July 10, 2020

Dear Representative Lighthizer:

I support and commend your opposition to France’s Digital Services tax and your commitment to address discriminatory and unjustifiable taxation against U.S. companies.

Thank you for your leadership, and for taking strong action, treating this important issue with the severity it deserves. France has unilaterally decided to depart from over 100 years of accepted tax principles to impose a discriminatory tax on U.S. companies based on global revenue. These actions must be rebuffed in the strongest terms possible.

While we strongly caution against tariff remedies, USTR must undertake all efforts to dissuade France from imposing this discriminatory tax, and deter others from following, while also avoiding retaliation on U.S. consumers and businesses.

I also applaud the delay of the imposition of the remedy for up to six months to allow for negotiations that can stop an escalation.

France is trying to cheat the international rules governing tax jurisdictions. It is the dream of every politician to tax people who cannot vote him or her out of office. 2As you know, the French government designed this tax in a way to exclusively target American companies as there is no comparable digital industry in France and the European Union. The tax will impose a huge financial burden on American companies and workers.

The French Digital Services Tax poses unprecedented dangers to tax competition, innovation, and American and European economic growth. The new tax represents a dramatic and irreversible shift for the international tax system. We hoped that the escalation of this issue could be avoided. The tax damages the transatlantic relationship and could lead to a spiral of retaliation.

It is of the utmost importance for the United States to make its voice heard on every level and to take stronger action in order to counsel France their unilateral actions.

I thank you again and encourage you to continue this process. Should you have any questions or comments please contact Andreas Hellmann at ahellmann@atr.org

Onward,

Grover G. Norquist