

Castle Votes to Prevent Tax Increase on Internet -- October 16, 2007

WASHINGTON,

DC - Delaware Congressman Michael N. Castle voted for a temporary extension of the Internet tax moratorium.

"Extending

the current ban is important for millions of Americans-- both individuals and businesses alike," Castle said.

"I hope the Senate can develop an equally strong proposal so we can send the President a bill quickly to alleviate any misconceptions surrounding this type of tax increase."

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Republican Congress first banned Internet taxes in 1998. On a number of occasions over the last decade, the Republican-led House passed legislation to make the Internet tax ban permanent, efforts that were consistently stifled by the Senate. As a result, Congress was forced to pass a number of temporary extensions of the ban, most recently in 2004.

This

bill extends for four years, through November 1, 2011, the ban on state and local taxes on Internet access as well as the ban on multiple and discriminatory taxes on electronic commerce by state and local governments -- both of which were included in the original 1998 Internet Tax Freedom Act (PL 105-277).

The bill also extends grandfathering provisions that allow certain states to continue to collect taxes in place prior to the original 1998 law, clarifies that state "gross receipts" taxes would not be covered by the ban, and provides a new definition for "Internet access" that would allow services such as voice-over-Internet-protocol (VOIP) to be taxed.

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