June 19, 2019

The Honorable Steven Mnuchin  
Secretary of the Treasury  
United States Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, DC 20220

The Honorable Robert E. Lighthizer  
United States Trade Representative  
Office of the United States Trade Representative  
600 17th Street NW  
Washington, DC 20508

Dear Secretary Mnuchin and Ambassador Lighthizer,

We write to raise time-sensitive concerns regarding France’s proposal to impose discriminatory taxes on digital services and urge the Administration to take prompt and targeted action in response to France’s proposal. This proposal is the latest example of a restrictive and discriminatory digital policy abroad that could undermine U.S. leadership in the global technology market if it is not addressed promptly.

The French tax on digital services will disproportionately affect U.S. technology exporters by setting a threshold that effectively carves out all French competitors. The proposal also leads to double taxation, which is prohibited under the Double Taxation Treaty between the United States and France. Additionally, the French proposal will likely encourage other countries, including Spain, Austria, Italy, Czechia, Poland, New Zealand, and others to establish their own unilateral digital services taxes. We note that Italy has already passed a discriminatory digital tax but has postponed its implementation, pending international discussions. If these countries follow through with their plans, it will create significant legal uncertainty and undermine the collaborative consensus-based process underway at the Organization for Economic Cooperation and Development (OECD).

We encourage you to send a strong message to France that the United States agrees global tax rules must be updated for the digital age, but discriminatory taxes against U.S. firms are not an appropriate solution. Moving forward with this proposal would be a significant barrier to trade and should be treated as a potential violation of France’s existing trade and other international commitments. The United States must make it clear that such a violation would result in targeted retaliatory action, for France and other countries that discriminate against US interests.

Thank you for your prompt attention to this matter.
Sincerely,

[Signature]
Suzan DelBene
Member of Congress
Digital Trade Caucus Co-Chair

[Signature]
Darin LaHood
Member of Congress
Digital Trade Caucus Co-Chair

Cc: Director Kudlow