

CCIA Explainer

France's Proposed Digital Services Tax Increase

On October 28, the French National Assembly (lower house) [passed](#) a proposal to increase its digital services tax (DST) from 3 to 6% while raising the threshold to scope in companies from €750 million to €2 billion.¹ Such a change, if signed into law, would significantly raise the burden on U.S. firms in France, which are already disproportionately affected by the DST at its current rate,² while further excluding the few smaller European and Chinese rivals subject to the existing tax. Currently, the tax extracts US\$866 million annually (2024) from digital service suppliers, predominantly U.S. firms. A doubling of the rate could thus result in a toll of over US\$1.7 billion, further concentrated on U.S. firms and thus exacerbating the tax's discriminatory nature and negative effect on the U.S. tax base. This revenue grab could pass as a part of must-pass budget legislation within the coming weeks. U.S. policy leaders must take this threat seriously and engage French counterparts to prevent the continuance and expansion of discriminatory tax policies.

Since France, the United Kingdom, Spain, and Italy implemented their DSTs beginning in 2019, these measures have collectively yielded approximately US\$9.1 billion, the vast majority drawn from U.S.-based firms.³ Enacting the proposed French measure would also risk encouraging other governments, including in the United Kingdom,⁴ Türkiye,⁵ and Poland,⁶ to advance or expand similar DST initiatives, thereby compounding the resulting harm to the U.S. economy.

The U.S. should monitor developments in France and revive existing Section 301 investigations into DSTs.

Background

France introduced its DST in 2019, establishing a 3% levy on gross revenues earned by companies providing digital interface or targeted advertising services. The tax applies to firms with annual global revenues of at least €750 million and domestic revenues from covered services exceeding €25 million. Under the revenue threshold criteria, the DST impacts approximately 27 firms, of which 17 are U.S.-based, and between 2020 and 2024, the DST collected US\$3.1 billion,⁷ making it one of the largest such taxes in effect.

The U.S. government has determined that France's DST is intended to, and by its structure and operation does, discriminate against U.S. digital companies, as evidenced by the statements of

¹ Amendment No. I-655 [Assemblée nationale (France)]. (2025).

<https://www.assemblee-nationale.fr/dyn/17/amendements/1906A/AN/655>.

² Office of the U.S. Trade Representative. (2019). *Section 301 Investigation Report on France's Digital Services Tax*.

https://ustr.gov/sites/default/files/Report_On_France%27s_Digital_Services_Tax.pdf.

³ CCIA. (2025). *Status of Key Digital Services Taxes in July 2025*.

<https://ccianet.org/library/status-of-key-digital-services-taxes-in-july-2025/>.

⁴ CCIA. (2024). *Impact of the Liberal Democrats Proposed Increase to the UK Digital Service Tax*.

<https://ccianet.org/research/reports/impact-liberal-democrats-proposed-increase-uk-digital-service-tax/>.

⁵ Turkish Minute. (2025, October 28). *Erdoğan's far-right ally seeks higher taxes on foreign digital platforms*.

<https://www.turkishminute.com/2025/10/27/erdogans-far-right-ally-seeks-higher-taxes-on-foreign-digital-platforms/amp/>.

⁶ CCIA. (2025). *Poland's Proposed Digital Services Tax*.

<https://ccianet.org/wp-content/uploads/2025/09/Polands-Proposed-Digital-Services-Tax.pdf>.

⁷ CCIA. (2025). *Status of Key Digital Services Taxes in July 2025*.

<https://ccianet.org/library/status-of-key-digital-services-taxes-in-july-2025/>.

French officials, the tax's focus on digital interface and targeted advertising services (sectors in which U.S. firms are markedly more competitive than their French counterparts), and the use of revenue thresholds that disproportionately capture U.S. companies while largely excluding European and Chinese competitors.⁸

In October 2025, citing significant budgetary shortfalls, members of the National Assembly, including legislators from President Macron's party, introduced an amendment proposing to double the DST rate from 3% to 6% and raise the global revenue threshold from €750 million to €2 billion.⁹ This effect would heighten the DST's already discriminatory impact, raising the costs of the levy while scoping out even more French firms. This discriminatory intent is clear in the text of the amendment, which cites the need to raise the rate in "response to the tariffs imposed by the U.S.," and as an act of "digital sovereignty."

The status of the amendment to increase France's DST rate remains uncertain. The measure was approved by the National Assembly on October 28 but still requires approval by the Senate before both chambers finalize the 2026 Finance Bill by December 31. The government has signaled opposition to the proposal, with Economy Minister Roland Lescure describing the tax as "disproportionate" and warning that it could provoke retaliatory action.¹⁰

Proposed U.S. Action

France's move does not come in a vacuum. DSTs are designed to target American firms, harming U.S. companies and impacting the U.S. tax base.¹¹ The costs to the U.S. economy, seen most clearly in lost tax revenues and capital for investment, will explode as the number of DSTs increases.

CCIA urges the United States to stand up against beggar-thy-neighbor unilateral tax measures and revive outstanding Section 301 investigations into DSTs in France, Italy, Türkiye, Austria, Spain, and the UK.¹² The future of the U.S. tax base and the competitiveness of U.S. businesses and workers relies on a fair outcome, and France's current proposals to unilaterally exacerbate discriminatory taxation undermine any chance for multilateral and bilateral solutions.

⁸ Office of the U.S. Trade Representative. (2019). *Section 301 Investigation Report on France's Digital Services Tax*. https://ustr.gov/sites/default/files/Report_On_France%27s_Digital_Services_Tax.pdf.

⁹ *Amendment No. I-655* [Assemblée nationale (France)]. (2025). <https://www.assemblee-nationale.fr/dyn/17/amendements/1906A/AN/655>.

¹⁰ Pollet, M. & Herrero, O. (2025, October 29). *French lawmakers progress tax on American Big Tech amid huge pushback*. <https://www.politico.eu/article/french-lawmakers-progress-tax-on-american-big-tech-amid-huge-pushback/>.

¹¹ Delsol, G. (2025, January 24). *The Global Landscape of Digital Services Taxes*. <https://ccianet.org/articles/global-landscape-of-digital-services-taxes/>.

¹² Office of the U.S. Trade Representative. (n.d.). *Section 301 – Digital Services Taxes*. <https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-digital-services-taxes>.