



June 12, 2024

The Honorable Janet Yellen  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Ave NW  
Washington, DC 20001

Dear Secretary Yellen:

On behalf of Chamber of Progress – a tech industry association supporting public policies to build a more inclusive country where all people benefit from technological leaps – I thank you for your recent remarks regarding Digital Services Taxes (DSTs).

**Digital Services Taxes are regressive and harm the American innovation economy**

DSTs raise concerns about fairness. Unlike income taxes, which take a larger chunk from high earners, DSTs are typically levied as a flat rate on revenue, not profit. Like all taxes, they are inevitably passed along to consumers. As a result, low-income earners, who spend a larger portion of their income on digital services, shoulder a bigger tax burden than the wealthy. This is regressive and contrary to the Biden Administration’s commendable commitment to tax fairness<sup>1</sup>.

DSTs have been implemented in jurisdictions like Canada and continental Europe with very limited technology sectors. That is notable for two reasons: they are inconsistent with building a vibrant innovation economy and would disproportionately impact American firms. US government data indicate that the US digital economy supports eight million jobs<sup>2</sup>. Policymakers must promote and defend this essential sector of our economy.

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<sup>1</sup> See FACT SHEET: President Biden Is Fighting to Reduce the Deficit, Cut Taxes for Working Families, and Invest in America by Making Big Corporations and the Wealthy Pay Their Fair Share at <https://www.whitehouse.gov/briefing-room/statements-releases/2024/03/07/fact-sheet-president-biden-is-fighting-to-reduce-the-deficit-cut-taxes-for-working-families-and-invest-in-america-by-making-big-corporations-and-the-wealthy-pay-their-fair-share/>.

<sup>2</sup> See New and Revised Statistics of the U.S. Digital Economy, 2005–2021 at <https://www.bea.gov/system/files/2022-11/new-and-revised-statistics-of-the-us-digital-economy-2005-2021.pdf>.

So we appreciated your remarks before the House Ways and Means Committee when you stated, “We also heard from Congress that getting a very clear definition of Digital Services Taxes - what they are and what is ruled out - all this is very important, and we agree and those are our redlines and it’s what we’re negotiations for in the final months of negotiations on Pillar One.”<sup>3</sup>

America is unique among leading economies in taxing global revenues. The Organization for Economic Cooperation and Development’s (OECD) Pillar One will bring greater fairness to global taxation by putting global competitors on a similar footing. It will also benefit American companies by offering greater tax certainty.

If we do not deliver on the promise of Pillar One, we can expect more discriminatory DSTs to proliferate. Therefore, we thank you for your efforts to push back against DSTs and advance the multistakeholder OECD process.

Sincerely,

A handwritten signature in black ink, appearing to read "T. O'Boyle", is centered on the page. The signature is fluid and cursive.

Todd O'Boyle  
Senior Director, Technology Policy  
Chamber of Progress

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<sup>3</sup> See Hearing with Treasury Secretary Janet Yellen, United States House Committee on Ways and Means, April 30, 2024