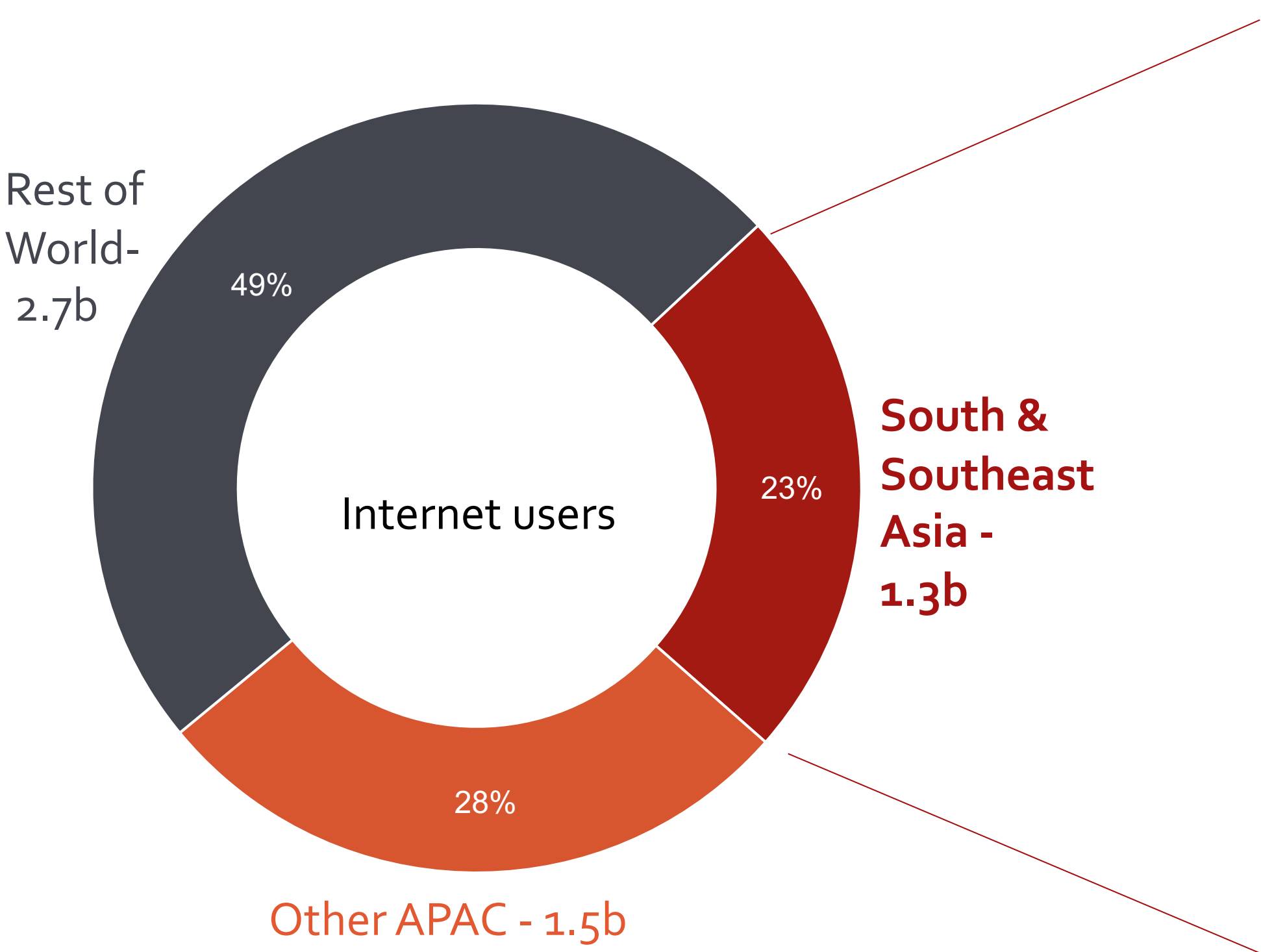


# Digital economy & taxation in South and Southeast Asia

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19 September 2023

# 1.3 billion internet users in South & Southeast Asia

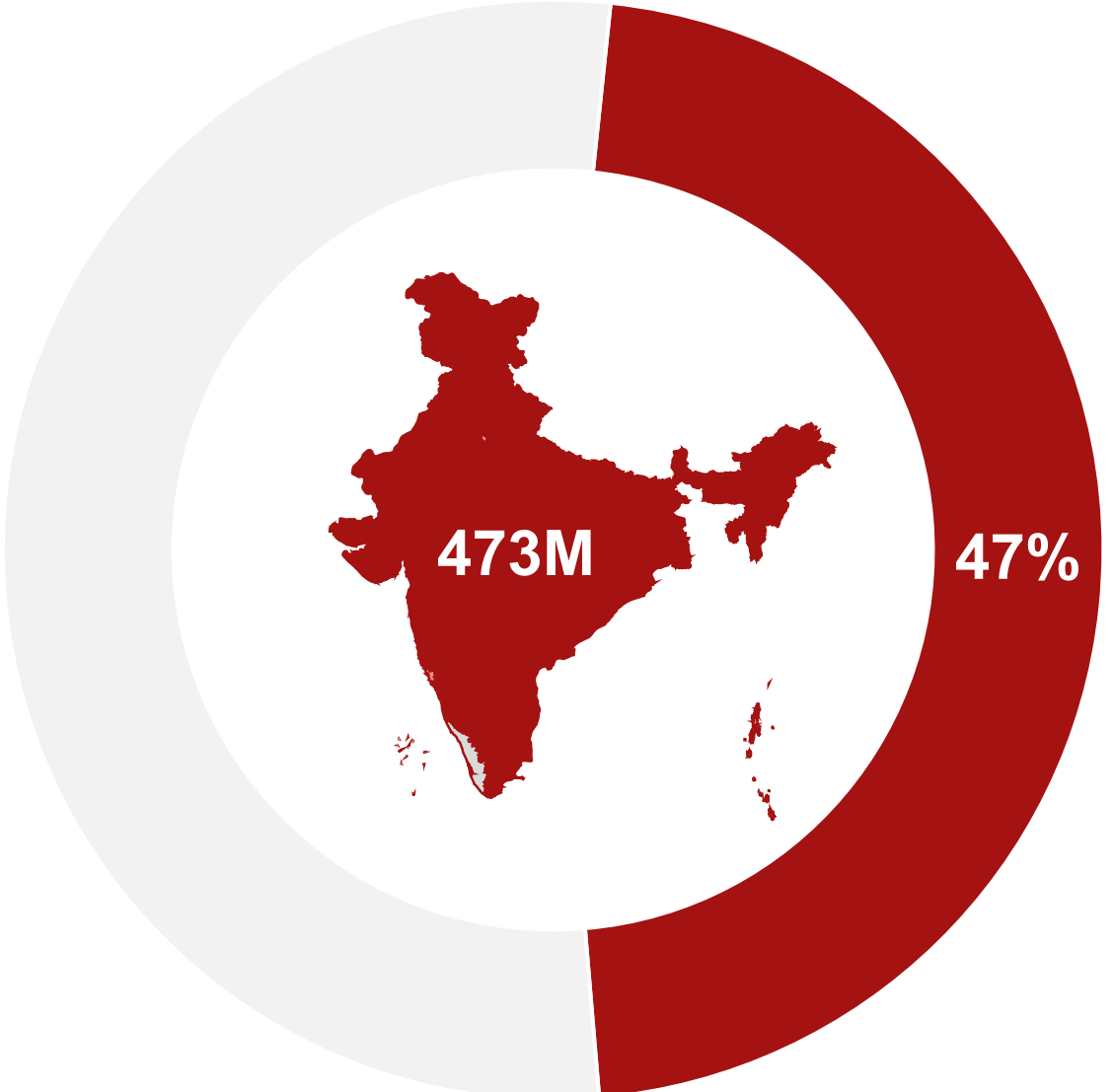


	India	656.3m
	Indonesia	183.2m
	Vietnam	77.2m
	Bangladesh	66.6m
	Thailand	63.1m
	Philippines	60.9m
	Pakistan	49.6m
	Malaysia	33.1m
	Myanmar	23.9m
	Nepal	15.8m
	Cambodia	10.1m
	Sri Lanka	9.9m
	Afghanistan	7.6m
	Singapore	5.4m
	Lao P.D.R.	4.7m
	Bhutan	0.7m
	Maldives	0.4m
	Brunei Darussalam	0.4m

