

EXAMINING THE POTENTIAL TAX IMPLICATIONS OF TRANSACTIONS IN DIGITAL INTELLECTUAL PROPERTY

Avni Sharma¹

1. INTRODUCTION

The contemporary digital aeon envelops numerous potential tax implications which may have an effective reverberation on the economy. The biggest ventures like Google and Facebook are fetching their greatest revenues by online advertisements and tapping the personal interests of the potential buyers. Similarly, companies have also begun investing in advertisement through influencer marketing, wherein, they tap their potential customers' social media preferences and accordingly reach out to the content creators who then advertise their products through processes like product reviews and various creative content. Needless to say, there is a high scope of tax revenues from these advertisements because of the amount that is involved in the process of advertising of products and services.

The largest amount of money earned is from the advertisements that are showcased for the attraction of customers over the digital intellectual property present online. These advertisements are showcased at all geographical locations with internet connectivity. The calculation of taxes with the laws that are applicable to the advertisers will have drastic variations than that of the tax regime in the creator's jurisdiction. It can be observed that with the number of channels that are engaged in advertising a product, it will be very difficult to gauge the amount of taxes applicable. Hence, the requirement of a uniform digital tax regime is imperative.

The advent of COVID-19 Pandemic has also paved the way for the digitalisation of several other action which initially were only deemed to be possible physically. Online activity has removed the criteria of physical presence, but most of the Tax laws rely upon the system of

¹ 2nd Year Student, NLUO, Cuttack.

place of revenue origin and physical presence of the provider and the customer. However, this paper seeks to achieve a breakage in the link between income generation and physical presence.

Online advertisements are present in any and every form on the digital space today. Majorly, advertisements can be bifurcated into three segments. First, through online advertisements on regular browsing on the internet; Second, influencer marketing on social media platforms through brand integrations with bloggers and content creators on platforms like YouTube and Instagram form a major portion of advertisements online; Third, advertisement through Over the Top Platforms (OTT). In this article, the author intends to analyse the tax regime separately for revenue sources and suggest a uniform tax regime along with analysing the impediments.

2. DIGITAL TAX ON ONLINE ADVERTISEMENTS

Social Media Platforms generate most of their income in the form of revenue generated from the advertisements which are displayed while browsing the internet. There is no doubt about the fact that the advertising arena is where the most lucrative ventures are located. Considering the enormity of organisations like Facebook and Google, the potential tax revenue that can be originated is enough to serve various needs of a country.²

Maryland has introduced tax on online advertisements in order to levy charges on the revenue generated. The tax is estimated to raise 250 million dollars per year as it would levy a 10% excise tax on revenue earned on the income through online advertisements.³

2.1 The Existing Debate on Digital Advertisement Tax

2.1.1 Unfair to single out Online Advertisements

Advertisements must not be categorically taxed. It would be considered unfair on the part of digital advertisements as there is no firm ground for taxing the digital promotion. Moreover, it

² Assaf Y. Prussak, *The Income of the Twenty-First Century: Online Advertising as a Case study for the Implications of Technology for Source-Based Taxation*, 16 TUL. J. TECH. & INTELL. PROP. 39 (2013).

³ Erin Cox, *Taxing digital ads could bring Maryland \$250 million — and a hefty legal challenge*, WASHINGTON POST, Jan. 30, 2020.

is also said to make procedures ‘complicated’ as it would be intertwined with the outcome of the Wayfair Case.⁴ The Supreme Court of United States of America, in the Wayfair Case stated that sales tax would be applicable on all online purchases. In such a scenario, when online advertisements also get a tax slab attached to it, the complication regarding the quantum of the tax will remain under conjecture.

2.1.2 An Incentive to Change Market Giants’ Dangerous Models

The tax regime will erode the chances of exploitation by the giants such as Facebook and Amazon. The regime is also an alternative to antitrust or regulatory actions against such entities. Antitrust regulations on various levels intend to ban the current business model so that unfair practices may be given punitive action. Whereas, the tax regime will encourage the companies to opt for healthier, traditional methods instead of harvesting profits from user information to sell advertisements to targeted audience. This tax directly targets sales revenue from targeted advertisements which serves the purpose of generating revenue from these giants along with providing a fair chance for small enterprises to dwell.⁵

