EU puts brakes on Macron’s Google tax push

Several EU nations handed French President Emmanuel Macron a setback on Friday, as leaders said Europe should not go it alone on a new tax on US tech giants. France has a led a major push to increase taxes in the European Union on mega tech firms such as Google and Facebook, which are accused of booking huge profits while denying state-coffers much-needed money.

But smaller EU member states that serve as low-tax headquarters for the giants insisted that the EU should only approach the issue on a far broader international level. Ireland and Luxembourg and others fear that by claiming more tax from the likes of Apple and Facebook, without a wider agreement at the OECD level, the highly strategic companies will set up shop elsewhere.

France needs the backing of all EU members to achieve its tax goal which requires unanimity of all 28 states. "We were succesful in including into the conclusions the concept that any change in taxation of digital companies be done on a global basis," said Irish Prime Minister Leo Varadkar as he arrived for a second day of talks. "We should have a global level playing field using the OECD and we shouldn't bring in a tax proposal in the European Union that just (pertains) to ourselves in dealing with third countries," he said.

Championed by Macron, France's new tax on digital multinationals would target revenue generated in an EU country, instead of on profits that are booked in a low-tax EU headquarters. The hope is to have a formal proposal by EU ministers in December, that would become a draft law by the commission, the EU's executive arm, in 2018. But members of the 35-country OECD, the policy club of industrialised nations, are currently negotiating their own approach to taxing digital companies with hopes for a formal proposal sometime next year.