Press Release

Op-Ed: Beware the Digital Tax Trap

ALLISON EDWARDS | JULY 16, 2019

The crown jewel of the Trump Administration's economic policy — the Tax Cuts and Jobs Act's (TCJA) business tax reforms — will be at risk when Treasury Secretary Mnuchin attends this week's G7 Finance Minister summit in France. AAF President Douglas Holtz-Eakin argues in an op-ed published today in *The Hill* that France's new digital tax unfairly targets American companies and that Secretary Mnuchin should oppose the country-by-country minimum tax in no uncertain terms.

An excerpt:

> *France's contribution to recent tax policy is the adoption of a 3 percent tax on the revenue of large tech companies, a move that is offensive in three ways. First, it is a slap in the face to G20-directed work on taxation that concluded it was impossible to "ring-fence" the digital economy and, thus, levy a digital services specific tax. The second sin is that this tax is, effectively, designed to tax only American firms. Finally, the tax base is revenue rather than profit, and thus ignores where that profit is earned (and often that is in the United States).*
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> *President Trump has ordered an investigation into the tax, and among Secretary Mnuchin's objectives will be to get the French to drop it in favor of a broader approach on taxation in the digital age, but one that affects all global companies, not just tech companies and not just American companies.*

Read the full op-ed here.