

scope of the measure considerably, meaning that it is no longer limited to trading in the commodities originally covered," the commission said in a January 24 release.

"Member States cannot enlarge the scope of measures notified under Article 394," the commission added, noting that the United Kingdom has amended the derogation at least eight times without notifying the commission. It further warned that the United Kingdom's actions trigger "major distortions of competition" that disadvantage other EU financial markets.

Germany Refusing Refunds

The commission is also asking the CJEU to intervene in a dispute over Germany's cross-border VAT refund practice, following up on its July 2018 reasoned opinion.

"Germany refuses in some cases to refund VAT without asking for additional information from the refund applicant where it considers that the information provided on the nature of the goods and services provided is insufficient for coming to a decision on the application," the commission said in another January 24 release. Applicants that satisfy substantive requirements can be denied VAT refunds under this procedure, the commission added.

This action can amount to a violation of the VAT directive and Council Directive 2008/9/EC, which governs VAT refunds for taxable persons established in another member state, according to the commission. ■

FRANCE

French DST Legislation to Be Introduced in February

by Teri Sprackland

Legislation to impose a tax on digital services will be introduced in late February, French Finance Minister Bruno Le Maire has confirmed.

The tax will be imposed at a variable rate depending on turnover, with a maximum rate of 5 percent, Le Maire said in an interview in *Le Journal du Dimanche* January 20. The tax would be assessed retroactively from the first of the year on digital companies with turnover exceeding €750 million globally and €25 million in France, Le Maire said.

Le Maire estimated that the tax would bring in about €500 million annually, based on business estimates of digital services. Further details will be announced when the proposal is presented to the Council of Ministers in February.

The legislation will be implemented as quickly as possible and separately from the business-related legislation now before the Senate, Le Maire said.

The tax justice group Attac has criticized the proposal as being a smokescreen and far too limited.

"The problem is that the GAFA [Google-Amazon-Facebook-Apple] declare their revenues in countries where they can escape taxation, such as Ireland or the Netherlands. For example, the two subsidiaries of Apple in France have declared less than €800 million revenue in France, when estimates are that their real turnover is at least €4 billion," Attac France spokesman Raphaël Pradeau said in a January 20 statement.

France has floated a national digital services tax since December when talks on an EU-wide proposal reached an impasse. Le Maire continues to be optimistic about the passage of an EU directive, which is scheduled to be reconsidered by the EU Council in February.

"It is within reach," Le Maire said, adding that giving up on the proposal would be unacceptable to European citizens just a few months ahead of EU elections in May. ■