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(Original Signature of Member)

118TH CONGRESS  
1ST SESSION

# H. RES. \_\_\_\_\_

Expressing strong opposition to the imposition of digital services taxes by other countries that discriminate against United States companies.

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IN THE HOUSE OF REPRESENTATIVES

Mr. ESTES submitted the following resolution; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**RESOLUTION**

Expressing strong opposition to the imposition of digital services taxes by other countries that discriminate against United States companies.

Whereas a digital services tax (DST) is a tax levied by a government on a company that provides a digital service to a person or company of that country;

Whereas companies that provide digital services need not be physically located in the countries where the people that use the company's services reside;

Whereas under international income tax and trade agreements, a country's taxing rights over multinational companies' profits are based on a physical presence in such

country, rather than the mere sale or use of goods or services in such country;

Whereas certain countries have developed DSTs that deviate from this international income tax system that are discriminatory to United States-based companies, and that threatens the success of United States companies and workers and their competitiveness in international markets;

Whereas many countries, including France, the United Kingdom, Spain, Italy, Portugal, India, and others have already implemented DSTs or similar taxes;

Whereas, on July 10, 2019, the United States Trade Representative initiated a section 301 investigation for France regarding their application of DSTs on American companies;

Whereas, on June 2, 2020, the United States Trade Representative (USTR) initiated section 301 investigations for Austria, India, Italy, Spain, Turkey, and the United Kingdom, regarding their application of DSTs on American companies;

Whereas these investigations resulted in the findings that these DSTs are “unreasonable or discriminatory and burdens or restricts U.S. commerce”;

Whereas, pursuant to that investigation, the USTR instituted additional duties on selected products from these countries;

Whereas the Organisation for Economic Co-operation and Development (OECD) has hosted multilateral negotiations with 142 countries to propose a framework for permanently removing and replacing DSTs and other harm-

ful measures on a multilateral basis, and that the United States Treasury is participating in those negotiations;

Whereas, on October 8, 2021, as a result of the OECD Pillar One negotiations, “all parties agreed to remove existing DSTs and other relevant similar measures, and to coordinate the withdrawal of these taxes, and on October 21, 2021, the United States, France, Italy, Spain, and the United Kingdom on a transitional approach to those countries’ DSTs prior to entry into force of Pillar 1”;

Whereas pursuant to this framework, the USTR closed its section 301 investigations and removed additional duties imposed on these countries;

Whereas DSTs continue to be collected from United States companies in certain jurisdictions;

Whereas unfortunately, other United States trading partners, such as Colombia and Canada, have instituted or threatened DSTs outside of the OECD framework, and potentially in violation of existing trade commitments;

Whereas some countries’ efforts have moved beyond DSTs to “significant economic presence” policies intended to target, among other things, income from digital transactions and of nonresident digital economy businesses;

Whereas these policies, including DSTs, will discriminate against United States companies and lead to unfair double taxation outside the bounds of current international tax standards; and

Whereas the United States Government currently has many options to oppose DSTs, including intensive bilateral engagement, withdrawal of trade preference programs, World Trade Organization dispute settlement, or imposing duties, fees, import restrictions, or taxes on the goods

or services of countries that unfairly target United States companies: Now, therefore, be it

1       *Resolved*, That the House of Representatives—

2           (1) is committed to free and fair trade between  
3       the United States and other countries;

4           (2) agrees with the findings of the reports  
5       issued by the United States Trade Representative  
6       that conclude that digital services taxes discriminate  
7       against United States companies and are in violation  
8       of existing international income tax and trade agree-  
9       ments;

10          (3) supports the Office of the United States  
11       Trade Representative resuming and expanding its  
12       investigations into digital services taxes that were  
13       suspended as a result of the October 2021  
14       Organisation for Economic Co-operation and Devel-  
15       opment framework agreement;

16          (4) calls on all other countries to cease and de-  
17       sist from implementing any digital services tax, and  
18       to immediately stop unfairly targeting United States  
19       companies;

20          (5) calls on the relevant United States Govern-  
21       ment agencies to use all available methods and re-  
22       sources to protect United States companies from the  
23       discriminatory effects of digital services taxes; and

1           (6) supports Congress looking at additional  
2       tools to address tax discrimination among United  
3       States trading partners, including tax counter-  
4       measures.