

106TH CONGRESS  
1ST SESSION

# S. CON. RES. 58

Urging the United States to seek a global consensus supporting a moratorium on tariffs and on special, multiple, and discriminatory taxation of electronic commerce.

---

## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 30, 1999

Mr. WYDEN (for himself, Mr. LEAHY, and Mr. BAUCUS) submitted the following concurrent resolution; which was referred to the Committee on Finance

---

## CONCURRENT RESOLUTION

Urging the United States to seek a global consensus supporting a moratorium on tariffs and on special, multiple, and discriminatory taxation of electronic commerce.

Whereas electronic commerce is not bound by geography and its borders are not easily discernible;

Whereas transmissions over the Internet are made through packet-switching, making it impossible to determine with any degree of certainty the precise geographic route or endpoints of specific Internet transmissions and infeasible to separate intrastate from interstate, and domestic from foreign, Internet transmissions;

Whereas inconsistent and inadministrable taxes imposed on Internet activity by subnational and national govern-

ments threaten not only to subject consumers, businesses and other users engaged in interstate and foreign commerce to multiple, confusing and burdensome taxation, but also to restrict the growth and continued technological maturation of the Internet itself;

Whereas the complexity of the issue of domestic taxation of electronic commerce is compounded when considered at the global level of almost 200 separate national governments;

Whereas the First Annual Report of the United States Government Working Group on Electronic Commerce found that fewer than 10 million people worldwide were using the Internet in 1995, that more than 140 million people worldwide were using the Internet in 1998 and that more than one billion people worldwide will be using the Internet in the first decade of the next Century;

Whereas information technology industries have accounted for more than one-third of real growth in United States Gross Domestic Product over the past 3 years;

Whereas information technology industries employ more than seven million people in the United States, and by 2006, more than one-half of the United States workforce is expected to be employed in industries that are either major producers or intensive users of information technology products and services;

Whereas electronic commerce among businesses worldwide is expected to grow from \$43 billion in 1998 to more than \$1.3 trillion by 2003, and electronic retail sales to consumers worldwide are expected to grow from \$8 billion in 1998 to more than \$108 billion by 2003;

Whereas the Internet Tax Freedom Act of 1998 enacted a policy of technological neutrality and nondiscrimination toward taxation of electronic commerce, and stated that United States policy should be to seek bilateral, regional and multilateral agreements to remove barriers to global electronic commerce;

Whereas the World Trade Organization, at its May 1998 Ministerial Conference, adopted a declaration that all 132 member countries “will continue their current practice of not imposing customs duties on electronic transmissions”;

Whereas the Organization for Economic Cooperation and Development and industry groups issued a joint declaration at its October 1998 Ministerial meeting on Global Electronic Commerce supporting the principles of technological neutrality and non-discrimination and opposing discriminatory taxation imposed on the Internet and electronic commerce;

Whereas the Committee on Fiscal Affairs of the Organization for Economic Cooperation and Development has stated that neutrality, efficiency, certainty and simplicity, effectiveness and fairness, and flexibility are the broad taxation principles that should be applied to electronic commerce;

Whereas the United States has issued joint statements on electronic commerce with Australia, the European Union, France, Ireland, Japan, and Korea providing that any taxation of electronic commerce should be neutral and nondiscriminatory; and

Whereas a July 1999 United Nations Report on Human Development urged world governments to impose “bit taxes” on electronic transmissions: Now, therefore, be it

1       *Resolved by the Senate (the House of Representatives*  
2   *concurring)*, That the Congress—

3           (1) urges the President to seek a global con-  
4   sensus supporting—

5           (A) a permanent international moratorium  
6   on tariffs on electronic commerce; and

7           (B) an international ban on special, mul-  
8   tiple, and discriminatory taxation of electronic  
9   commerce and the Internet;

10          (2) urges the President to instruct the United  
11   States delegation to the November 1999 World  
12   Trade Organization ministerial in Senate to seek to  
13   make permanent and binding the moratorium on  
14   tariffs on electronic transmissions adopted by the  
15   World Trade Organization in May 1998;

16          (3) urges the President to seek adoption by the  
17   Organization for Economic Cooperation and Devel-  
18   opment, and implementation by the groups 29 mem-  
19   ber countries of an international ban on special,  
20   multiple, or discriminatory taxation of electronic  
21   commerce and the Internet; and

22          (4) urges the President to oppose any proposal  
23   by any country, the United Nations, or any other

- 1        multilateral organization to establish a bit tax on
- 2        electronic transmissions.