International organisations must take initiatives to tax these giants so that the greater public interest is served. The responsibility also lies with the domestic authorities to implement laws that divert revenues from the pockets of these giants to the tax authorities. The idea and concept of a digital advertisement tax must also form an essential part of the uniform tax model.⁶

3. TAX IMPLICATIONS OF ADVERTISING THROUGH INFLUENCER MARKETING AND BRAND INTEGRATIONS

A major portion of intellectual property is also present on the social media platforms, such as YouTube, Facebook and Instagram.⁷ Intellectual property on these platforms is uploaded in order to provide content for the audience who also happen to be potential customers for brands

⁴ South Dakota v Wayfair, Inc., Et Al. 200 U. S. 321, 337 (2017).

⁵ Paul Romer, *A Tax That Could Fix Big Tech*, THE NEW YORK TIMES (May 06, 2019), <https://www.nytimes.com/2019/05/06/opinion/tax-facebook-google.html>.

⁶ OECD BEPS Action Plan, OECD, (June 10, 2020, 08:30 A.M.), <https://www.oecd.org/ctp/BEPSActionPlan.pdf>.

⁷ Dharika Merchant, *The Evolution of Influencer Marketing*, THE ECONOMIC TIMES, (May 29, 2020, 10:04 A.M.), <https://brandequity.economicstimes.indiatimes.com/news/marketing/the-evolution-of-influencer-marketing/72422721>.

who integrate with social media creators for the purpose of advertising.⁸ In this process, advertisers pay influencers in kind. For instance, a resort company may provide a vacation to social media creators for the endorsement of their resort. In this process, not only the companies will have the advantage of cutting the tax on this advertisement but the influencer will also not have this income accounted. Essentially, there is a high scope of this income being evaded from the tax system.⁹ Considering the current situation under the pandemic, the global audience for social media has increased immensely and this must be taken into urgent consideration as it may lead to major losses to the economy.

The online content industry has two main sources of income, brand integrations and display of online advertisements. Different jurisdictions have had varied approaches to this area. The tax authorities consider most of these activities to be recreational instead of taking them as profit yielding activities. However, it is important to note that with the progression in time, there are quite a few individuals who have taken this up as income and profit generating mechanism and create a livelihood out of social media content. In the following part, the author analyses and compares the laws of different jurisdictions and the scope of improvement in their tax regime.

3.1 Cross Jurisdictional Analysis of the Tax Regime with regards to Influencer Marketing

The basic understanding needs to rest on the nature of the organisation working behind the content. In case of it being qualified as a non-profit organisation, their main source of income would be through sponsorships. At this juncture, one needs to understand the qualifications of a sponsorship. Sponsorships mainly equates to the profit generated by the party offering it.¹⁰ Nevertheless, the sponsors who advertise their products or services in exchange of a favour, will be considered as taxable advertising. Therefore, the deduction of sponsor recognition and

⁸ Edward Kim, *The Future of Integrated Marketing: When Influencer Marketing and Branded Content Collide*, CMS WIRE (May 28, 2020 5:45 P.M.), <https://www.cmswire.com/digital-marketing/the-future-of-integrated-marketing-when-influencer-marketing-and-branded-content-collide/>.

⁹ Christian Phucs, *The Online Advertising Tax A Digital Policy Innovation*, (June 09, 2020 7:05 P.M.), <https://library.oapen.org/bitstream/id/9b1e656e-a839-4b03-b215-55d76906bb17/UWP-024-fuchs.pdf>.

¹⁰ Ted Nobiollo, *How Social Media Influencers Are Taxed In the U.S.*, TAX WARRIORS (June 06, 2020 4:43 P.M.), <https://www.taxwarriors.com/blog/how-social-media-influencers-are-taxed-in-the-u.s.>

sponsor promotion is inevitable. The point of discussion now turns to the individuals or organisations who create content for generation of profit.¹¹

In the U.S., influencers are categorised as independent contractors, as opposed to recognising them as employees of the brands they market.¹² The distinction is also made between a hobby and a business. However, this discussion is only restricted to profit-oriented channel. In circumstances where the influencer provides services to companies who are outside the state, they have to pay additional non-resident state tax returns.¹³

In Europe, big ventures had become a target for complaints as they were not paying enough amount of tax because of the lack of regulation. Considering all the demands of the public, there was a regime which brought a 3% percent levy in France and Italy.¹⁴ In Turkey, there has been a proposed digital tax for a heavy percentage of 7.5. During elections in the UK, both the leading parties proposed a digital tax of at least 2% in their election campaign. Another proposal mentioned a levy on all search engines that ‘derive value from U.K. users.’

