

105TH CONGRESS
1ST SESSION

H. R. 995

To amend the Internal Revenue Code of 1986 to clarify that fees for Internet and other online services are not, and shall not be, subject to tax, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 1997

Mr. WELDON of Florida introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to clarify that fees for Internet and other online services are not, and shall not be, subject to tax, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax-Free Internet Act
5 of 1997”.

1 **SEC. 2. CLARIFICATION THAT FEES FOR INTERNET AND**
2 **OTHER ONLINE SERVICES ARE NOT, AND**
3 **SHALL NOT BE, SUBJECT TO TAX.**

4 (a) IN GENERAL.—Section 4253 of the Internal Rev-
5 enue Code of 1986 (relating to exemptions from tax on
6 communications services) is amended by redesignating
7 subsection (k) as subsection (l) and by inserting after sub-
8 section (j) the following new subsection:

9 “(k) CLARIFICATION OF EXEMPTION FOR FEES FOR
10 INTERNET AND OTHER ONLINE SERVICES.—

11 “(1) IN GENERAL.—Nothing in this subchapter
12 shall be construed to subject to tax under this sub-
13 chapter amounts paid for any Internet access serv-
14 ice, Internet access-related service, or online service,
15 and such amounts shall never be subject to any ex-
16 cise tax under this title without specific reference to
17 this subsection. The preceding sentence shall not
18 apply to communications services (as defined in sec-
19 tion 4251(b) as in effect on the date of the enact-
20 ment of this subsection).

21 “(2) DEFINITIONS.—For purposes of paragraph
22 (1)—

23 “(A) INTERNET ACCESS SERVICE.—The
24 term ‘Internet access service’ means any service
25 that enables a customer to connect a computer
26 to the Internet.

1 “(B) INTERNET ACCESS-RELATED SERV-
2 ICE.—The term ‘Internet access-related service’
3 means any service such as electronic mail, chat,
4 or bulletin boards or a browser, usually offered
5 by an Internet access service provider or an on-
6 line service provider.

7 “(C) ONLINE SERVICE.—The term ‘online
8 service’ means any service, offered over a tele-
9 communications network, which provides the
10 user with access to information and services on
11 a proprietary subscriber network.”

12 (b) EFFECTIVE DATE.—The amendment made by
13 subsection (a) shall take effect on the date of the enact-
14 ment of this Act.

15 **SEC. 3. RESTRICTION ON USE OF APPROPRIATED FUNDS.**

16 None of the funds appropriated by any Act may be
17 used by any Federal officer or employee to develop any
18 proposal for imposing any excise tax on amounts paid for
19 any service to which section 4253(k) of the Internal Reve-
20 nue Code of 1986 applies (as added by this Act).

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