

Franco-German joint declaration on the taxation of digital companies and minimum taxation

We reaffirm our determination to establish a fair and effective taxation of large digital companies that will contribute to the modernization of our tax systems.

We expect the OECD will reach an agreement by 2020 on proposals aimed at tackling the challenges raised by the digitalization of the economy and tax avoidance. We will discuss proposals on taxing the digital economy and minimum taxation also in the G7 and G20. We are committed to immediately implement an OECD outcome into binding European law.

We invite the EU Commission and the Council:

- first to amend and focus its draft directive for a digital services tax on a tax base referring to advertisement, on the basis of a 3 % tax on turnover,
- and second to submit proposals in due course on taxing the digital economy and minimum taxation in line with the work of the OECD.

We urge the Council to adopt the legally binding directive on DST without delay and in any case before March 2019 at the latest. It will enter into force on 1st January 2021, if no international solution has been agreed upon. The directive would not prevent Member States from introducing in their domestic legislation a digital tax on a broader base.

In case such an international solution has been agreed and subsequently translated in EU law before 1st January 2021, the implementation of this directive will be withdrawn [by a majority vote]. It will expire by 2025.