

## US moves closer to EU position on taxing tech giants

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French Finance Minister Bruno Le Maire said the US understands "the need for the fair taxation of digital giants"

Washington is softening its position on European plans to impose taxes on US tech giants such as Apple and Google, officials said this week.

The evolving attitude in recent days would mark a stark shift from American officials' frustration at previous efforts by European

authorities to collect taxes from Silicon Valley firms.

"The United States is open to considering the matter and they understand very well the need for the fair taxation of digital giants," French Finance Minister Bruno Le Maire told reporters on Friday.

He spoke after meeting with US Treasury Steven Mnuchin on the sidelines of the annual meetings of the World Bank and International Monetary Fund.

A Treasury Department spokesman on Friday referred AFP to a statement made earlier this month, according to which American officials remain "deeply concerned" about the matter.

The administration of former President Barack Obama was outraged in 2016 when European authorities decided to force iPhone maker Apple to pay \$14.5 billion in back taxes after the company negotiated highly favorable tax arrangements with the Irish government.

But, according to Pascal Saint-Amans, director of the tax policy and administration center at the Organization for Economic Cooperation and Development, Washington's attitude has changed in recent days.

The European Commission is due next year to present proposals for taxing tech giants such as Google and Apple, and France is also threatening to impose far more punishing taxes—not on profits but on corporate revenues, according to Saint-Amans.

Washington knows "countries will act unilaterally and so they prefer to be involved themselves," Saint-Amans told AFP.

Headquartered in Paris, the OECD has worked on this subject for several years, but had so far encountered American officials' firm

refusal to discuss it.

The OECD will present G20 finance ministers with a report on the subject in April, aiming for a long-term solution.

Because this may take time, the OECD is also seeking to harmonize various governments' tax proposals to reduce the harm they could cause to companies' financial positions, according to Saint-Amans.

## **Global problem, global solution?**

"The news is the United States will sit at our table not to block the discussion, but to the contrary, to drive it and try to discourage, or at least limit, the damages these taxes could cause," he said.

European Commissioner for Economic and Financial Affairs Pierre Moscovici on Friday addressed the G20 on Brussels' views about taxing Google, Apple, Facebook and Amazon, or the GAFA companies, and others.

Speaking to AFP on the sidelines of the World Bank-IMF meetings, Moscovici hailed American "pragmatism" on the tax question.

"For an international problem, you need an international solution," he said.

"The Americans are in the same situation we are. Their own tax system is not adapted for this economy and they're also losing very substantial revenues that have to be made up for," said Moscovici.

"The problem of taxing the GAFA companies is global and the best answer will be too," he said.

"We'll wait for the G20 to draw their own conclusions" from an OECD study, said Moscovici, who has warned that if a global solution is not forthcoming, the European Commission will propose its own tax measures.

"To my mind, the best solution is the common consolidated tax base, in other words corporate taxes," he said, noting that all options were on the table, including the French proposal to tax corporate revenues.

According to Saint-Amans, the OECD will offer member countries a reasonable means of revenue collection "while satisfying the need to stop these companies from having a near-zero tax burden."

In a statement earlier this month, the US Treasury Department reiterated its long-held position opposing "retroactive tax assessments" by the European Commission.

"As Treasury stated in an August 2016 white paper, the commission's approach in the state aid cases is unfair, contrary to well-established legal principles, and calls into question the tax rules of EU member states," a spokesman said.

But in another sign of shifting US views, Washington has agreed to the creation of a working group with France, according to Le Maire, the French finance minister.

"This will allow us a bilateral review of a few proposals made today by the commission," he said.

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