

Amazon says French clients to bear cost of France's new digital tax

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Amazon is one of several American internet giants targeted by a new French tax on digital revenues, drawing the ire of US President Donald Trump

Amazon plans to pass on the costs of France's new digital tax on internet giants to the businesses that use its Marketplace platform for finding

customers, instead of taking the hit itself, the US online retailer said Thursday.

The levy, approved last month, put France at the vanguard of countries seeking to force big technology firms to pay more in the markets where they operate—but has garnered threats of retaliation from US officials.

Applied retroactively from January 1, it sets a three percent levy on the profits from providing online sales for third-party retailers, as well as on digital advertising and the sale of private data.

"As we operate in the very competitive and low-margin retailing sector, and invest massively in creating new tools and services for our clients and vendor partners, we cannot withstand an additional tax," the company told AFP in a statement.

"This could put smaller French firms at a competitive disadvantage to their peers in other countries, and like many others, we have alerted the authorities," it said.

French President Emmanuel Macron's government went ahead with the so-called GAFA tax—an acronym for Google, Apple, Facebook and Amazon—after failing to secure an EU accord on how to plug what it considers a fiscal loophole.

American internet heavyweights often route their EU profits to member states with low corporate taxes such as Ireland or Luxembourg, allowing them to pay next to nothing in countries where they make huge profits.

According to the French economy ministry, around 30 large companies would be required to pay the tax, notably those with global revenues of at least 750 million euros (\$831 million) and revenues of at least 25 million euros in France alone.

The French government said it had no choice but to take action, though it is hoping to secure an international agreement that would include all OECD countries by the end of 2020.

The issue will be high on the agenda when France hosts a G7 summit meeting in the Atlantic resort town of Biarritz later this month.

Contacted by AFP, neither Facebook nor Google had any immediate comment on the new tax.

France's economy ministry said that the issue "was above all a question of fiscal justice".

"Amazon has chosen to pass on the costs of this tax to the small and medium-sized enterprises that use its services. There is nothing obliging them to do so," the ministry said.

"This principle isn't enshrined anywhere in the law creating the tax."

One third-party retailer, Rakuten France (formerly PriceMinister), said it had no intention of passing on the costs of the tax to its own customers, at least in 2019.

But for next year, "we'll wait to see what impact it has on the company," said chief executive Fabien Versavau.

US President Donald Trump has slammed the levy and pledged on Twitter to retaliate with "substantial reciprocal action on Macron's foolishness"—include a threat of new taxes on French wines.

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