

The Honorable Scott Bessent

Secretary of the Treasury
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

The Honorable Jamieson Greer

United States Trade Representative
600 17th Street, NW
Washington, D.C. 20508

RE: Urgent Action Required to Eliminate Discriminatory Foreign Digital Services Taxes Targeting American Companies

Dear Secretary Bessent and Ambassador Greer:

The undersigned organizations write to urge decisive, immediate action to eliminate the discriminatory foreign Digital Services Taxes (DSTs) that foreign governments have engineered to extract billions of dollars from American companies, their workers, and their customers. These taxes are not legitimate revenue measures. They are unconstitutional expropriation dressed in the language of tax policy—instruments of economic nationalism designed to raid American innovation because American companies cannot vote in foreign elections. The time for patience has expired. The United States must act with full force to defend American enterprise from this brazen assault on our companies, our tax base, and our economic sovereignty.

1. DSTS ARE DELIBERATELY ENGINEERED TO TARGET AMERICAN COMPANIES

Foreign DSTs are not neutral, good-faith tax measures. They are precision instruments engineered, by explicit legislative design, to fall almost exclusively on American firms while exempting domestic competitors. A landmark new study by economist Professor Sinclair Davidson, [How Digital Services Taxes Violate Constitutional Principles and Threaten American Commerce](#), published by Americans for Tax Reform and the Tholos Foundation, documents this discriminatory engineering with devastating precision. In Spain, 64 percent of DST-liable firms are American, while fewer than 5 percent are Spanish. In Turkey, 69 percent of liable firms are American—and none are Turkish. In India, 72 percent of liable firms were American; none were Indian. In the United Kingdom, five foreign firms—all American—accounted for more than 90 percent of DST revenue in the first year. These outcomes were not accidents of market structure.

They were produced by design: through high global revenue thresholds calibrated to exclude domestic firms, through narrowly defined taxable activities that capture Google, Amazon, Meta, Apple, and Uber while carving out sectors where domestic competitors operate, and through deliberate exclusions confirmed in legislative debates. French ministers openly referenced 'GAFA' firms. Austrian officials described their measure as targeting 'digital giants from Silicon Valley.' Turkish legislators confirmed that domestic companies would not be exposed. Foreign governments have publicly announced that these taxes exist to extract money from American companies. We should take them at their word—and respond accordingly.

2. THE FINANCIAL DAMAGE TO AMERICAN COMPANIES IS ENORMOUS AND GROWING

Professor Davidson's study quantifies what is at stake with sobering precision. American firms currently pay \$2.96 billion annually in foreign digital services taxes. By 2030, that figure is projected to grow to nearly \$6 billion per year. Under broader adoption scenarios—already underway across Africa, Asia, and Latin America—the annual burden could reach \$9.6 billion. The cumulative ten-year cost to American companies could hit \$117 billion. On top of this, so-called Significant Economic Presence taxes—a close cousin of DSTs being adopted across the developing world—are projected to cost American firms an additional \$20 to \$50 billion by 2035 alone. These are not abstract projections. They represent profits stripped from American innovators, innovation spending foregone, jobs not created on American soil, wages not paid to American workers, and tax revenue not collected by the United States Treasury—because foreign governments are first in line to take what our companies earn.

3. DSTS VIOLATE EVERY CONSTITUTIONAL PRINCIPLE OF LEGITIMATE TAXATION

Professor Davidson grounds his analysis in the foundational principles of legitimate taxation that run from Adam Smith through Friedrich Hayek to James Buchanan: states may tax what they protect, taxation must operate through general rules rather than targeted impositions, and those who bear fiscal burdens must have voice in the political process. DSTs fail every one of these tests—comprehensively and deliberately.

First, foreign governments are taxing what they do not protect. Google's server infrastructure is built in California and Oregon. Amazon's intellectual property is held in the United States. Meta's algorithms were designed in Menlo Park. France, Spain, Italy, Turkey, and the United Kingdom provide none of the institutional infrastructure that generates this value—the legal system, the research universities, the capital markets, the workforce—yet they assert the right to tax it simply because their residents click on American websites. This is taxation without protection, which is indistinguishable from expropriation.

Second, DSTs impose burdens on companies with no voice in the political process. As Grover Norquist has stated: 'It is the dream of every politician to tax people who cannot vote him or her out of office.' American companies cannot vote in French or British or Turkish elections. They cannot lobby the parliaments that impose these taxes. They cannot organize opposition. Foreign governments exploit this political voicelessness as a feature, not a bug—imposing statutory liability on American enterprises while dispersing the economic costs invisibly across domestic consumers who never connect higher prices on digital platforms to government policy. This is taxation without representation, and it is precisely what we declared independence to end.

Third, DSTs shatter the principle of generality. Legitimate taxation applies equally across an economy. DSTs do the opposite: they are surgically tailored instruments engineered to fall on a specific class of foreign—predominantly American—enterprises while exempting domestic competitors. High threshold engineering, selective activity definitions, and deliberately carved-out exclusions produce tax systems in which the same commercial activities face opposite tax treatment depending solely on whether the company is American or domestic. This is not tax policy. It is economic discrimination masquerading as fiscal reform.

Fourth, DSTs abandon the territorial limitation principle that has anchored international taxation for a century. Traditional tax systems allocate taxing rights based on where economic activity occurs—where firms operate, maintain assets, employ workers, and rely on a jurisdiction's legal infrastructure. DSTs replace this framework with an entirely new theory: that a user clicking on an American company's website is itself a taxable resource that the user's government may monetize. Once this logic is accepted, there is no limiting principle. Any American company that serves foreign customers digitally becomes taxable by any jurisdiction on earth that hosts those customers. This is not a marginal extension of existing rules. It is a revolutionary assertion of unlimited fiscal authority over American enterprise.

