exchange medium. Another potential application of the "metaverse" could relate to its constituent units, with evident tax implications. These virtual, intangible entities seem assessable in economic terms. The "metaverse" map is split into a grid, where each cell represents a virtual space parcel, valued based on its geographical location, prestige, and size. A collection of such parcels is termed an estate. In the future, for taxation purposes, these entities could be cataloged using models adapted from current *land* registry systems.

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