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## Internet Tax Moratorium Extended

2001-11-20

On November 15, the Senate passed the Internet Tax Nondiscrimination Act (ITNA). The ITNA, which the House of Representatives passed last month and which President Bush is expected to sign, will extend for about two years the protections afforded by the previously expired 1998 Internet Tax Freedom Act (ITFA).

As we explained in our [October 27, 2001 Internet Alert](#), the ITFA prohibited, for a period of three years ending on October 21, 2001, states and localities from levying multiple or discriminatory taxes on Internet commerce and from imposing new Internet access taxes. The ITNA will now extend the ITFA prohibitions through November 1, 2003.

Because the ITNA will extend the expired tax moratorium, it effectively should apply retroactively to block any new state or local legislation that may have been enacted after the original expiration of the ITFA on October 21 but which the ITFA otherwise would have preempted. Any state or local taxes enacted in the wake of the ITFA's prior expiration will continue to be scrutinized under the terms of the ITFA. Of course, any new state or local legislation that could have survived scrutiny under the ITFA should not be affected by the extension.

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