

Forcing internet giants to pay tax



MEER AHSEN HABIB

LIKE any other country in the world, digital advertising is the primary source of revenue for online news publishers (including those which are running both print and online version) in Bangladesh. Although

advertisers still largely depend on conventional media (newspaper and television) for advertising, their products, with the growth of the digital market in Bangladesh, different brands and advertising agencies, have enhanced their presence through increased spending on digital advertising. While making direct advertising in local online platforms, both the advertiser and the publisher are complying with the country's laws and policies. By the end of each fiscal year, both online publishers and advertisers take account of their profit and loss account and pay applicable taxes to the government. Interestingly, when the same advertiser is advertising through Facebook Audience Network (FAN) or Google Display Network's (GDN) programmatic advertising platforms, it is making direct payment to these internet giants through an international payment gateway (credit card). Google then places ads in its search and display networks while Facebook displays these ads through FAN and a bunch of other apps. An online publisher being a part of GDN or FAN, gets a portion of money an advertiser is paying to these internet giants.

From the technological point of view, this sounds like a very efficient and hassle-free advertising system. The advertisers too, find it comfortable to go for such programmatic advertising as it costs much less compared to conventional advertising. But when it comes to financial transparency and compliance with the country's laws, policies and culture, we get a very blurry picture. These internet giants are doing business in Bangladesh without maintaining any registered office and operating without any kind of accountability. They are enjoying huge sums of digital revenue without paying any taxes to local regulators.

As Google and Facebook do not disclose the revenues earned from Bangladesh, an online publisher remains in the dark about

the advertising deals between an advertiser and them. The publisher never knows the percentage of the revenue it is getting from the deal. Nobody except these internet giants know the volume of financial transactions that are taking place every day.

In a bid to make the publishing platforms dependant on them as well as make them non-competitive, both Google and Facebook are pricing at a much lower rate. As a result of this unfair and unhealthy business practice, local publishers are increasingly becoming vulnerable and fighting for survival. Having no office in Bangladesh, Google and

will have no choice but to make an unconditional surrender. At present these two companies control 57.06 percent (The Dominance of Google and Facebook in One Chart, Jeff Desjardins, December 9, 2016) of the digital ad market and their slices of the pie are only growing. A rough estimate shows that more than half of each dollar (USD 0.60) that an advertiser spent on digital advertising goes to Google and Facebook. Facebook ran faster than all in terms of digital ad growth—in the first quarter of 2016 the social media company witnessed 57 percent growth to USD 5.2 billion from USD

Bangladesh.

If the influence of Google and Facebook continues to grow at this pace and regulators let them get away without giving a fair share of their income to the regulators and publishers, we will be digging our own grave. It will further enhance market monopoly; the country will continue to lose a huge sum in tax revenue, outflow of foreign currency (to Singapore and Ireland) will rise; local publishers will be deprived of a fair price for their contents (German court refers publishers' case vs Google to European court, Reuters, May 9, 2017); and growth of local

with millions of pounds in tax (Google paid £36 million in tax on UK revenues of £1 billion, reports show, The Independent (UK), March 31, 2017). During the deal, it was found that the vast majority of the profits associated with sales to UK (and non-US) were diverted to Bermuda, where Google has zero employees with almost zero taxation.

In 2012 (Facebook caught in controversy over earnings exported to Cayman Islands, The Guardian, December 5, 2013), company filing revealed that Facebook diverted an estimated £645m earned in the UK and other overseas markets to the Cayman Islands which have been a tax exempted destination historically. The social network company runs a subsidiary in Ireland through which it collects advertising revenue from around the world. Although Facebook earned £1.5bn in 2012, the Irish government collected just £4.4m in tax. To avoid tax and shelter much of its money, Facebook runs a complex web of subsidiaries known as "double Irish" (Double Irish With A Dutch Sandwich, Investopedia), employed by a number of American multinationals.

In June this year, South-East Asia's biggest economy Indonesia made Google reach an agreement under which it would pay the Indonesian government an undisclosed amount of tax for 2016. There are possibilities that the company will be slapped with USD 400 million for 2015 alone.

Forcing Google and Facebook to pay tax will be a hard nut to crack. But the Bangladesh government can learn from UK, Irish and Indonesian experiences and strategies. There are ample examples that governments in many countries are waking up and clamping down on corporate tax avoidance. It is a unique opportunity for the Bangladesh government to ramp up its tax collection efforts. To start with, the government can conduct a comprehensive research study to understand the nature and volume of online transactions by these internet giants. This will serve a fourfold objective: 1) establish financial transparency in online transactions, 2) bring the internet giants under the tax net, 3) meet budget deficit and 4) finance ambitious infrastructure projects.

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Facebook have so far been able to stay beyond the jurisdiction of local laws. They have also created a monopoly in digital advertising.

