

TaxNewsFlash

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White House announces directive to counter digital service taxes (DSTs)

President Trump on February 21, 2025, signed a [memorandum](#) setting out administration plans to respond to the enactment by foreign governments of digital service taxes (DSTs) targeted at U.S. companies, as well as the adoption by foreign governments of regulations on digital services in general.

As explained in the accompanying [White House fact sheet](#) (February 21, 2025):

- The administration will consider responsive actions like tariffs as a response to DSTs, fines, practices, and policies that foreign governments levy on U.S. companies.
- The memorandum specifically directs the United States Trade Representative (USTR) to renew investigations under Section 301 of the Trade Act of 1974 into DSTs of France, Austria, Italy, Spain, Turkey, and the United Kingdom, which were initiated on July 16, 2019, and June 5, 2020, and to investigate any additional countries adopting DSTs that discriminate against U.S. companies. The memorandum also directs the USTR to investigate Canada's DST under Section 302(b) of the Trade Act of 1974.
- The administration will review whether any acts, policies, or practices in the EU or United Kingdom incentivizes companies to develop or use technology in ways that undermine free speech or foster censorship.
- The administration will scrutinize EU regulations such as the Digital Markets Act and the Digital Services Act.

The memorandum directs the Treasury Secretary, in consultation with the Commerce Secretary and the USTR, to determine whether any foreign country subjects U.S. citizens or companies to discriminatory or extraterritorial taxes, inconsistent with any U.S. tax treaty or otherwise actionable under section 891 of the Code. The Treasury Secretary is directed to report the results of such determination as part of the report required by the White House announcement on the OECD "Global Tax Deal." Read [TaxNewsFlash](#)

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