Termination of Actions in the Section 301 Digital Services Tax Investigations of Austria, France, Italy, Spain, and the United Kingdom and Further Monitoring

AGENCY: Office of the United States Trade Representative (USTR).

ACTION: Notice.

SUMMARY: On October 8, 2021, Austria, France, Italy, Spain, and the United Kingdom joined the United States and 130 other jurisdictions participating in the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting in reaching a political agreement on a two-pillar solution to address tax challenges arising from the digitalization of the world economy. As part of Pillar 1, all parties agreed to remove existing Digital Services Taxes (DSTs) and other relevant similar measures, and to coordinate the withdrawal of these taxes. On October 21, 2021, the U.S. Department of the Treasury (Treasury) issued a joint statement with Austria, France, Italy, Spain, and the United Kingdom on a transitional approach to those countries’ DSTs prior to entry into force of Pillar 1. The joint statement reflects a political agreement that DST liabilities accrued during the transitional period will be creditable in defined circumstances against future income taxes due under Pillar 1. Based on the commitments of Austria, France, Italy, Spain, and the United Kingdom to remove their DSTs pursuant to Pillar 1 and on their political agreement to the transitional approach prior to Pillar 1’s entry into force, the U.S. Trade Representative has determined to terminate the section 301 actions taken in the respective investigations of these countries’ DSTs. In coordination with Treasury, USTR will monitor implementation of the removal of these countries’ DSTs as provided for under Pillar 1 and the transitional approach as provided in the joint statement.

II. OECD/G20 Negotiations

One-hundred forty-one jurisdictions are engaged in international tax negotiations under the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting. On October 8, 2021, Austria, France, Italy, Spain, and the United Kingdom joined the United States and 130 other participants in reaching political agreement on a Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy. OECD/G20 Base Erosion and Profit Shifting Project. Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy (Oct. 8, 2021) at https://www.oecd.org/tax/beps/statement-on-a-two-pillar-solution-to-address-the-tax-challenges-arising-from-the-digitalisation-of-the-economy-october-2021.pdf (the OECD/G20 Two-Pillar Solution). The statement provides that Pillar 1 will be implemented through a multilateral convention. With respect to DSTs, the statement provides: The Multilateral Convention (MLC) will require all parties to remove all Digital Services Taxes and other relevant similar measures with respect to all companies, and to commit not to introduce such measures in the future. No newly enacted Digital Services Taxes or other relevant similar measures will be imposed on any company from 8 October 2021 and until the earlier of 31 December 2023 or the coming into force of the MLC. The modality for the removal of existing Digital Services Taxes and other relevant similar measures will be appropriately coordinated.

III. Joint Statement

On October 21, 2021, the United States, Austria, France, Italy, Spain, and the United Kingdom issued a joint statement that describes a political compromise reached among these countries on a transitional approach to existing Unilateral Measures while implementing Pillar 1. Joint Statement from the United States, Austria, France, Italy, Spain, and the United Kingdom.
Regarding a Compromise on a Transitional Approach to Existing Unilateral Measures During the Interim Period Before Pillar 1 is in Effect. U.S. Dept’t of the Treas. (Oct. 21, 2021) at https://home.treasury.gov/news/press-releases/yy0419. Under the transitional approach in the joint statement, DST liability that accrues during the transitional period prior to implementation of Pillar 1 will be creditable in defined circumstances against future income taxes due under Pillar 1. In return, the United States commits to terminating the existing section 301 trade actions on goods of Austria, France, Italy, Spain, and the United Kingdom, and not to impose further trade actions against Austria, France, Italy, Spain, and the United Kingdom with respect to their existing DSTs until the earlier of the date the Pillar 1 multilateral convention comes into force or December 31, 2023.

IV. Termination of Action

Section 307 of the Trade Act of 1974, as amended (Trade Act) (19 U.S.C. 2417), provides that “[t]he Trade Representative may modify or terminate any action, subject to the specific direction, if any, of the President with respect to such action, that is being taken under section [301] of this title if . . . such action is being taken under section [301(b)] of this title and is no longer appropriate.” The U.S. Trade Representative has found that the political agreement of Austria, France, Italy, Spain, and the United Kingdom to the OECD/G20 Two-Pillar Solution, which provides for the removal of DSTs upon entry into force of Pillar 1, and the transitional approach in the joint statement, provide a satisfactory resolution of the matters covered by the section 301 DST investigations of Austria, France, Italy, Spain, and the United Kingdom. Accordingly, pursuant to section 307 of the Trade Act, the U.S. Trade Representative has determined that the suspended trade actions in these investigations are no longer appropriate and that these actions should be terminated.

