

France aims for US digital tax deal by late August – minister



France wants to reach a deal with the US on taxing tech giants by a G7 meeting in late August, Economy Minister Bruno Le Maire said Saturday.

He was responding to US President Donald Trump, who on Friday vowed “substantial” retaliation against France for a law passed this month on taxing digital companies even if their headquarters are elsewhere.

The law would affect US-based global giants like Google, Apple, Facebook and Amazon, among others.

‘Foolish’ Emmanuel Macron

Trump denounced French President Emmanuel Macron’s “foolishness”, though they discussed the issue by phone on Friday, according to the White House.

Le Maire told a news conference Saturday: "We wish to work closely with our American friends on a universal tax on digital activities.

Inspired by "We hope between now and the end of August – the G7 heads of state meeting in Biarritz – to reach an agreement."

Leaders of the Group of Seven highly industrialised countries are to meet in the southwestern French city on August 24-26.

Le Maire emphasised that "there is no desire to specifically target American companies," since the three-percent tax would be levied on revenues generated from services to French consumers by all of the world's largest tech firms, including Chinese and European ones.

The law aims to plug a taxation gap that has seen some internet heavyweights paying next to nothing in European countries where they make huge profits as their legal base is in smaller EU states.

Raising a glass

In a move that's rattling the industry, President Trump responded to the French plans by threatening to raise tariffs on French wine. French vintners sold 1.6 billion euros worth of wine last year to American consumers.

Trump derided French wines in a tweet, and later said he might hit them with retaliatory tariffs to French. He made a similar threat last year.

About 20% of French wine is sold in the US, and the Federation of French Wine and Spirits Exports on Saturday expressed concern about tariffs that could hurt "French players in this market, but also their clients and American consumers."

The federation urged French and American authorities to pursue dialogue on the tax issue, expressing hope "that they can quickly find a path to follow to prevent these threats from

materialising.”

Le Maire said the US “should not mix the two issues,” and noted that European wines already face tariffs in the US as do American wines in Europe.

Trump insisted Friday that he has a good relationship with Macron and had just spoken with him.

After initially befriending the US president despite their starkly different worldviews, Macron has increasingly stood up to the impulsive, America-first Trump on trade, climate change and Iran’s nuclear program.

The tech tax is just their latest battleground, and will be a key tension point when the two men meet at a Group of Seven summit in France next month.

France failed to persuade EU partners to impose a Europe-wide tax on tech giants, but is now pushing for an international deal on it with the G7 and the 34 countries of the Organisation for Economic Cooperation and Development.

France has said it would withdraw the tax if an international agreement was reached, and Paris hopes to include all of the OECD countries by the end of 2020.