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## The United States Proposes 100% Duties on French Imports in Response to France's Digital Tax

### BACKGROUND

On Monday December 2, 2019, the Office of the United States Trade Representative ("USTR") posted a notice announcing that it was proposing tariffs of up to 100 percent on 63 types of goods imported from France worth approximately \$2.4 billion. The list of French goods that could be subject to duties affects a variety of products, including cheese, champagne, cosmetics, china and porcelain articles, and handbags.

The proposed tariffs were announced after USTR conducted an investigation under Section 301 of the Trade Act of 1974. That investigation found that the French Digital Service Tax ("DST") discriminates against U.S. companies, and is unreasonable insofar as it diverges in several respects from norms reflected in the U.S. tax system and the international tax system.

The French DST, which became law on July 24, 2019, charges a 3 percent tax on revenues generated by companies that provide certain digital services in France, including data collection and web advertising. The measure was passed in France as a result of concerns that multinational corporations were avoiding paying taxes, and similar measures are currently under consideration in Spain, Italy, and the United Kingdom.

### PROCEDURES FOR PUBLIC COMMENTS

USTR will accept comments and will host a public hearing on the proposed duties. Specifically, USTR invites comments from the public on: the specific products that may be subject to the additional duties; the level of increase in duties; the level of the burden or restriction on the U.S. economy resulting from the DST; the appropriate aggregate level of trade to be covered by the additional duties; and whether imposing increased duties would be effective in obtaining elimination of France's DST.



Notably, the announcement also states that, in light of the fact that the DST affects U.S. service providers, USTR is “considering whether to impose fees or restrictions on services of France.” Comments are sought on which services would be covered, the basis of any fee, the form of any restriction, and whether fees or restrictions would be effective in obtaining the elimination of the DST.

Interested members of the public can submit comments to USTR and can participate in the public hearing pursuant to the following schedule:

- December 30, 2019:** Due date for submission of a request to appear at the public hearing. Requests to appear at the hearing must be accompanied by a summary of testimony.
- January 6, 2020:** Due date for written comments.
- January 7, 2020:** The public hearing on the proposed duties will be held at 9:30 am in the main hearing room of the U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436
- January 14, 2020:** Due date for submission of post-hearing rebuttal comments.

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