June 24, 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 encourage you to intensify your efforts to convince the French government that it would be unwise and short-sighted to implement a digital services tax (DST) while France, the United States, and other countries are expeditiously working to reach a consensus at the Organisation for Economic Co-operation and Development (OECD) on the tax challenges arising from the digitalization of the economy.

It is our understanding that notwithstanding the progress being made at the OECD, the French General Assembly and Senate have both passed versions of a DST that could hinder such progress and create a new transatlantic trade barrier. A gathering of members of the French General Assembly and Senate is expected as soon as this week, at which time an agreement could be reached to resolve the differences in each chamber’s DST provision. The DST would unfairly target certain U.S.-based multinational companies, apply retroactively to the beginning of this year, and potentially lead to significant double taxation. Time is, therefore, of the essence.

In recognition of the gravity of this situation, we ask that you consider all available tools under U.S. law to address such targeted, discriminatory taxation. As you know, the Internal Revenue Code provides tools to address such actions. Under section 891, a double rate of U.S. tax could be imposed on citizens and corporations of foreign countries engaging in discriminatory taxation of Americans.

We continue to support your active participation in the current OECD negotiations. We encourage you to take all the steps necessary to convince the French government to abandon its
unilateral DST provision, and instead direct its efforts towards reaching a consensus at the OECD.

Sincerely,

Chuck Grassley
Chairman
U.S. Senate Committee on Finance

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

cc: The Honorable Michael R. Pompeo, Secretary of State
    Ambassador Robert E. Lighthizer, United States Trade Representative