



Facts about the Internet Tax Moratorium

In 1997, Congress passed a law to protect Internet access and Internet commerce from discriminatory taxes. Unlike phone bills, Internet bills therefore are largely free of a plethora of taxes and this has removed an obstacle to the prosperity of the e-commerce industry. Congress should make the Tax Moratorium permanent by enacting the Permanent Internet Tax Freedom Act of 2007 (H.R. 743 and S. 156). This law would make permanent the ban on state taxation of Internet access and on multiple or discriminatory taxes on electronic commerce.

FACT: Since 1998, the Internet Tax Moratorium has protected everyone from the average Internet surfer to small and large businesses from multiple and discriminatory taxes on Internet usage.

FACT: This moratorium was extended in 2001 and 2004, both times with bipartisan votes in the House and Senate.

FACT: Members of the House of Representatives from both parties have co-sponsored H.R. 743 or other bills to block discriminatory taxation of the Internet.

FACT: In the absence of a permanent ban on discriminatory Internet taxation, state and local policymakers will almost certainly view the Internet as a source of additional tax revenues to fund bigger government.

FACT: The Moratorium keeps the Internet more affordable, helping low-income people get access to the online world. Over the last eight years, electronic commerce has been a major impetus for economic growth as the number of Americans connected to the Internet has increased substantially.

FACT: The technology sector invests billions in supporting the growth of high-speed Internet access. Taxes that impede consumer demand for access will undermine new investments.

FACT: The Internet is an important catalyst for entrepreneurship and is directly responsible for the creation of thousands of small businesses. Higher taxes will stifle the ability of small businesses to operate, grow, and create new jobs.

FACT: It is in the best interest of the United States and our robust economy that Internet access is not subject to taxes that would limit consumer choice, delay innovation, increase consumer costs, and hinder interstate commerce.

FACT: On a related note, the push to increase taxes on wireless usage will have similar anti-growth effects. Wireless consumers already are inundated with monthly taxes, fees, and surcharges. Politicians should be working to ease the oppressive tax burden on the wireless industry, not intensifying that burden.

For More Information:

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http://www.townhall.com/columnists/JackKemp/2007/06/25/keep_the_internet_tax_free

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<http://www.freedomandprosperity.org/blog/2007-06/2007-06.shtml#214>

May 20, 2000, Cato Institute, by Aaron Lukas, Extend the Internet Tax Moratorium
<http://www.cato.org/dailys/05-20-00.html>

August 2007, DontTaxOurWeb.org
<http://www.donttaxourweb.org/>

June 2007, MyWireless.org
www.mywireless.org/ITM/

Americans for Tax Reform's Keep the Internet Tax Free! Web Page
<http://capwiz.com/atr/issues/alert/?alertid=9924736>

National Taxpayers Union's Importance of Banning Internet Access Taxes Web Page
<http://www.ntu.org/main/page.php?PageID=122>

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