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Belgium's Proposed Digital Services Tax

Belgian officials are advancing work toward a Digital Services Tax (DST), following the government's 2025 coalition pledge to introduce a 3-5% DST by 2027. While the exact proposal remains under development, the measure is expected to target revenues from online advertising, digital intermediation, and user data, sectors with significant U.S. firm participation. Comparable DSTs in peer European markets have generated billions annually, and the Belgian DST would likely extract up to US\$97.9 million in its first year alone at a 3% rate, or up to US\$163.1 million at a 5% rate.

The United States has consistently opposed DSTs as discriminatory, unreasonable, and burdensome, including through prior Section 301 investigations.¹ Belgium's proposal raises similar concerns, including *de facto* discrimination against U.S. firms, double taxation risks, and fragmentation of the EU's Digital Single Market. Given that these harms stem from the inherent design of DSTs, modifications to rates, scope, or thresholds alone would be insufficient to address these concerns, and CCIA urges Belgium not to advance this harmful proposal.

Background

Belgium has repeatedly revisited the introduction of a Digital Services Tax (DST). After EU-level negotiations on the 2018 "Fair Taxation of the Digital Economy" initiative failed to reach unanimity,² Belgium advanced draft legislation through 2019-2020 to impose a DST, though these efforts paused to allow for progress at the OECD and EU levels.³ Momentum returned in January 2025, when the newly formed federal coalition government committed to introducing a DST by 2027, absent a multilateral agreement on digital taxation.⁴

As of early 2026, Belgium has shifted from conditional planning to active development of a DST, with the Digital Affairs and Finance Ministries jointly advancing a formal proposal.⁵ The incentives for the DST appear varied, as officials have cited drivers including budgetary pressures, political focus on taxing large digital multinationals, and efforts to address perceived imbalances between foreign platforms and domestic firms.⁶ While framed in terms of "fiscal fairness" and "digital sovereignty," the measure targets sectors where foreign, particularly U.S.-headquartered, firms are most active. Although officials continue to express a

¹ Office of the U.S. Trade Representative. (n.d.). *Section 301 – Digital Services Taxes*.

<https://ustr.gov/trade-topics/enforcement/section-301-investigations/section-301-digital-services-taxes>.

² European Parliament. (2018). *Fair taxation of the digital economy*.

[https://www.europarl.europa.eu/RegData/etudes/ATAG/2018/630327/EPRS_ATA\(2018\)630327_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2018/630327/EPRS_ATA(2018)630327_EN.pdf).

³ *Proposition de loi relative à la création d'une taxe provisoire (TSN) portant sur les produits générés par certaines activités des géants du numérique* [Belgium] PDL K0096. (2019).

<https://www.dekamer.be/kvvcr/showpage.cfm?section=%7Cflwb&language=fr&cfm=flwb.cfm?lang=N&dossierID=0096&legislat=55>.

⁴ Government of Belgium. (2025). *Accord de Coalition Fédérale*.

https://www.belgium.be/sites/default/files/resources/publication/files/Accord_gouvernemental-Bart_De_Wever_fr.pdf#page=46.

⁵ *Échange de vues sur la note de politique générale finances* [Belgium] Doc. 56 1280.02. (2026).

<https://www.lachambre.be/FLWB/pdf/56/1280/56K1280012.pdf#page=88>. Belgian House of Representatives. (2026, February 25). *Economy (Magritte) Budget 2026* [Video]. <https://media.dekamer.be/meeting/56-019385-U1447>.

⁶ *Ibid.*

preference for a multilateral solution, they have made clear that Belgium will proceed unilaterally by 2027 at the latest if no agreement is reached.

While the specifics of Belgium’s DST remain under development, current indications suggest it would broadly mirror previous Belgian proposals and existing DST models adopted in other European jurisdictions. Based on early government statements and prior proposals, the measure would likely take the form of a 3% levy on gross revenues derived from a defined set of digital services, applying to companies with global revenues exceeding €750 million and Belgian digital revenues exceeding €5 million. As with comparable regimes, the tax would be designed to apply only to very large firms, effectively excluding SMEs from its scope. Based on past proposals, the DST would likely scope in three revenue streams: online advertising, digital intermediation services, and the monetization of user data. These segments are among the largest and fastest-growing components of the digital economy and are characterized by significant participation from foreign, particularly U.S.-headquartered, firms. Comparable DSTs in peer European markets have generated billions of euros annually, and Belgium’s proposal, if enacted as proposed, would likely collect up to US\$97.9 million at a 3% rate or US\$163.1 million at a 5% rate in its first year.