The U.S. Trade Representative’s determination was made in consultation with Treasury and considers the advice of the interagency Section 301 Committee, consultations with representatives of the domestic industry concerned, and public comments and advisory committee advice received during the investigations.

In order to implement the termination of the section 301 actions in the DST investigations, the HTSUS is modified by the Annex to this notice.

V. Ongoing Monitoring

Section 306(a) of the Trade Act (19 U.S.C. 2416(a)) provides that “[t]he Trade Representative shall monitor the implementation of each measure undertaken, or agreement that is entered into, by a foreign country to provide a satisfactory resolution of a matter subject to investigation. . . .” Section 306(b)(19 U.S.C. 2416(b)) provides that “[i]f, on the basis of the monitoring carried out under subsection (a), the Trade Representative considers that a foreign country is not satisfactorily implementing a measure or agreement referred to in subsection (a), the Trade Representative shall determine what further action the Trade Representative shall take under section [301(a)].” Pursuant to section 306(a) of the Trade Act, the U.S. Trade Representative, in consultation with Treasury, will monitor the implementation of the political agreement on an OECD/G20 Two-Pillar Solution as pertaining to DSTs, the commitments under the joint statement, and associated measures.

Pursuant to section 306(b) of the Trade Act, if the U.S. Trade Representative, in consultation with Treasury, subsequently considers that Austria, France, Italy, Spain, or the United Kingdom is not satisfactorily implementing these political agreements or associated measures, then the U.S. Trade Representative will consider further action under section 301.

Annex

The U.S. Trade Representative has decided to terminate:

(1) The additional duties under heading 9903.90.01 of the HTSUS on articles the product of France, as provided for in U.S. notes 22(a) and 22(b) to subchapter III of chapter 99 of the HTSUS.

(2) The additional duties under heading 9903.90.02 of the HTSUS on articles the product of Austria, as provided for in U.S. notes 23(a) and 23(b) to subchapter III of chapter 99 of the HTSUS.

(3) The additional duties under heading 9903.90.04 of the HTSUS on articles the product of Austria, as provided for in U.S. notes 25(a) and 25(b) to subchapter III of chapter 99 of the HTSUS.

(4) The additional duties under heading 9903.90.05 of the HTSUS on articles the product of Spain, as provided for in U.S. notes 26(a) and 26(b) to subchapter III of chapter 99 of the HTSUS.

(5) additional duties under heading 9903.90.07 of the HTSUS on articles the product of the United Kingdom, as provided for in U.S. notes 28(a) and 28(b) to subchapter III of chapter 99 of the HTSUS.

The termination of these additional duties is effective on the date this determination is published in the Federal Register.

In accordance with these determinations, the U.S. Trade Representative has determined to modify the HTSUS:

(1) By deleting U.S. notes 22(a), 22(b), 23(a), 23(b), 25(a), 25(b), 26(a), 26(b), 28(a) and 28(b) to subchapter III of chapter 99 of the HTSUS.

(2) by deleting HTSUS headings 9903.90.01, 9903.90.02, 9903.90.04, 9903.90.05 and 9903.90.07.

The modifications of the HTSUS are effective on the date this determination is published in the Federal Register.

Any provisions of previous notices issued in these investigations that are inconsistent with this notice are superseded to the extent of such inconsistency.

Greta Peisch,
General Counsel, Office of the United States Trade Representative.

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DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA–2021–0131]

Entry-Level Driver Training: Application for Exemption; Ohio Department of Education

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), Department of Transportation (DOT).

ACTION: Notice of application for exemption; request for comments.

SUMMARY: FMCSA announces that the Ohio Department of Education (ODE) has requested an exemption from the Entry-Level Driver Training (ELDT) requirements that will be implemented in February 2022. The exemption request applies to drivers, trained through ODE’s “Pre-Service School Bus Driver Training” curriculum, who are seeking to obtain their Class B Commercial Driver’s License (CDL) with school bus (S) and passenger (P) endorsements, and to current Class B CDL holders wishing to add the P and S endorsements. The ODE believes the Ohio theory (i.e., classroom) curriculum

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