Spain backs new tax on internet giants in budget plan

October 19 2018

The new levy has been dubbed the 'Google tax'

Spain's socialist government approved Friday a new tax on big internet companies as part of its 2019 budget, hoping to raise up to 1.2 billion euros ($1.4 billion) next year.
The tax, which still requires parliamentary approval, will "modernise tax rules" for 21st-century businesses, Finance Minister Maria Jesus Montero told reporters following a weekly cabinet meeting.

It calls for a 3.0 percent tax on online advertising, sales of user data and online platforms.

The tax will be levied on companies with annual revenues of over 750 million euros worldwide, and at least 3.0 million in Spain.

It has been dubbed the "Google tax" in Spain because it would affect US internet giants like Google, Facebook and Amazon.

The tax could also counter the "unfair competition" which e-commerce poses to "traditional commerce", the minister said.

The tax will come into effect once the government's draft 2019 budget is approved.

Prime Minister Pedro Sanchez's minority government has the support of its main ally, far-left party Podemos which helped it draw up the budget, but will need to convince smaller Basque and Catalan regional parties to approve it.

The European Union also must still approve the government's draft budget.

EU finance ministers have been wrangling over a controversial proposal to slap a European tax on US tech giants amid concerns that they currently do not pay their fair share.

Today's tax rules were designed for when multinationals developed real assets and operations in different nations, making it relatively clear
where taxes were due.

But the US tech titans exist almost exclusively in the virtual world, their services piped through apps to smart phones and tablets from designers and data servers oceans away.

© 2018 AFP


This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.