According to a research study by Visual Capitalist, digital advertising will surpass television advertising (Chart: The Slow Death of Traditional Media, Jeff Desjardins, October 7, 2016) and will become the largest ad market in existence.

The growth may open up a bright future for online publishers. But taking into account the present scenario, the dominance of Google and Facebook, the online publishers

3.3 billion (Facebook Revenue Soars on Ad Growth, Washington Post, April 28, 2016). The growth slowed down a little in the second quarter of 2017 to more than 50 percent but total revenue rose 44.8 percent to USD 9.32 billion in the second quarter of the same year (Facebook shares hit record high as mobile ad sales soar, Reuters, July 27, 2017). Facebook has more than two billion active users. It has been squeezing more ads into its News Feed. This lopsided growth and the digital monetisation strategy of internet giants are two big threats to the media stalwarts around the world including

digital business market will be restricted, thus limiting new employment opportunities.

Both Google and Facebook are registered in California and are subjected to Federal Tax Law. However, both the companies have been very successful in remaining beyond tax net in most countries of the world. In January 2015, Google made a deal with Her Majesty's Revenue and Customs (HMRC) under which it paid £130 million in tax which was due for more than ten years. While Chancellor George Osborne termed the agreement as a "major success", the opposition widely criticised the deal as it let Google get away

Of funny bones and wrongly wired heads



BUSHRA ADEL

IT was my cousin's wedding. The perfect setting for disastrous meetings between the Aunty gang and poor, hapless unmarried lasses. Cue Grandmother Z, who I've hardly met four times in my lifetime, with her "Bushra, how are you? You've gained weight haven't you?" My immediate response happened to be a (genuine) smile with "Oh yes, my parents have been feeding me well." I left after she was unresponsive for a few seconds.

My friends know my default state is that of sarcasm. But at that time I actually had gained weight. Even so my quip above wasn't necessarily snarky. I did mean what I said, albeit with a tinge of humour. This side of mine, the wit and humour, was something that I actively cultivated over the years. There are only so many things that an out-of-shape, dark-skinned girl in her late twenties can accomplish in this country (definitely not a husband though). More so when she has to deal with issues like anxiety.

It would be a safe bet to assume that some might have stiffened up a bit reading the last line. Mental health matters tend to have that effect on the general masses. Despite the recent discussions and awareness, it remains a taboo for people to speak freely about their condition, let alone with an air of hilarity.

And a lot of it has to do with the nature of the conversations, and the notions of the people having them.

Be it physical or mental, all issues that are different from the assumed state of normalcy are seen as the same—a disability. As with all

issues related to disabilities, people, especially those not having the said disabilities, are warier of discussions pertaining to the topic. The chances of upsetting a person suffering from an ailment and coming off as blasé and rude are high. Hence the default state has remained that disabilities are not to be joked about. Mental health issues bear the great brunt of this embargo with the existing stigma as the baseline.

The sentiment is noble indeed, to essentially not be insensitive. But the extent to which it was stretched far exceeds the nobility. People become stoic in their interactions.

Any conversation on mental health either

happens in the form of seminars and awareness programmes, or in the counsellor's chambers.

There even the professionals don this

serious persona where they're interacting

robotically. Yes, many people are already

uncomfortable with their mental issues, but

these interactions further drive them to

actively hide themselves or remain mum.

This leaves no room for people like Nandita to be

truly free despite being open about her diag-

nosed obsessional phobia. She tells me how

she tries to break the ice and discuss the topic

by making small jokes about her visiting

counsellors. "People themselves get offended,

that how dare I make fun of (my own!) condition. Whereas it's just a way for me to just be okay with myself."

Humour is in essence just that. The best

form of acceptance of oneself and their

environment. Studies and references can be given here that highlight the therapeutic nature of it, but that really isn't required. The serious

tone of the studies defeats the purpose of the

topic itself. No one actively jokes about some-

thing keeping in mind how "beneficial it is to

my mind, body and soul". It makes them feel

good. It happens to make others feel good, which just enriches the experience tenfold. And if it serves as an outlet for people to accept whatever unpleasantness they are being subjected to in the form of a legitimate and life-long battle with their mental state, then even better.

Yakub happens to have good experiences with his friends whenever he's in the mood to re-enact how he used to deal with simple physical interactions when his OCD was at its peak. "We'd have a riot. I'd show how I'd make faces and exaggeratedly wipe my hands on my t-shirt repeatedly if I'd accidentally

grazed by another person. My friends are okay with it, since they know that I'm comfortable with joking about my condition."

That's an approach many suffering from mental health related issues avoid. The general masses do not have a clear understanding on the true manifestations of the various forms of mental disorders, having whatever little knowledge they possess being tinged with false information and hearsay. With some reports citing a prevalence of one out of three people in Bangladesh having a mental disorder, very few can say they actively know of people having one. Hence when they do



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interact with someone, especially when the condition is talked about in a tone underlaid with humour, they're caught off-guard. And the person joking gets uncomfortable because of the recipient's reaction. A stalemate situation ensues.

