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### **Global Industry Alliance Offers Direction on eConsumption Taxes**

**Fairfax, VA.** - The World Information Technology and Services Alliance (WITSA) today adopted a statement on the application of consumption taxes to products and services sold online, but warned that further work was urgently needed to prevent disparate national and local rules from stifling the growth of ecommerce. In its statement, WITSA addressed the accomplishments made by the OECD, including critical issues regarding taxation at the place of consumption, consumption tax collection, classification of digitized products, international cooperation, and the need for greater simplification of consumption tax rules.

WITSA believes that an international consensus on consumption taxation is critical to the continued growth of international electronic commerce and that the OECD is the best place to achieve such a consensus. "Cross-border transactions raise the possibility of double taxation, which can create a significant competitive disadvantage", said David A. Olive, WITSA Public Policy Chairman and Fujitsu Ltd. executive. "Because the prospect of double taxation will do more to inhibit the development of global electronic commerce than any other tax factor, the avoidance of double taxation should be the most important of the guiding principles governing consumption taxation", added Olive.

"Simplicity and neutrality between online and offline modes of commerce is another important message the business community is sending concerning guiding principles for consumption taxation", added WITSA President Harris N. Miller, while underscoring the importance uniform classifications, clarity and consistency of rules, and the minimization of compliance burdens and costs: "Compliance burdens associated with the application of consumption taxes to electronic commerce transactions are likely to have a much greater adverse impact on electronic commerce transactions than on traditional commerce creating a greater need for simplification".

The WITSA recognizes the international discussions taking place on taxation issues relating to ecommerce, including the June 4-6, 2001 Montreal conference, "Tax Administrations in an Electronic World", attended by the OECD and representatives from over 100 tax administrations. "We take note of the Conference's core objectives, including the establishment of best practices in the area of taxpayer service; utilization of new technologies to improve taxpayer service and reduce compliance and administrative costs; the establishment of a common framework for identifying taxpayers and workable collecting methods; and the establishment of a framework for improved cooperation between tax administrations", said David Olive. "We call upon the OECD and national tax administrations to continue to broaden their dialogue with the business community as we must work together on an international consensus in this area.", added Olive.

The World Information Technology and Services Alliance (WITSA) is a consortium of 41 information technology (IT) industry associations from economies around the world. As the global voice of the IT industry, WITSA is dedicated to advocating policies that advance the industry's growth and development; facilitating international trade and investment in IT products and services; strengthening WITSA's national industry associations through the sharing of knowledge, experience, and critical information; providing members with a vast network of contacts in nearly every geographic region of the world; and hosting the biennial World Congress on Information Technology, the premier industry sponsored global IT event, and the biennial Global Public Policy Summit. Founded in 1978 and originally known as the World Computing Services Industry Association, WITSA has increasingly assumed an active advocacy role in international public policy issues affecting the creation of a robust global information infrastructure.