4. DSTS HARM AMERICAN SMALL BUSINESSES AND CONSUMERS—NOT JUST TECH GIANTS

Foreign governments obscure the true incidence of DSTs by placing statutory liability on large American firms—calculating, correctly, that domestic voters will not object to taxing foreign corporations. But the economic burden does not stay there. A gross revenue tax imposed on thin-margin businesses cannot be absorbed; it must be passed through. Professor Davidson's study documents how this works in practice: when the United Kingdom introduced its DST, Amazon increased marketplace fees by 2 percent, Google raised advertising charges by 2 percent, and Apple adjusted App Store commissions—each explicitly citing the tax. Small businesses operating on 5 to 10 percent profit margins saw those margins eroded by costs they could neither avoid nor contest.

French economic modeling found that approximately 90 percent of the DST burden was shifted onto users rather than absorbed by targeted multinationals. DSTs function, in economic reality, as hidden consumption taxes on domestic businesses and consumers—the very people foreign governments claim to be helping—while their governments claim credit for taxing American firms. Every American small business that advertises on Google or sells through Amazon or lists on a digital marketplace bears a portion of this burden. Every American consumer who shops through these platforms pays higher prices. Foreign DSTs are, in effect, unauthorized taxes on American small businesses and American families.

5. THE THREAT IS SPREADING—INACTION WILL BE CATASTROPHIC

DSTs persist and proliferate because they are politically convenient. Governments impose statutory liability on firms outside their domestic political community while dispersing economic costs across domestic consumers who never attribute higher prices to the tax. Early adopters faced few consequences. Negotiations dragged on for years without resolution. And other governments observed: DSTs are safe. They generate locked-in revenue. They are popular at home. And America will not retaliate.

That calculus must change—permanently and immediately. Professor Davidson’s study warns that if the United States does not respond decisively, participation-based taxation will become the new international norm. Once user interaction is accepted as a sufficient basis for taxation, the logic extends without constraint to cloud computing, software-as-a-service, financial services, streaming, professional services, and every remotely supplied sector of the American economy. Nigeria and Indonesia have already adopted significant economic presence rules based on user-interaction thresholds. The precedent, once established, cannot be walked back. Every year DSTs remain in place, they become more entrenched in foreign fiscal planning. Each new adoption shifts expectations and legitimizes the model. The treaty network that has governed international taxation for a century—allocating taxing rights predictably and preventing double taxation—is being systematically dismantled by unilateral measures that operate entirely outside that framework. The cost of restoring the integrity of the international tax order grows larger the longer we wait.

6. THE TOOLS FOR RESPONSE ARE AVAILABLE—DEPLOY THEM NOW

President Trump’s leadership has already produced historic results. Canada and India repealed their DSTs in 2025. Binding prohibitions on digital services taxes have been locked into six new reciprocal trade agreements. The message that America will no longer allow foreign governments to treat American companies as piggy banks has been sent—and heard. These are genuine victories for American workers, American innovation, and American sovereignty, and we commend the Administration for achieving them.

But France still imposes a 3 percent gross-revenue tax on American digital firms. The United Kingdom's DST remains in place. Austria, Italy, Spain, Turkey, and others continue to extract hundreds of millions of dollars from American innovators every year. These governments observed America's early restraint, calculated that enduring pressure was manageable, and chose to maintain their discriminatory regimes. They must now be shown that the cost of that choice is prohibitive.

We therefore call on the Administration to:

1. Immediately escalate Section 301 investigations against all jurisdictions maintaining DSTs or DST-equivalent measures
2. Condition all bilateral trade negotiations and market access discussions on binding, enforceable commitments to eliminate DSTs and forgo their reintroduction, following the model successfully established in the six reciprocal trade agreements completed to date;
3. Issue formal guidance prohibiting U.S. tax credits for DST payments, eliminating any subsidy to foreign government extraction of American company earnings;
4. Engage multilateral forums, including the OECD and the G20, to build an international coalition explicitly opposing participation-based taxation as inconsistent with the foundational principles of the international tax system;
5. Declare clearly and publicly that Pillar One is dead, that the United States will not accept any agreement that reallocates taxing rights over American company profits to foreign treasuries, and that the era of multilateral negotiations serving as cover for continued DST extraction is over.

American companies built the technologies that connect the global economy. The digital platforms that hundreds of millions of people around the world rely on every day were created by American entrepreneurs, funded by American capital, built by American workers, and protected by American institutions. They are not ATM's for foreign treasuries. Representation and other principles of taxation that protect taxpayers from expropriation do not disappear the border. They are universal principles on which the taxation in the era of democracy is founded, their systematic violation by foreign governments targeting American firms must not be tolerated.

President Trump's executive orders, the Administration's March 21 Treasury report, and the historic trade agreements already concluded have laid the foundation. The tools are available. The legal authority is established. The economic evidence, documented with rigor and precision in Professor Davidson's study, is unambiguous. The moment demands the sustained political will to see this fight through to completion.

The days of foreign governments using American companies as piggy banks to shore up their treasuries must end—completely, permanently, and without equivocation. We stand ready to work with the Administration to achieve that outcome, and we will not rest until every discriminatory Digital Services Tax targeting American enterprise is consigned to history.

Respectfully submitted,



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