



TaxNewsFlash

United States

No. 2024-096
March 12, 2024

United States and Turkey announce updated digital services tax agreement

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), the United States and Turkey have decided to apply to their November 22, 2021 joint statement regarding their political agreement on transitioning from the existing Turkish digital services tax (DST) to Pillar One—which incorporated by reference the terms under the October 21, 2021 joint statement between the United States and Austria, France, Italy, Spain, and the United Kingdom regarding their political agreement to withdraw all unilateral measures concerning the imposition of DSTs once Pillar One takes effect—the same terms as those under that October 21, 2021 joint statement updated as of February 15, 2024 to extend the agreement from December 23, 2023, until June 30, 2024. Read [TaxNewsFlash](#)

As explained in the [Treasury release](#), the updated November 22, 2021 joint statement fully incorporates the provisions of the October 21, 2021 joint statement and the changes to the terms of the October 21, 2021 joint statement under the February 15, 2024 update.

Summary of political agreement

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. Pursuant to the incorporation of the provisions of that October 21, 2021 agreement into the November 22, 2021 agreement between the United States and Turkey, such terms apply equally to the agreement between the United States and Turkey.

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