I make it a point that my friends and family know of my anxiety attacks related to stage fright. From initial years of lousy university presentations to my latest choking up on stage in front of foreign dignitaries, I've experienced quite a bit of unpleasantness. Despite actively working as a trainer for various workshops. It's easy to get sympathy from people, but empathy needs to be cultivated. I tell all of my friends about how it happens, and what exactly I experience when such episodes happen. Most importantly I tell them that it's okay for them to be frank and casual about my phobia, because I'm okay with it myself. It's because they have an understanding of my situation and know how to interact with me, that they are truly acceptable of me now, including my crass jokes. And I garnered the courage to open up since almost everyone who have had witnessed my freezing had actively supported and cheered me on. That needed to amount to something.

To those who are still coming to terms with their own mental health, give humour a shot. Sarcastic, wit, comic, satire, or even sexual. It doesn't obliterate our problems. But the light-heartedness one experiences when accepting their situation with a hint of glee can relieve the distress. And the prospect of strengthening one's camaraderie with others would be a good addition.

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CROSSWORD BY THOMAS JOSEPH

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13 Custody decider	43 Raw bar item	21 Vigor
15 Diner offerings	DOWN	22 Groan inducer
16 Soup veggies	1 Hobbit helper	23 Parking spot
18 Tiny particle	2 Galleon setting	25 Fashion worker
21 Pharmacy unit	3 "Modern Family" character	28 Purify
22 Starter's need	4 Menagerie member	29 Western contests
24 Quarterback Manning	5 Magnet ends	31 Singer Cyrus
25 Silent	6 "Orinoco Flow"	33 Keyboard goof
26 Overly	7 Tops tortes	34 Sailing hazard
27 Regular customer	8 Seine water	35 Woodman's need
29 Take a breather	9 Make a misstep	36 Fellows
30 Flow into	10 Charter	37 Gallery fill
31 Extra amount		38 Compete
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COSMO	WAGES
ONION	ALIVE
DONNA	RELAX
TIER	ANY
ALLERGIC	
LIAR	GOHOME
AFIRE	RIVAL
SERENE	HARK
JAM	YARMULKE
ABODE	THUMP
BEVEL	HUMOR
STEW	SAPPY

BEETLE BAILEY



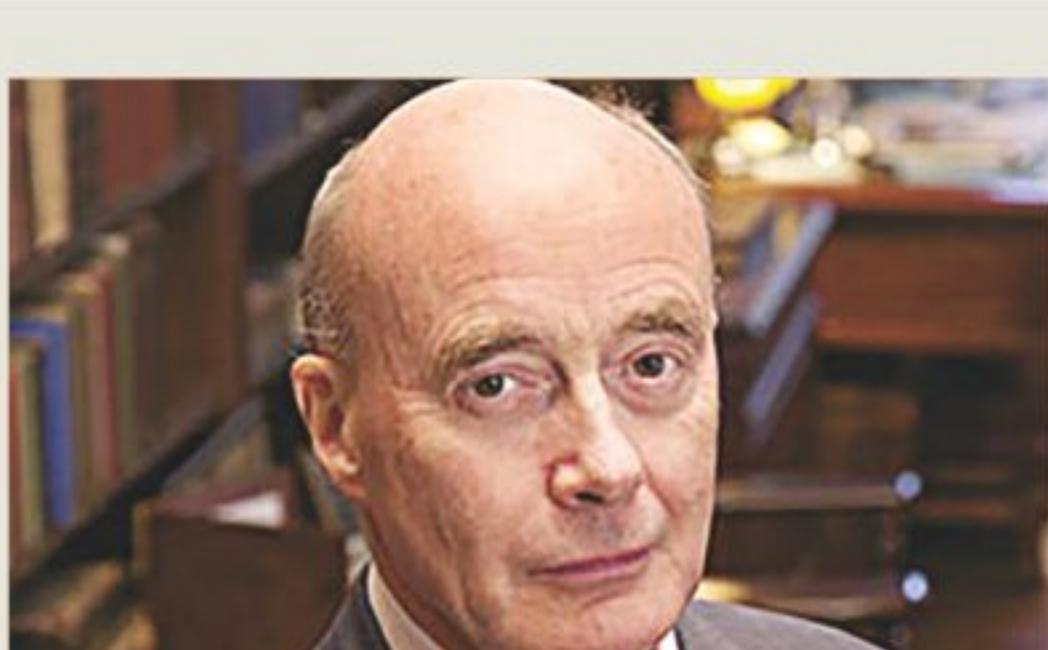
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BABY BLUES



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QUOTABLE Quote



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BRITISH HISTORIAN

Realign your life toward getting done what reality sends that needs doing.