

Digital Goods and Services Tax Fairness Act S. 765 and H.R. 1725

- The digital economy is **booming**.
- The current **laws** governing the digital economy **are based on bricks and mortar**.
- Today, up to three states can seek to collect taxes from a consumer on a digital good.
- That's not right and needs to be fixed now.
- The Digital Good and Services Tax Fairness Act sets the framework allowing the states where the consumer lives to, *if they so choose*, tax the sale of a digital good.

Background

- Digital goods and services can include, e-books, movies, online documents and much more.
- When a consumer buys a digital good today, three states may claim the right to tax the consumer:
 1. The state where the consumer physically presses the purchase button;
 2. The location of the server that provides the sale of the good or service;
and
 3. The state the consumer resides.
- The industry is projected to generate \$188.9 billion in revenue through mobile apps by 2020 and to protect consumers, the notion that three states are able to tax the consumer on one purchase must be addressed.
- The legislation clearly identifies which state has the right to decide to tax or not tax digital commerce.