EU hails 'fast, ambitious' pace towards digital tax

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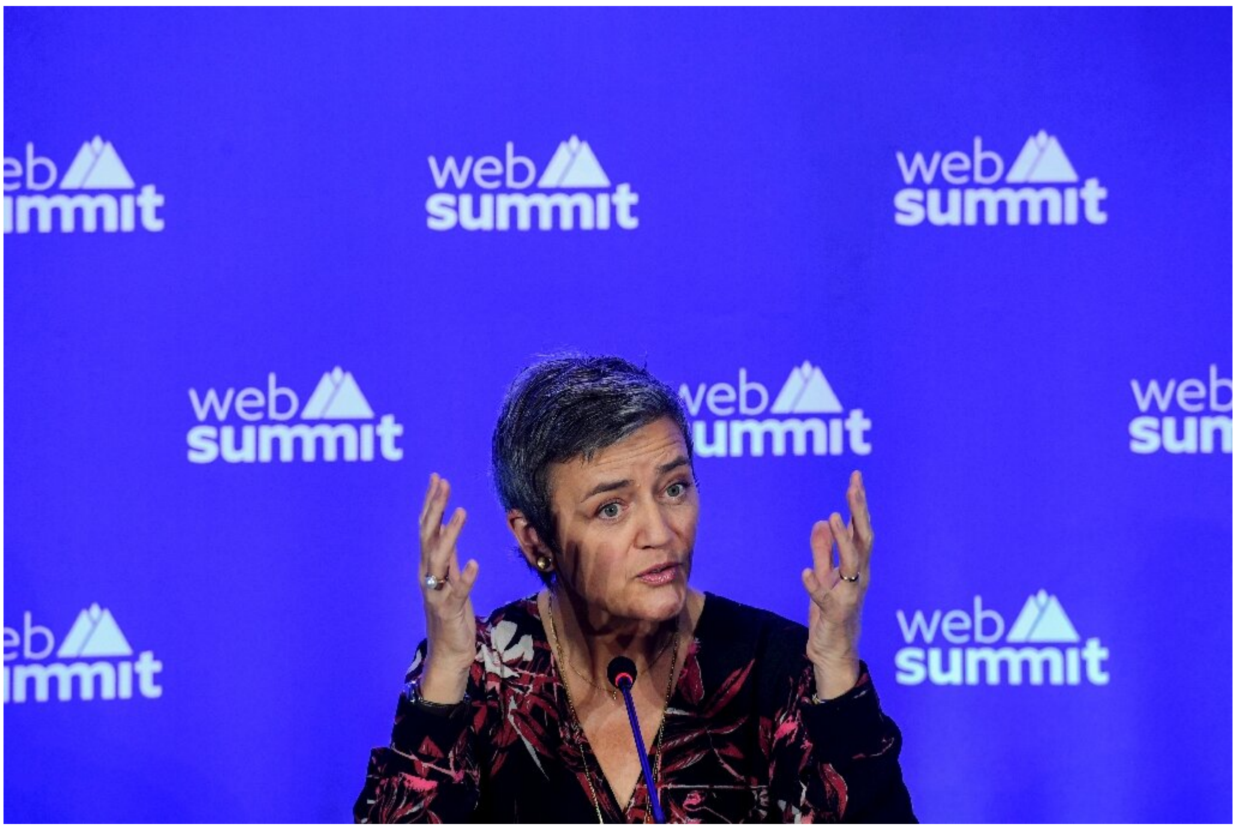

Competition Commissioner Margrethe Vestager says development in digital tax has been 'fast'

An international effort to better tax tech giants such as Google or Facebook has achieved surprising results, a top EU official said on

Thursday.

Competition Commissioner Margrethe Vestager, who takes over as the EU's digital supremo next month, made her comments at the Web Summit in Lisbon, a major European conference for high tech.

Expectations are rife that the G20 group of the world's biggest economies will seal an OECD proposal that aims to find an agreement on taxing global tech giants by June next year.

If achieved, the deal will have survived major resistance, including by Washington and low tax nations such as Ireland or Luxembourg where big tech have set up international headquarters.

"Usually there is no reason to be optimistic about taxes... but when it comes to digital taxation, development has been fast and quite ambitious on the level of the OECD," Vestager told reporters.

The proposal "is met with quite some enthusiasm also outside of Europe," she added.

According to Pascal Saint-Amans, the OECD's top tax negotiator, "designing fundamental changes in such a short time is not easy and should not go wrong.

"But I think it is feasible because there is so much political pressure that countries want a solution... The subject is extremely political, people no longer want to wait," Saint-Amans told AFP in Lisbon

The scramble to find a solution became urgent when public outrage exploded over profit shifting by multinationals, which critics say deprives governments of their fair share of tax revenue.

Tech giants with towering profits are accused of shirking tax in countries from where they shift huge earnings to low-tax nations.

Ireland, backed by Sweden and Denmark, last year torpedoed an EU effort to draw up a European digital tax, saying a broader solution by the OECD was the best way.

The OECD proposal—negotiated by 134 countries—would mean reallocating some profits and taxation rights to countries where digital giants do business, regardless of where the giants are headquartered.

The new rules would mean that such companies would be taxed in places where they conduct significant business even if they do not have a physical presence there—an increasing reality in the digital age.

Many countries have proposed their own tax but France made the most noise by implementing its own, which prompted US President Donald Trump to threaten retaliation with tariffs on French wines.

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