[FR] Publication of controversial legislation creating a "GAFA tax"

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Act No. 2019-759 of 24 July 2019 “creating a tax on digital services and changing the trajectory of corporate tax cuts” was gazetted on 25 July 2019. The "GAFA tax", which was promoted by Minister of the Economy and Finance Bruno Le Maire, is based on European draft legislation that was not passed because of reticence on the part of several European Union member States. That leaves France as a pioneer.

The newly-created tax amounts to 3% of the turnover generated by certain digital activitiesin France. It covers revenue from targeted on-line advertising, connecting Internet users on platforms, and the sale of users’ data for advertising purposes. The tax is aimed at "digital giants"–companies with global turnover in respect of such services of EUR 750 million, corresponding to EUR 25 millionin France. The tax should therefore apply to about thirty corporate groups, including not only Google, Amazon, Facebook and Apple, but also Meetic and Airbnb. The tax is to be introduced provisionally, pending the conclusion of an international agreement within the OECD,which is expected before the end of 2020.

As soon as the legislation was adopted in France, there was lively reaction from the United States, with the announcement that the effects of the new French tax would be investigated. President Donald Trump threatened to retaliate by taxing French businesses. Despite the dissension between Washington and Paris, the Ministers of Finance of the G7 countries, meeting at the G7 summit in Biarriz end of August, eventually reached agreement on the need to set up a minimum global tax on companies in 2020, even if they are not physically present in any particular country. France undertook to abolish its "GAFA" tax and to reimburse the companies concerned for the difference between it and the future tax currently under discussion at international level at the Organisation for Economic Cooperation and Development (OECD).

Loi n° 2019-759 du 24 juillet 2019 portant création d'une taxe sur les services numériques et modification de la trajectoire de baisse de l'impôt sur les sociétés

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