The competition between United States of America and Europe has also led to all the more chaos as they refuse to tax profits and are adamant on taxing revenues. The above-stated fact is a specimen of the requirement of a better tax regulation regime in these areas.¹⁵

¹¹ Amanda Perelli, *How do influencers pay taxes? 4 steps to conquer tax season as a self-employed social-media creator*, BUSINESS INSIDER (June 10, 2020 3:55 P.M.), <https://www.businessinsider.in/advertising/news/how-do-influencers-pay-taxes-4-steps-to-conquer-tax-season-as-a-self-employed-social-media-creator/articleshow/74290945.cms>.

¹² Ted Nobilo, *How Social Media Influencers Are Taxed in the U.S.*, TAX WARRIORS (June 06, 2020 4:43 P.M.), <https://www.taxwarriors.com/blog/how-social-media-influencers-are-taxed-in-the-u.s.>

¹³ William Horobin and Aoife White, *How ‘Digital Tax’ Plans in Europe Hit U.S. Tech*, THE WASHINGTON POST (28th May, 2020 3:02 P.M.), https://www.washingtonpost.com/business/how-digital-tax-plans-in-europe-hit-us-tech/2019/12/02/f357b0aa-1558-11ea-80d6-d0ca7007273f_story.html.

¹⁴ Ians, *After France, Italy approves digital tax on large tech companies.*, THE HINDU (May 30, 2020, 2:08 P.M.) <https://www.thehindu.com/news/international/after-france-italy-approves-digital-tax-on-large-tech-companies/article30400513.ece>.

¹⁵ Alex Hern, *UK to impose digital sales tax despite risk of souring US trade talks*, THE GUARDIAN (June 06, 2020, 9:07 P.M.), <https://www.theguardian.com/media/2020/mar/11/uk-to-impose-digital-sales-tax-despite-risk-of-souring-us-trade-talks>.

3.2 Indian Tax Regime – Digital Intellectual Property on the Internet

In India, this industry gets counted under the services category under the GST regime. There has been an exponential increase in the population who is deriving profits out of activities such as Blogging and making YouTube videos. The bloggers and content creators are taxed only when they make a certain amount of money. For the purposes of taxation, the agreement with the provider (host website) plays an essential role. These businesses generate revenues from Ad sense through Google and Brand Integrations. Indian YouTube content creation is generally linked with Google Asia Pacific. The creator provides the liberty to Google Asia Pacific to put Ads on their Intellectual Property.¹⁶ Therefore, the place of supply here becomes Singapore, which will be ultimately be considered as an Inter-state Supply.

For Inter-State Supply of electronic operations, the Goods and Services Tax Act provides for registration. Their liability arises only after a revenue generation of Rs. 20,00,000.¹⁷ The general rate of tax applied here is 18%, however, since this is also considered an export, it will be covered under Zero-rated Supply.¹⁸ However, the requirement is to tax the giants which do not operate in India per se and still generate large amounts of revenue from the populace.

4. POTENTIAL TAX ON OTT PLATFORMS

The system of Over the Top (OTT) platforms have the most complex structure as it involves a web of links which combine to provide the experience of cloud viewing. The complication remains relevant in the tax scenario because the content cannot be clearly said to be ‘delivered’ as it may also get covered under the category of being ‘accessed’ which may have different tax implications.¹⁹ Given the complexity, many countries have laws which are open to

¹⁶ Ahmed Ali, *Google India revenue dips as ad a/c lists under Singapore*, THE TIMES OF INDIA (May 27, 2020 4:05 P.M.) <https://timesofindia.indiatimes.com/business/india-business/google-india-revenue-dips-as-ad-a/c-lists-under-singapore/articleshow/71713987.cms>.

¹⁷ The Central Goods and Services Tax Act, 2017, § 24(i), No. 12, Acts of Parliament, 2017 (India).

¹⁸ CBIC, *Zero Rated Supply*, (June 04, 2020 7:09 P.M.) <https://www.cbic.gov.in/resources/htdocsbec/gst/Zero%20ratings%20of%20supplies.pdf;jsessionid=30FED836EF1B8676DFEA2BCCAEEB0418>.

