



TaxNewsFlash

United States



No. 2019-571
December 4, 2019

Treasury opposition to digital services tax initiatives, support for Pillar One

The U.S. Treasury Secretary, in a 3 December 2019 letter to the Secretary-General of the Organisation for Economic Cooperation and Development (OECD), wrote that the United States “firmly opposes digital services taxes” because of the “discriminatory impact” such taxes would have on U.S. businesses.

The [letter](#) [PDF 35 KB] further expresses the U.S. Treasury Department’s position that there are:

...serious concerns regarding potential mandatory departures from arm’s-length transfer pricing and taxable nexus standards.... Nevertheless, we believe that taxpayer concerns could be addressed and the goals of Pillar 1 could be substantially achieved by making Pillar 1 a safe-harbor regime. The United States also fully supports a GILTI-like Pillar 2 solution.

The letter concludes with a statement that the United States urges “all countries to suspend digital services tax initiatives, in order to allow the OECD to successfully reach a multilateral agreement.”

The information contained in TaxNewsFlash is not intended to be “written advice concerning one or more Federal tax matters” subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader’s knowledge on the matters addressed therein, and is not intended to be applied to any specific reader’s particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG’s Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)