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# France Hits Google and Amazon With New Digital Tax to 'Restore Fiscal Justice'

By **DAVID MEYER** 6:24 AM EST

France Unveils Its New 'GAFA' Digital Tax, Named After Those It Targets: Google, Alphabet, Facebook, Amazon

The French economy minister on Wednesday unveiled his proposal for a new tax on digital giants from Google to Uber.

The 3% revenue tax—known locally as the "GAFA" tax after the initials for Google, Apple, Facebook and Amazon—would apply to tech companies that sell digital products from third parties, traffic in user data or sell digital advertising, and that pull in global annual revenues above €750 million ($848 million) and French revenues above €25 million.

That covers around 30 companies. The economy ministry hopes to raise some €500 million a year through the new measure—the new tax would be on top of the taxes the firms already pay in France.

Of course, the amount of tax such companies pay in France is the issue here. As things stand, the big tech companies are able to report their EU revenues in any EU country. Naturally, they tend to opt for the countries with the most favorable rates, such as Ireland and Luxembourg. And with those countries getting investment from attracting companies in this way, the EU's member states have been unable to agree on a common digital tax policy, despite France's urging—which is why France is now likely to go it alone.

At the moment, large digital companies tend to pay less than 10% tax in the EU, giving them a massive advantage over traditional businesses that pay an effective rate above 23%.

"The tax on the digital giants is a strong measure, expected by the French people, which aims to restore fiscal justice and build the tax policy of the 21st century," said Bruno Le Maire, the French economy minister, on Wednesday morning, before entering discussions with the rest of the cabinet about the proposal, which is then expected to be presented to the French parliament.

However, Le Maire also noted that the ultimate goal was to reform the international taxation system to better suit the digital age. Indeed, other countries in Europe, as well as the likes of New Zealand, are also pressing ahead with digital tax plans. A degree of global coordination may appear in the next year under the banner of the Organization for Economic Co-operation and Development (OECD,) which was sounding hopeful in a January report on the issue.

Unsurprisingly, tech industry lobbyists are not keen on the French development.

"We welcome and support the OECD's efforts to achieve a consensus for ambitious, global tax reform next year. So-called digital companies are, contrary to claims, not under-taxed and they should not be arbitrarily targeted," said Christian Borggreen, head of the European branch of the Computer & Communications Industry Association (CCIA,) whose members include the GAFA companies (minus Apple) as well as eBay, Intel, Oath and a host of others.

"We are concerned that the French digital tax proposal would end up harming French startups, investments and increase consumers prices," Borggreen continued. "France should lead efforts to achieve international tax reform—rather than taking unilateral actions that risk undermining global efforts."