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FRANCE AND GERMANY TURN UP THE HEAT ON EU DIGITAL TAX

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German Finance Minister, Olaf Scholz, and his French counterpart, Bruno Le Maire, rallied their support for the European Commissions digital service tax (DST) plans on Monday (12 December), with the former stating that he wants a deal tied up at a December meeting of EU finance ministers in Brussels.

German newspaper Der Spiegel reports that Scholz has come out in support of the plans, after he had previously taken an ambivalent stance on the European Commissions digital service tax proposal.

The current proposal would require tech firms with total annual revenues of □□□□ million or more and yearly EU taxable revenues of □□□ million to pay a 3% levy on revenues where such money is generated, rather than where the companies are domiciled for tax purposes.

Estimates say that the levy could generate as much as €5 billion annually.

100 years of negotiations

If the negotiations continue the way that they have been going, well still be in talks in 100 years. That is why I support the French model and want to offer the proceeds to the EU, Der Spiegel quoted Scholz as saying on Monday.

Meanwhile, French Finance Minister Bruno Le Maire was also characteristically buoyant concerning the digital tax plans on Monday .

Speaking to France Inter Radio, Le Maire said that a deal is close, despite there being fierce opposition, most recently on show during a recent meeting of EU finance ministers in Brussels, in which Ireland, Sweden and Denmark all took a hostile stance against the proposal.

Concerns are mounting that if progress is not made soon at an EU level, then member states will decide to construct their own frameworks for the taxing of digital giants. The likes of the UK and Spain have already come out with their own proposals.

Scholzs objective of reaching an agreement in the next gathering of EU finance ministers may be far-fetched, judging by the scale of divisions between member states.

EURACTIV understands however that there has been more sympathy with the plans behind closed doors, and that member states who have been so forthcoming in their opposition on the public stage, have been less confrontational.

The Germans should take the lead

There are some in the European Parliament that feel that the commissions current proposal for a levy on digital giants doesnt go far enough anyway, and that the EU work with a sense of haste.

Speaking to EURACTIV, S&D MEP Paul Tang, who has been an active participant in the digital tax debate, said that Europe should seek to establish a level playing field for big tech and that 3% was such not a sufficient enough figure.

This is long overdue. The longer we wait, the more the big tech firms get away with not paying their fair share, he said.

A 5% levy, rather than the 3% that the commission have proposed, would help to create more of a level-playing field.

Tang was also satisfied that Scholz is starting to take more of a proactive stance in the digital tax debate, but stated that he needs to do much more.

The French ambition in the field is admirable, but the Germans should take the lead. Scholz should have much more drive.

Aimed at one specific country

Denmarks Finance Minister Kristian Jensen remarked during last weeks meeting of EU finance ministers that the DST plans were aimed at one specific country and that EU policymakers should take into account the opinions and perspectives of US counterparts.

American counterparts, meanwhile, have criticised the EUs plans describing the measures as discriminating against US companies in a letter penned to European Council president Donald Tusk and Commission President Jean-Claude Juncker, at the close of Octobers European Council summit.

We urge the EU to abandon this proposal, urge the member states to delay unilateral action and instead refocus efforts on reaching consensus with other leading economies within the OECD on any new digital taxation models, the letter, jointly signed by Republican chairman Orrin Hatch and his Democratic counterpart Ron Wyden, reads.

Kaynak/Source: