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**United States Senate**  
COMMITTEE ON FINANCE  
WASHINGTON, DC 20510-6200

KOLAN DAVIS, STAFF DIRECTOR AND CHIEF COUNSEL  
JOSHUA SHEINKMAN, DEMOCRATIC STAFF DIRECTOR

January 29, 2019

The Honorable Steven T. Mnuchin  
Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Secretary Mnuchin:

We write to express our serious concern regarding unilateral action by foreign countries to establish digital services taxes designed to discriminate against U.S.-based multinational companies. It is important that you make clear to the representatives of these countries the need to abandon unilateral actions and work through the multilateral process at the Organisation for Economic Co-operation and Development (OECD). We support your active participation in this multilateral process.

In October 2018, then-Senate Finance Committee Chairman Orrin Hatch and Ranking Member Ron Wyden sent a letter to the Presidents of the European Council and the European Commission expressing strong concerns about the European Commission's proposal to enact a discriminatory and indefinite digital services tax targeted at certain U.S.-based multinational companies, under the guise of addressing some of the challenges arising from deployment by multinational companies of digital business models and new technologies across the global economy. The letter called on the European Council and European Commission to abandon this proposal and on member states to delay implementing unilateral measures similar to the digital services tax. Further, the letter recommended that countries work within the OECD to reach consensus on a multilateral solution to these issues.

As the current Chairman and Ranking Member of the Senate Finance Committee, we reiterate those sentiments and the need for a multilateral solution that is fair, does not discriminate against certain U.S.-based multinational companies, does not create a new transatlantic barrier to trade, and avoids double taxation. We agree with your view on the need for our OECD partners to complete the multilateral process and avoid taking unilateral actions.

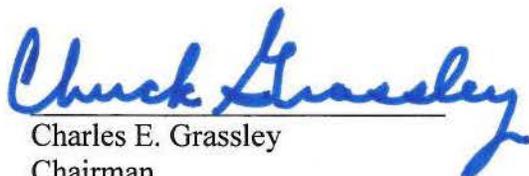
Unfortunately, some countries are moving forward unilaterally with digital services taxes that follow similar frameworks as the previous European Commission proposal. It is important for these countries to understand the potential for long-term harm arising under these proposals and the need for each to refocus efforts on reaching multilateral consensus. The release of the OECD's Policy Note today shows the process is moving forward, and unilateral action will only serve to undercut that progress.

We are supportive of the United States Treasury Department's active participation in the ongoing negotiations at the OECD regarding these new tax challenges. We urge you and your OECD counterparts to work expeditiously to achieve agreement on a measured and comprehensive approach to how international tax rules might be crafted to address such challenges.

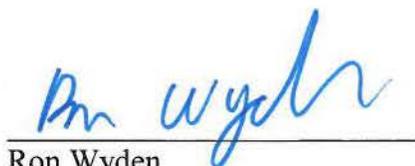
Given that the Senate Finance Committee has jurisdiction over U.S. laws governing cross-border tax and trade matters, we strongly encourage you and your staff to stay in close contact with us and our staff as negotiations progress and multilateral solutions are developed.

We appreciate your efforts on these matters.

Sincerely,



Charles E. Grassley  
Chairman  
U.S. Senate Committee on Finance



Ron Wyden  
Ranking Member  
U.S. Senate Committee on Finance

cc: Robert E. Lighthizer, United States Trade Representative

Attachment:

Letter to The Honorable Donald Tusk, President of the European Council, and The Honorable Jean-Claude Juncker, President of the European Commission, October 18, 2018