Sector	Estimated Market Size in USD (millions)	Expected Tax Revenue in USD (millions), at 3% - 5%
Online advertising + Monetization of User Data ⁷	\$1,811.59 M USD (2026)	\$54.3 M - 90.6 M USD (2026)
Digital intermediation services ⁸	\$1,451 M USD (2026)	\$43.5 M - 72.6 M USD (2026)
Total	\$3,262.59 M USD (2026)	\$97.9 M - 163.1 M USD (2026)

Concerns with Belgium’s DST Proposal

Discrimination by Business Model: Belgium’s proposed DST would target revenues from specific digital business models, likely online advertising, digital intermediation, and user data monetization, while excluding functionally similar services delivered through non-digital channels. For example, targeted digital advertising would be taxed, while traditional media advertising, where domestic incumbents such as DPG Media and Mediahuis are active, would not, particularly following the repeal of Belgium’s billboard advertising tax as of January 1, 2026.⁹ Likewise, online platforms facilitating transactions would be in scope, while comparable domestic offline retail or intermediation competitors would likely remain out of scope for this

⁷ Statista. (n.d.) Advertising spending in Belgium from 2019 to 2029, by platform.

<https://www.statista.com/forecasts/1404241/ad-spend-platform-belgium/>

⁸ Methodology: \$24.19 B in Belgian ecommerce in 2026, see Mordor Intelligence. (n.d.) BELGIUM E-COMMERCE MARKET SIZE & SHARE ANALYSIS - GROWTH TRENDS AND FORECAST (2026 - 2031)

<https://www.mordorintelligence.com/industry-reports/belgium-ecommerce-market> * approximately 60% online marketplaces share of spend * approximately ⅓ of marketplace sales are third-party sales * approximately 15% commissions in-scope of DST.

⁹ VAT Update. (2026, January 25). *Belgium Abolishes Annual Advertising Tax Effective January 2026 Under Cost Reduction Act.*

<https://www.vatupdate.com/2026/01/25/belgium-abolishes-annual-advertising-tax-effective-january-2026-under-cost-reduction-act/>.

DST. By drawing distinctions based on delivery method rather than economic function, the measure raises concerns of *de jure* discrimination by service category.

Discrimination Against Foreign Services: Although Belgian officials have suggested the DST would preserve a “level playing field,” parliamentary exchanges and ministerial statements indicate it would, in practice, fall predominantly on foreign, particularly U.S.-headquartered, firms, given the revenue thresholds. The measure is framed around concerns that large digital multinationals generate significant revenues in Belgium while paying limited local taxes, alongside repeated calls for “digital giants” to “pay their fair share.” By targeting revenue streams such as online advertising, digital intermediation, and user data, sectors where foreign firms are most active, and applying high global revenue thresholds that exclude most Belgian companies, the design would likely impose a disproportionate burden on foreign service suppliers despite formal neutrality. Similar DST structures have been found, including in prior U.S. Section 301 investigations, to result in *de facto* discrimination where they target sectors dominated by U.S. firms, raising concerns of inconsistency with national treatment and most-favored-nation obligations under the General Agreement on Trade in Services (GATS).

Risks of Double Taxation: Belgium’s proposed DST would layer a turnover-based tax on gross revenues on top of existing corporate income taxes and, in many cases, VAT on the same underlying activity, resulting in cumulative taxation. Because DSTs are generally not creditable under income tax systems or bilateral tax treaties, affected firms, including many U.S.-headquartered companies, would likely face unrelieved multiple taxation in cross-border operations. This stacking effect would raise effective tax rates, compress margins, and increase uncertainty, while compounding the risk of overlapping and cascading taxes across jurisdictions and disproportionately burdening globally active digital service providers.

Fragmentation of the Digital Single Market and Downstream Harms for Domestic Players: A unilateral DST in Belgium would add to the growing patchwork of country-specific tax regimes across the EU, further fragmenting the Digital Single Market. Divergent national approaches increase compliance costs, complexity, and legal uncertainty for cross-border operators, disproportionately affecting globally active digital service providers. This fragmentation undermines efforts to build a harmonized and competitive EU digital economy, risks distorting investment decisions, and may ultimately disadvantage both foreign providers and European firms seeking to scale across multiple markets.

Departure from International Tax Norms: Belgium’s proposed DST would depart from established international tax principles by taxing gross revenues rather than net income, diverging from the norm of profit-based corporate taxation. This approach risks imposing disproportionate burdens, particularly on cross-border service providers, while contributing to fragmentation in the international tax framework. Moving forward with a unilateral DST would also cut against efforts to maintain a coordinated approach to taxing the digitalized economy, with the potential to disrupt ongoing multilateral engagement at the OECD.