

Congress of the United States
Washington, DC 20515

April 3, 2019

President Donald J. Trump
The White House
1600 Pennsylvania Ave. NW
Washington, DC 20500

Dear Mr. President,

We are writing to express our serious concern regarding France's proposed digital services tax that targets US companies, US exports, and the US tax base. We urge you and your Administration to use all appropriate tools to address this issue.

On March 6, the French Government proposed a digital services tax that is designed and explicitly intended to target US companies. It sets a narrow definition of the types of services subject to tax, as well as specific revenue thresholds, that together ensure that US companies are the main taxpayers. Indeed, France's Finance Minister has been explicit about his intent to target US companies with this tax. Finally, to make matters worse, France proposes to make this tax retroactive to January 1 and to apply it to revenues, not profits. Other trading partners in Europe and elsewhere are considering similar discriminatory taxes, compounding the problem.

You have outlined a vision of negotiating zero tariffs, zero non-tariff barriers and zero subsidies in transatlantic trade, and we strongly agree with this objective. Yet as leading trade experts have noted, such a digital tax is discriminatory and operates like a "de facto" tariff on US exports and represents a move in exactly the wrong direction.

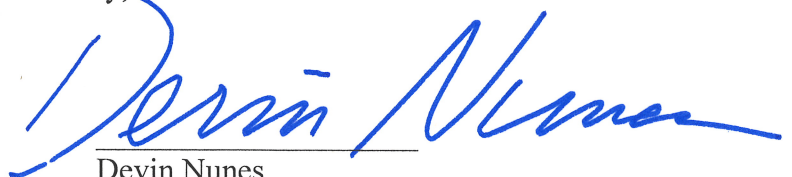
In addition to being an unfair trade barrier, France's digital services tax threatens the US tax base. The French Government asserts that US companies should be paying more tax in France and less tax in the US. The appropriate allocation of taxing rights is an issue that France should not dictate to the US through unfair trade actions. Instead, governments need to agree on common principles, work that Secretary Mnuchin has been ably leading at the OECD. France is looking to claim EUR500 million per year, the UK has passed similar legislation due to take effect next year, and other countries have said they will follow suit. We cannot sit by while these countries fund their government spending by seizing revenue that does not belong to them.

France, the UK, and other countries should immediately cease any unilateral actions that target US companies and instead focus their energy and efforts on the multilateral solutions that are being developed at the OECD. We urge your Administration to engage forcefully on these issues, including addressing them as a trade barrier.

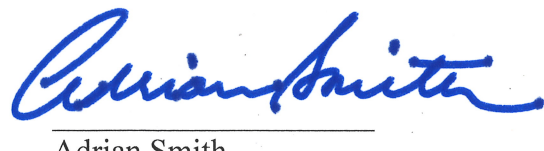
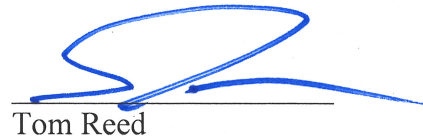
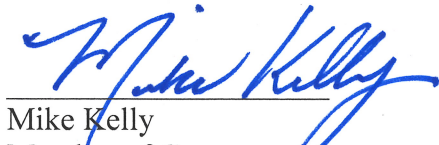

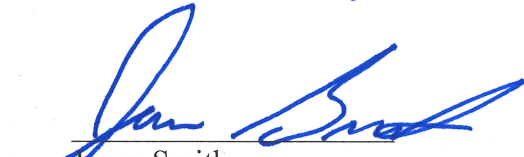

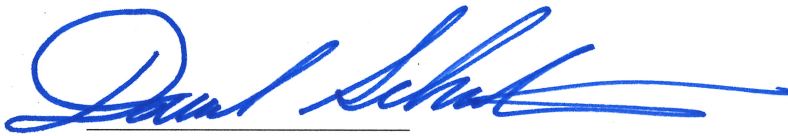
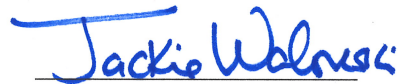


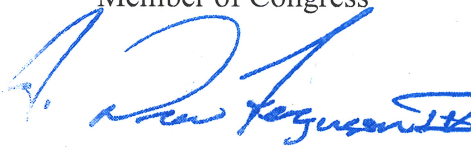



Darin LaHood
Member of Congress

Sincerely,



Devin Nunes
Member of Congress


Vern Buchanan
Member of Congress
Adrian Smith
Member of Congress
Kenny Marchant
Member of Congress
Tom Reed
Member of Congress
Mike Kelly
Member of Congress
George Holding
Member of Congress
Jason Smith
Member of Congress
Tom Rice
Member of Congress
David Schweikert
Member of Congress
Jackie Walorski
Member of Congress
Brad Wenstrup
Member of Congress
Jodey Arrington
Member of Congress
A. Drew Ferguson, IV DMD
Member of Congress
Ron Estes
Member of Congress

CC:
The Honorable Steven Mnuchin, Secretary of the Treasury
Ambassador Lighthizer, United States Trade Representative