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USTR launches Section 301 investigation of France's proposed digital services tax

The Office of the U.S. Trade Representative (USTR) today announced it has initiated an investigation under Section 301 of the Trade Act of 1974 of the digital services tax in France.

The French digital services tax legislation would impose a 3% tax on total annual revenues generated by some companies from providing certain digital services to, or aimed at, French users. The tax would apply only to companies with total annual revenues from the covered services of at least €750 million globally and €25 million in France.

According to the [USTR release](#), the digital services covered by the French tax are ones where U.S. firms are global leaders. The USTR also stated that the structure of the proposed new tax as well as statements by officials suggest that France is unfairly targeting the tax at certain U.S.-based technology companies.

Section 301 and related provisions of the Trade Act (codified as amended in 19 U.S.C. §§ 2411-2417) give the USTR broad authority to investigate and respond to a foreign country's unfair trade practices. The USTR will issue a Federal Register notice providing information on how members of the public may provide their views through written submissions and a public hearing.

According to the USTR release, the United States will continue its efforts with other countries at the OECD to reach a multilateral agreement to address the challenges to the international tax system posed by an increasingly digitized global economy.

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