

Canada considering tax on internet giants

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Canada's cultural sector relies in part on government funding, and local broadcasters must fulfill a quota of Canadian content

The Canadian government is looking at how to regulate and tax internet giants such as Google, Facebook and Netflix, as it moves to improve protections for its cultural sector, an official said Wednesday.

"The government of Canada recognizes that large internet companies are acting outside regulatory frameworks and may be a threat to our culture," Simon Ross, a spokesman for Heritage Minister Melanie Joly, told AFP.

It will therefore be necessary to update Canada's 1991 Broadcasting Act to take into account the new digital landscape, he said.

A review process will be started soon, Ross added.

Ottawa initially refused to apply a so-called "Netflix tax" on foreign-based internet companies offering services and selling online advertising in Canada, saying it didn't want those costs passed on to Canadians.

But that position provoked a backlash in the cultural sector that relies in part on government funding, and from Canadian broadcasters that must pay into the arts fund to support Canadian programming—calling it unfair competition.

Canadian broadcasters also must fulfill a quota of Canadian content on air, which streaming services are not required to match.

Facebook, Netflix, Spotify, YouTube and other online firms reach Canadians directly, outside of Canada's regulated broadcast system.

Most of their content is produced outside of Canada.

Soon, these companies will be pressed to "respect our cultural policies, and also share the benefits of their business model," Joly told the daily French-language newspaper Le Devoir after returning from a trip to Silicon Valley in the United States.

"The fundamental problem is that (these companies) do not recognize

their responsibilities," and that must change, she said.

"The benefits of the digital economy have not been shared equally. Too many creators, journalists, artists have been left behind, and there needs to be a better balance," as digital platforms are getting "a huge piece" of the advertising pie, Joly told the daily Toronto Star in a separate interview.

The [government](#), however, has not provided details of how it will proceed or a timeline for rolling out reforms.

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