

Italy plans first tax on web giants

Italy

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Italy is stealing a march on the rest of Europe with plans for a 6 per cent tax on online sales by multinational giants such as Amazon and Apple.

Italian buyers of "intangible digital products", such as advertising on Google or Facebook, may also have to withhold 6 per cent of the value of their purchase and pay it to the treasury.

The first unilateral plans in the European Union to tax tech companies where they do business are included in a budget law due for approval in the senate this week. They could generate up to €1 billion per year according to Massimo Mucchetti, a senator and the main proponent of the plan.

"In the early years we can estimate a revenue of €100 million to €200 million but later it could reach €1 billion," he said.

Mr Mucchetti, a member of the governing Democratic Party and president of the senate's industry committee, said that companies already paying their fair share would not be affected as they could offset the tax against their other fiscal commitments in Italy.

The new taxes will apply to non-resident companies with a significant presence in the digital sector, defined as more than 1,500 transactions in six months and revenues of €1.5 million.

Debate on the legislation is expected to start tomorrow.

Italy's digital advertising market is worth about €2.5 billion per year. Google takes €1.8 billion and Facebook €200 million, leaving €500 million to be shared by domestic media outlets.

Italy is one of nine European countries pressing for a co-ordinated EU approach to tech giants such as Google, Amazon and Apple, which sell around the world and pay tax in the favourable regimes of small countries including Ireland, Luxembourg and Malta.

Margrethe Vestager, the European competition commissioner, said last week that the EU would move ahead in spring with its own web tax proposals if the Organisation for Economic Co-operation and Development (OECD) failed to come up with a solution.

Paolo Cellini, professor of digital economy at Luiss University in Rome, said that taking on the US titans would be popular in parliament. "They don't pay taxes. They don't create employment. They take money abroad," he said.

Italy has experience with reluctant contributors; celebrities from Sophia Loren to Luciano Pavarotti and Silvio Berlusconi have had run-ins. The taxman has extracted more than €300 million each from Google and Apple in recent months and Amazon is said to be under investigation for failing to pay €130 million between 2011 and 2015.

L'Italia pianifica una prima tassa sui giganti del web

