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U.S. next steps in digital services tax investigations

The Office of the U.S. Trade Representative (USTR) today announced the next steps in its Section 301 investigations of digital service taxes adopted or under consideration by certain U.S. trading partners.

According to the [USTR release](#), six countries remain subject to potential action while broader international tax negotiations continue.

In January 2021, the USTR found that the digital services taxes adopted by Austria, India, Italy, Spain, Turkey, and the United Kingdom were subject to action under Section 301 because they discriminated against U.S. digital companies, were inconsistent with principles of international taxation, and burdened U.S. companies.

Today, the USTR announced that it is proceeding with the public notice and comment process on possible trade actions to preserve procedural options before the conclusion of the statutory one-year time period for completing the investigations.

The United States is committed to working with its trading partners to resolve its concerns with digital services taxes, and to addressing broader issues of international taxation... The United States remains committed to reaching an international consensus through the OECD process on international tax issues. However, until such a consensus is reached, we will maintain our options under the Section 301 process, including, if necessary, the imposition of tariffs.

The remaining four jurisdictions—Brazil, the Czech Republic, the European Union, and Indonesia—have not adopted or not implemented the digital services taxes under consideration when the USTR investigations were initiated. The USTR thus announced it was terminating these four investigations without further proceedings. If, however, any of these jurisdictions proceeds to adopt or implement a digital services tax, the USTR indicated that it may initiate new investigations.

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