



**Terry Flew**

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Committee Secretary  
Joint Select Committee on Social Media and Australian Society  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
By email: [socialmedia.joint@aph.gov.au](mailto:socialmedia.joint@aph.gov.au)

Dear Secretary,

**Re Question on notice from Ms McKenzie, MP to Professor Flew on 28 June**

In my evidence to the Joint Select Committee on 28 June, I was asked by Zoe McKenzie MP about a digital advertising tax. The specific questions recorded in the Hansard Proof were:

- Does it exist?
- How's it working?
- What does it look like?

There are a number of countries that operate a digital services tax. The UK and France each have a 2% digital services tax (although the one in France is currently suspended). These taxes are levied as a percentage of revenue, rather than being profit oriented. They work effectively, but have been implemented as a replacement for a diverted profits tax.

As such, digital services taxes have formed part of OECD facilitated discussions on "Pillar 1" of a Global Tax Agreement<sup>1</sup> (OECD 2024) and The OECD anticipates that implementation of Pillar 1 will lead to the repeal of digital services taxes.

If you would like to discuss the content of this letter with me, my contact details are below.

Yours faithfully,

**Terry Flew**

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<sup>1</sup> <https://www.oecd.org/en/topics/reallocation-of-taxing-rights-to-market-jurisdictions.html>