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OECD responds to U.S. Treasury's letter on digital services tax

The Secretary-General of the Organisation for Economic Cooperation and Development (OECD) today responded to a letter from the U.S. Treasury Secretary that had expressed the U.S. position concerning digital taxation.

The U.S. Treasury Secretary's letter (3 December 2019) stated that the United States opposes digital services taxes because of their "discriminatory" implications for U.S. businesses, and recommended that taxpayer concerns could be addressed and the goals of Pillar One could be substantially achieved by making Pillar One a safe-harbor regime. Read [TaxNewsFlash](#)

The [OECD letter](#) [PDF 261 KB] (dated 4 December 2019) agrees with the position of the United States "that a global solution is needed to stop a proliferation of unilateral measures" and that the goal would be to arrive at an international tax system that avoids double taxation and taxes net income, and not gross income.

The OECD letter further states:

Throughout the extensive consultation process, however, we had so far not come across the notion that Pillar 1 could be a safe-harbour regime. We raise this concern, as it may impact the ability of the 135 countries that are now participating in this process, to move forward within the tight deadlines we established...

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