



# TaxNewsFlash

United States

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## U.S. Treasury statement regarding extended agreement on digital services taxes imposed by Austria, France, Italy, Spain, United Kingdom

The U.S. Treasury Department today announced that in light of the revised timeline for adoption and signature of the Pillar One multilateral convention (MLC), Austria, France, Italy, Spain, and the United Kingdom have decided to extend from December 23, 2023, until June 30, 2024, the political agreement set forth in the joint statement issued on October 21, 2021, regarding their agreement that (as part of Pillar One) they will withdraw all unilateral measures concerning the imposition of digital services taxes (DSTs) once Pillar One takes effect.

As explained in the [Treasury release](#), the updated joint statement fully incorporates the provisions of the October 21, 2021 joint statement, other than replacing the example of the application of the agreement in the Annex with an updated example showing the application of the agreement as extended to June 30, 2024, in accordance with the updated joint statement.

### Summary of political agreement in October 21, 2021 joint statement

The October 21, 2021 joint statement explained that to the extent taxes that accrue to Austria, France, Italy, Spain, and the United Kingdom with respect to existing unilateral measures during a defined period after political agreement is reached, and before Pillar One takes effect, exceed an amount equivalent to the tax due under Pillar One in the first full year of Pillar One implementation (as prorated), such excess amount of tax collected will be creditable against the portion of the corporate income tax liability.

As part of this compromise, the United States agreed to terminate certain proposed trade actions and commits to not impose further trade actions against Austria, France, Italy, Spain, and the United Kingdom with respect to their existing digital services taxes until the end of an interim period.

### KPMG observation

The extension of these rules does not cover similar agreements with India or Turkey, both announced in November 2021.

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