

Taxing the Internet: How Long Should the Moratorium Last?

Network Solutions supports a permanent moratorium on Internet access taxes and the current sale and use taxes regime. Such new taxes are unnecessary and would impede the growth of the Internet. Affordable and unrestrained Internet access is critical to the continued growth of the Internet economy, necessary as a driver of innovative Internet-based services and products, and vital to a consumer's online experience.

Network Solutions Supports a Permanent Moratorium on Internet Access Taxes

- *The current regulatory framework is a proven success*—Imposing burdensome taxes would upset the Internet's unprecedented growth, frustrate investment, and impede innovation.
- *Imposing new access taxes would increase costs for providing Internet access*—The increased costs would be ultimately borne by consumers and would limit their access to the Internet. Especially affected would be the poorer segments of the U.S. population further expanding the "digital divide." The cumulative effect would be a decrease in the availability of Internet access, which would reduce the demand for products and services made available via the Internet.
- *A permanent moratorium would foster investment in broadband infrastructure*—Imposing a regressive tax would chill investment in broadband deployment, frustrate the development of innovative Internet-based products and services, and reduce the availability of affordable Internet access services.

Network Solutions Supports the Current Sales and Use Taxes Regime for Internet Commerce

- *Imposing new taxes would impede Internet growth*—Additional taxes on Internet transactions would limit Internet growth by raising the prices of goods and services.
- *The imposition would diminish the Internet as a competitive market force*—Internet commerce already has other inherent costs associated with providing goods, such as shipping costs. Increasing the cost of transacting business over the Internet would decrease the viability of a competitive and alternative sales channel.
- *Taxing remote sellers does not support tax policy*—Remote sellers do not rely on the infrastructure and resources supported by state sales taxes. Remote sellers would unfairly fund initiatives such as roadways and security that they will not use.
- *The tax regime necessary to collect and remit taxes would be overly complex and result in burdensome compliance costs*—Over 11,000 jurisdiction would be authorized to tax Internet commerce should Congress decide to allow states to collect sales tax on Internet transactions. The tax regime necessary to facilitate the collection of taxes would be complex and cause sellers to assume burdensome compliance costs. The cumulative effect would be higher Internet commerce costs and slowing of Internet growth.