

EU ministers do 'battle' over digital tax

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France has rallied EU partners to draw up the tax to ensure that global tech platforms such as Google and Facebook pay their fair share

EU finance ministers battled Saturday over a controversial proposal to slap a European tax on US tech giants amid rising worries that it is ineffective and protectionist.

France for a year has rallied EU partners to draw up the tax which Paris says is necessary to ensure that global tech platforms such as Facebook and Google pay their fair share.

Paris fervently argues that the measure would be a popular accomplishment for the EU ahead of European elections next year, in which anti-Brussels populists could do well.

However, Ireland leads a small group of countries that argue the tax would also punish European companies and stifle innovation.

Dublin, along with Luxembourg and the Netherlands, are the European homes for several US tech giants that would face the tax.

"Today is the big battle day over fairness in taxation in the [digital economy](#)," said Hartwig Loger, the [finance minister](#) of Austria, which holds the EU's six-month rotating presidency.

"It is our clear goal to have by the end of the year.. the first steps in taxing the digital economy at the European level," he said.

Austria's self imposed deadline leaves less than three months to get opponents on side as European tax rules require unanimous backing by all EU members.

"Let's see how far we get," cautioned German Finance Minister Olaf Scholz, who this week was reported to be quietly working against the tax after a secret memo was leaked to the German press.

"I share the ambition many have to achieve results already this year," he added.

'Sword of Damocles'

Work is based on a proposal by the European Commission, the EU's executive arm, that would create a European tax on "big tech", based on overall revenue in Europe and not just on profits.

But lead opponent Ireland says a growing number of countries are grumbling about hidden problems with the tax, including that it could inadvertently snag European companies.

Provoking US President Donald Trump while the threat of a EU-US trade war still looms is also a concern.

"If Europe looks to deal with this issue on its own I believe that it runs the risk of... promoting a response from countries that will be affected... at a time in which global trade is under such pressure," Irish Finance Minister Paschal Donohoe told AFP.

Amid the increasing questions, Austria said countries widely backed a French compromise to introduce a sunset clause so that the EU tax would later be replaced by a worldwide deal, once one is reached at the OECD.

A sunset clause could serve "as a sword of Damocles motivating the international community to come to an overall ... decision," said Latvian Finance Minister Dana Reizniece-Ozola.

But the Organisation for Economic Cooperation and Development, a club of rich nations including the US, has so far failed to reach a consensus on the matter.

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