¹⁹ Deloitte, *Flashpoint Over-the-top complexity Examining the potential tax implications of streaming video distribution*, DELLOITTE (May 15, 2020), <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/technology-media-telecommunications/us-tmt-examining-streaming-tax-implications-of%20over-the-top-video.pdf>.

interpretation along with being vague and inexplicable. Traditional partnerships led to traditional tax consequences, however, modern technologies demand for innovative tax strategies, where not only the market is free from unsolicited convulsion around tax procedures but the competition in the market is also contained. The regular procedure followed by majority of the jurisdictions states that the taxes will be allowed according to the local laws of the customer. However, this procedure does not afford a solution which is adequate enough to tackle the current multiplayer situation at hand. A proposed solution, which is discussed elaborately in an upcoming section suggests coming up with a uniform tax approach system. This system will provide ease for taxation in a digital economy. Moreover, a uniform tax system will also help countries, who are a part of the WTO E-Commerce Moratorium, to impose taxes on import of electronic transmission of data.

OTT platforms have emerged as a new challenge for jurisdictions around the world. The author suggests to provide a multilayer tax system where, foremost, the digital economy will have to be considered separate from the original taxation setup. Subsequently, there must be nominal amounts of tax at each stage, depending upon the service provided and revenue collected. The tax collected at each stage must be uniform in majority of the jurisdictions, which will assist in easing out the procedure of collecting taxes.

5. THE IMPEDIMENT TO DIGITAL TAXES- WTO'S MORATORIUM

In late 1990s, debate had been ongoing among the WTO (World Trade Organisation) member on treating Electronic Transmissions (ET) as goods or services. This debate directly relates to the current situation as the OECD BEPS (Organisation for Economic Co-operation and Development Base Erosion and Profit Shifting) Action Plan is likely to be released in a matter of a few months. A unified regimen which is going to affect the taxes on electronic transmission. In 1998, WTO declared the adoption of a two-year moratorium on global electronic commerce and decisively banned the taxation on electronic transmissions in order to promote a free flow of transmission of network across the globe.²⁰ This moratorium was

²⁰ WTO, *WTO Moratorium* (June 07, 2020), <https://iccwbo.org/publication/wto-moratorium-on-customs-duties-on-electronic-transmissions-a-primer-for-business/>.

promoted and renewed every two-years only because the powerful economies were in favour of it being renewed.

It is important to note that the moratorium affects the trade by 2.7% per annum since 2000.²¹ The developing countries can be estimated to generate 40 times more revenue than the developed countries.²² A system of fairness will exist only when the countries make sufficient revenue out of ET.

5.2 Feasibility of applying tariffs and discontinuing the WTO Moratorium on ET

The moratorium directly affects the functioning of the GATT tariffs and well negotiated GATS commitments. The future in ET is unimaginable and the system will get increasingly complicated, if structures of custom duty is not built at this juncture. With the expanding revolution in technology, non-application of any duties will result in heavy losses and will not prove fair on the part of the creators. Developing countries like India and South Africa must strongly oppose such a declaration as it is leading to humongous losses every year.²³ The discontinuation of the moratorium will not only boost the daily surplus but also substantially increase the chances of efficiently surviving the effects of the global pandemic crisis.²⁴

6. EXAMINING THE REQUIREMENT FOR AN INCLUSIVE FRAMEWORK

A regime where multi-national Enterprises, irrespective of their physical presence pay a minimum level of tax, requires a robust structure which may be relied upon by the majority of jurisdictions. The key to make a digital friendly tax system is to have a separate digital economy apart from the regular economy. A plaguing concern has been regarding the jurisdiction

²¹ WTO, *WTO Note (2016- JOB/GC/114) on Fiscal Implications of the Customs Moratorium on Electronic Transmissions* (June 06, 2020), <https://iccwbo.org/publication/wto-moratorium-on-customs-duties-on-electronic-transmissions-a-primer-for-business/>.

²²Rashmi Banga, *Growing Trade in Electronic Transmissions: Implications for the South*, UNCTAD RESEARCH PAPER NO. 29, 2019, (May 30, 2020 2:08 P.M.) https://www.wto.org/english/tratop_e/ecom_e/wkmoratorium29419_e/rashmi_banga.pdf.

