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U.S. Senate Finance Committee leaders' letter concerning France's proposed digital services tax

The U.S. Senate Finance Committee today issued a release reporting that Chairman Chuck Grassley (R-IA) and ranking member Ron Wyden (D-OR) have sent a letter to the U.S. Treasury Secretary expressing concerns about the French government's proposal to implement a digital services tax.

According to the **Finance Committee release**, the senators requested that Treasury use measures available under U.S. law—including application of section 891—to "convince the French government to rethink its decision to implement a digital services tax that would unfairly target some U.S.-based companies."

The Finance Committee leaders further wrote:

> *We write to encourage you to intensify your efforts to convince the French government that it would be unwise and short-sighted to implement a digital services tax (DST) while France, the United States, and other countries are expeditiously working to reach a consensus at the Organisation for Economic Co-operation and Development (OECD) on the tax challenges arising from the digitalization of the economy.*
>
> *It is our understanding that notwithstanding the progress being made at the OECD, the French General Assembly and Senate have both passed versions of a DST that could hinder such progress and create a new transatlantic trade barrier. The DST would unfairly target certain U.S.-based multinational companies, apply retroactively to the beginning of this year, and potentially lead to significant double taxation. Time is, therefore, of the essence.*

Read more about the French government's proposal for a digital services tax in ***TaxNewsFlash***.

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