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Global Tax Alert

Report on recent US international tax developments – 29 August 2019

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At the conclusion of a three-day G-7 Summit meeting in Biarritz, France, French President Emmanuel Macron commented on the future of France's Digital Services Tax (DST), which entered into force on 25 July 2019. Speaking at the post-Summit press conference with United States (US) President Trump on 26 August, President Macron said that the French DST would be eliminated, and any DST amounts that are paid by multinational companies would be reimbursed in some way, if a new international tax system with respect to digital services is put in place through the OECD[1] process.

The French DST was enacted with retroactive effect to 1 January 2019 and taxpayers are currently preparing to submit an advance payment in November 2019. The US has charged that the proposed 3% tax targeted certain US multinationals and launched a probe under Section 301 of the *Trade Act of 1974*. President Trump had threatened retaliatory action on certain French imports, including wine. US officials have not commented on the French statements that the DST will be eliminated and some form of reimbursement provided when new international tax rules covering digital services are in place.

The Internal Revenue Service (IRS) this week released a list of jurisdictions with reporting requirements for interest and original issue discount paid to certain nonresident aliens. In Revenue Procedure 2019-23, the IRS lists those foreign jurisdictions for which the reporting requirements of Reg. Section 1.6049-4(b)(5) and 1.6049-8(a) apply. The revenue procedure also lists jurisdictions with which Treasury and the IRS have determined it is appropriate to automatically exchange information collected under these two regulation sections. The new lists update versions provided in Revenue Procedure 2018-36.

Endnote

1. Organisation for Economic Co-operation and Development.

For additional information with respect to this Alert, please contact the following:

Ernst & Young LLP, International Tax Services, Washington, DC

- Arlene Fitzpatrick arlene.fitzpatrick@ey.com
- Joshua Ruland joshua.ruland@ey.com

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