²³ UNCTAD, *Trends in Structurally Weak, Vulnerable And Small Economies: Small island developing States*, (June 08, 2020 4:09 P.M.), <https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2356>.

²⁴ Sri Hari Managalam, *Digital Taxation – India’s Struggle to tax the import of Electronic Transmissions*, GNLU JOURNAL ON LAW & ECONOMICS (June 17, 2020 5:07 P.M.), <http://ggle.in/2020/06/04/digital-taxation-indias-struggle-to-tax-the-import-of-electronic-transmissions/>.

challenges that arose from cross-border digital trade which heavily involved the usage of Intellectual Property and the ‘Nexus, Data and Characterisation’ requirement for the basic architecture.

The model convention by OECD state under Article 7 that the profits of an enterprise of a contracting state shall be taxable only when there is a permanent establishment in that state.²⁵ However, this provision is not in coherence with the multinational digital economical requirements. There is a critical requirement to take the matter into consideration on an urgent basis since there can be major losses to the economy when the economies turn fully digitalised, especially due to the presence of the COVID-19 pandemic. The pandemic is forcing the economies to turn digital and it is going to bring along with it, a plethora of tax complexities.

6.1 Inspection of the Challenges on Online Sales from Non-Resident Suppliers

International display of online advertisements leads to sales in the domestic market, which ultimately leads to the payment of taxes by the domestic players. However, the channel which is advertising the products does not require to pay any taxes to domestic government, even if it is generating income from that transaction. Therefore, taxes on the input and output stage are easily evaded due to the non-existence of stringent digital advertisement taxes.²⁶

Evidences have shown that digital intellectual property creates an unfair competitive advantage to the international businesses because of the easy-to-evade tax benefits. In order to reduce this disparity, markets ought to apply the basic neutrality principles, wherein taxes are collected at a multi-level stage in domestic markets. Therefore, at each level of business, the tax will be paid at the input stage and collected at the output stage.

In international trade, it is suggested that the taxes be collected on the destination principle approach under which the exports are free from taxes whereas the imports are taxed as per the

²⁵ Articles of The Model Convention with Respect To Taxes on Income And On Capital, art. 7.

²⁶ OECD, *Programme of Work to Develop a Consensus Solution to the Tax Challenges Arising from the Digitalisation of the Economy. OECD/G20 Base Erosion and Profit Shifting Project*, (June 06, 2020 4:09 P.M.), <https://www.oecd.org/tax/beps/programme-of-work-to-develop-a-consensus-solution-to-the-tax-challenges-arising-from-the-digitalisation-of-the-economy.pdf>.

domestic laws. For instance, if a person clicks on a Google Advertisement and buys an online course from an international platform and pays in converted currency. In that case, the customer in Country A will have to pay taxes to the company providing the course. As a customer of the Google Advertisement, the company will have to pay taxes according to the laws of the geographical location of the host, which is Google in the present instance. However, Google Advertisement does not have to pay taxes because the amount generated is minimal for it to be taxed. Nevertheless, if a total is calculated, the revenue crosses millions depending upon the population of a place. A uniform system of tax collection will not only assist the cross-border transactions, but also aid in taxing market giants which do not appear among the tax payers of the country. The laws of all the countries must be made in format which results in uniformity in the compliance system. These may also be applicable to countries which are 'non-adherent' to the G20.

The inclusive framework intends to break down the tax amounts into three categories in order to recognise the challenges and provide solutions. Category A includes the share in residual profit from intellectual property gained from online search engine operations, social media platforms, digital content streaming, cloud services, cloud computing services, online gaming along with online intermediation platforms.²⁷ This analysis will be restricted to the analysis of amount under Category A.

6.2 Amount under Category A

The amount under this category are classic examples of the branching problems due to the digitalisation of the economy. This category specifically also contains but does not address the problem at hand adequately. To elaborate, the complexity with regards to the revenue generated by advertising by way of attracting eye-balls has not been taken into consideration according to the Programme of Work as per the work published in January 2020.²⁸ The consideration needs to take place at the earliest considering the gravity of the concern at hand. The intellectual

²⁷ OECD, *Statement by OECD For Inclusive Framework*, (June 05, 2020 8:08 P.M.), <https://www.oecd.org/tax/beps/statement-by-the-oecd-g20-inclusive-framework-on-beps-january-2020.pdf>.

