

Report on recent US international tax developments - 10 January 2020

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The Office of the United States (US) Trade Representative held a public hearing on 7 January regarding tariffs proposed under Section 301 of the *Trade Act of 1974*, of up to 100% on US\$2.4 billion in French goods, in response to France's 3% Digital Services Tax (DST). The tariffs were proposed in conjunction with a report concluding that the French DST is unreasonable, discriminatory, and burdens US commerce. The hearing came as French Finance Minister Bruno Le Maire reiterated this week that the proposed US tariffs would be met with retaliation.

The press this week also quoted the French Finance Minister as saying France and the US would work on trying to reach agreement until they meet on the sidelines of the World Economic Forum in Davos, Switzerland, toward the end of January. Further, the Finance Minister said he recently spoke to US Treasury Secretary Steven Mnuchin regarding the DST and that tensions between the two nations are seen as complicating prospects for a multilateral digital taxation deal.

Two *Tax Cuts and Jobs Act* international tax-related final regulations are pending review at the Office of Management and Budget's (OMB) Office of Information and Regulatory Affairs. Final regulations regarding the business interest limitation under Internal Revenue Code¹ Section 163(j) and final regulations relating to hybrid dividends and payments under Sections 245A(e) and 267A were both sent to OMB for review in mid-December.

Endnote

1. All “Section” references are to the Internal Revenue Code of 1986, and the regulations promulgated thereunder.

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