



# TaxNewsFlash

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## U.S. investigation of French digital services tax; additional 25% customs duties suspended until January 2021

A notice released by the Office of the U.S. Trade Representative (USTR) in advance of publication in the Federal Register addresses findings of the Section 301 investigation of France's digital services tax and announces the imposition of additional customs duties of 25% on U.S. \$1.3 billion of French products imported into the United States.

According to the USTR notice, the additional customs duties are suspended for 180 days, until January 6, 2021.

Read the [USTR notice](#) [PDF 557 KB] that lists French products subject to the additional customs duties, in an annex.

### Background

In July 2019, the French digital services tax legislation was enacted. The digital services tax was a 3% tax on annual revenues generated by certain companies that provide certain digital services to, or aimed at, French users. The tax applies only to companies with annual revenues from the covered services of at least €750 million globally and €25 million in France.

Also in July 2019, the USTR initiated an investigation of France's digital services tax and then in December 2019 announced findings that France's digital services tax was "unreasonable or discriminatory and burdens or restricts U.S. commerce." The USTR proposed action in the form of additional duties of up to 100% on certain products of France. Read [TaxNewsFlash](#)

In early 2020, French officials announced that the digital services tax is still to be imposed for 2020, but that collection of the tax is deferred (in particular, both installment payments due in April and October 2020 being suspended).

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