²⁸ OECD, *Statement by OECD For Inclusive Framework*, (June 05, 2020 8:08 P.M.), <https://www.oecd.org/tax/beps/statement-by-the-oecd-g20-inclusive-framework-on-beps-january-2020.pdf>.

property which is within the scope of this paper is counted mainly under this amount itself because of the nature of the income generated. In the next part of the analysis, the author intends on characterisation of the amounts which are included under this category along with the tax implications.

6.2.1 Tax Base

Under Amount A, unlike the traditional approach of ‘Separate Entity’, the tax system must follow an approach of consolidated group financial account method, wherein a group of MNEs create group financial accounts. These groups are essentially a Business Line or a group of companies which have a common parent organisation. Difference in accounting standard mostly remains about the time, however, that does not become a hurdle in the process as these accounts are created over a longer duration of time. In circumstance where there are differences in terms of a significant amount and duration, shall be taken care through adjustments recognised by the jurisdictions.

For out-of-scope MNEs carrying a material amount, there must be a creation of segmented accounts just to include the in-scope MNEs. This is to ensure that there is fair collection of taxes from the entities which fall under the scope and there is no injustice provided to the entities out of scope.²⁹ The calculation of Amount A encompasses portions of residual profit that is to be allocated to the eligible market jurisdictions only. For instance, the advertisers from Google will have to pay taxes to a country A, even if there is no physical presence there, nevertheless they have customers who are buying products using Google Ad Sense. However, this is only a matter for further consideration as the significant rationale will rest on the policies which will be created by the different jurisdictions.

6.2.2 Elimination of double taxation

The tax system proposed above can bring along with it, several opportunities of double taxation. Hence, it is necessary that there is a robust system to eliminate double taxation in this

²⁹ *OECD proposal on taxing MNEs to benefit countries like India: Experts*, (June 09, 2:00 P.M.), <https://economictimes.indiatimes.com/news/economy/policy/oecd-proposal-on-taxing-mnes-to-benefit-countries-like-india-experts/articleshow/71564245.cms?from=mdr>.

system. The solution to this problem will only be addressed through Tax treaties and Domestic laws in compliance with the approach mentioned above. Tax treaties will ensure that there is consensus between the parties to double taxation requirements.³⁰ Domestic laws will ensure that the parties know their negotiating terms while the decision under the treaties are being taken into consideration.

7. CONCLUSION

In conclusion, the author suggests that the OECD ‘Unified Approach’ should be accepted by majority of the jurisdictions for the prevalence of uniformity of the tax systems across the globe. The Unified Approach will address the problems related to business presence and activities without physical presence as well as determine the places to pay taxes and the basis to charge tax. A consensus-based solution which is applicable to the entire globe including maximum parts of the world which are involved in the digital space will not only provide a fair solution to the tax payers, but also maximise profits and corresponding taxing rights for the administration. Additionally, the countries which are still to be completely digitalised must also be encouraged to take up the unified tax regime because of the inevitable nature of digitalisation. The traditional concepts of economics must have to be contemplated upon and the countries must join hands in order to create an environment for international digital tax laws to co-exist with national tax laws.

The author suggests that the digital economy needs to be separated from the basic tax system as it is a dynamic platform and the innovation in tax strategies will be facilitated by this regime. A uniform tax arrangement must be followed by jurisdictions across the world. On one hand, it is difficult to bring such a consensus in a short period, whereas on the other hand, it is absolutely necessary that these solutions are put forth as soon as possible considering the rapid pace of digitalisation.

³⁰ *Why you should be aware of double tax avoidance treaties?*, (June 17, 2020), https://economictimes.indiatimes.com/why-you-should-be-aware-of-double-tax-avoidance-treaties/tetrapak_show/70143405.cms.

The digital advertisement tax is an effective and efficient solution to the diversion of wealth. Market giants must be made responsible for the amount of revenue they generate from the population. The tax regulators are struggling with designing the appropriate way to tax the innovative advertising business models based on digital space. The international authorities must also pave way and suggest a uniform way to tax digital advertisements. The Inclusive Framework by OECD must allow space for such a digital advertisement tax. With the revolutionising technological industry, the world must be prepared with a healthy set of regulations which facilitate the ever-expanding requirements of change. As this ever-transforming industry advances virtually, the law must be prepared for the challenges it brings along with the technological promotion.