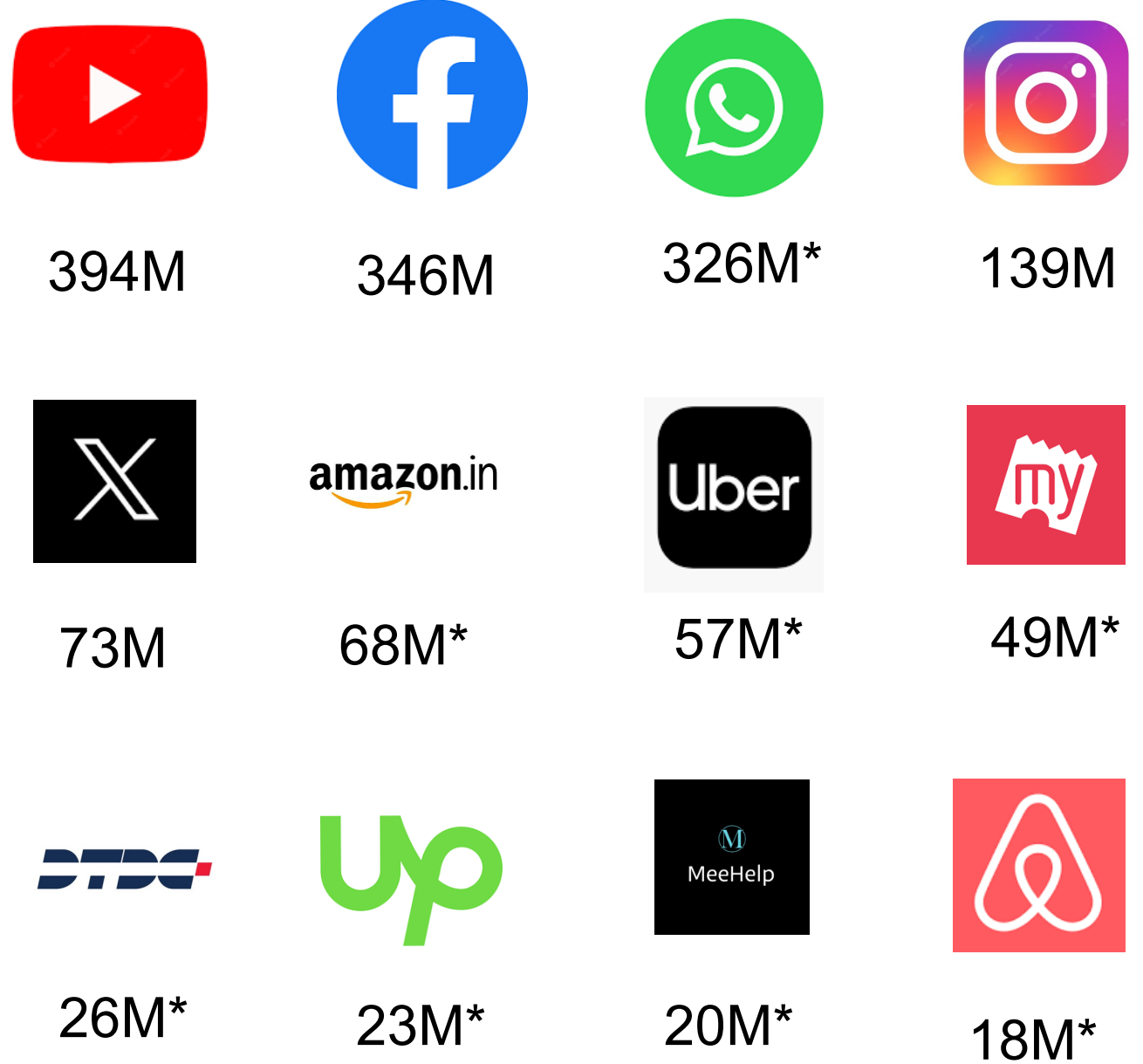
Source: LIRNEasia estimates based on ITU (internet use; latest year) and World Bank (total population; 2022); regional classifications based on UN typology

# Internet users in the region use multiple platforms and apps

Internet users in India - 2021  
(% of population aged 15+)



Number of users in India in 2021  
(aged 15+)

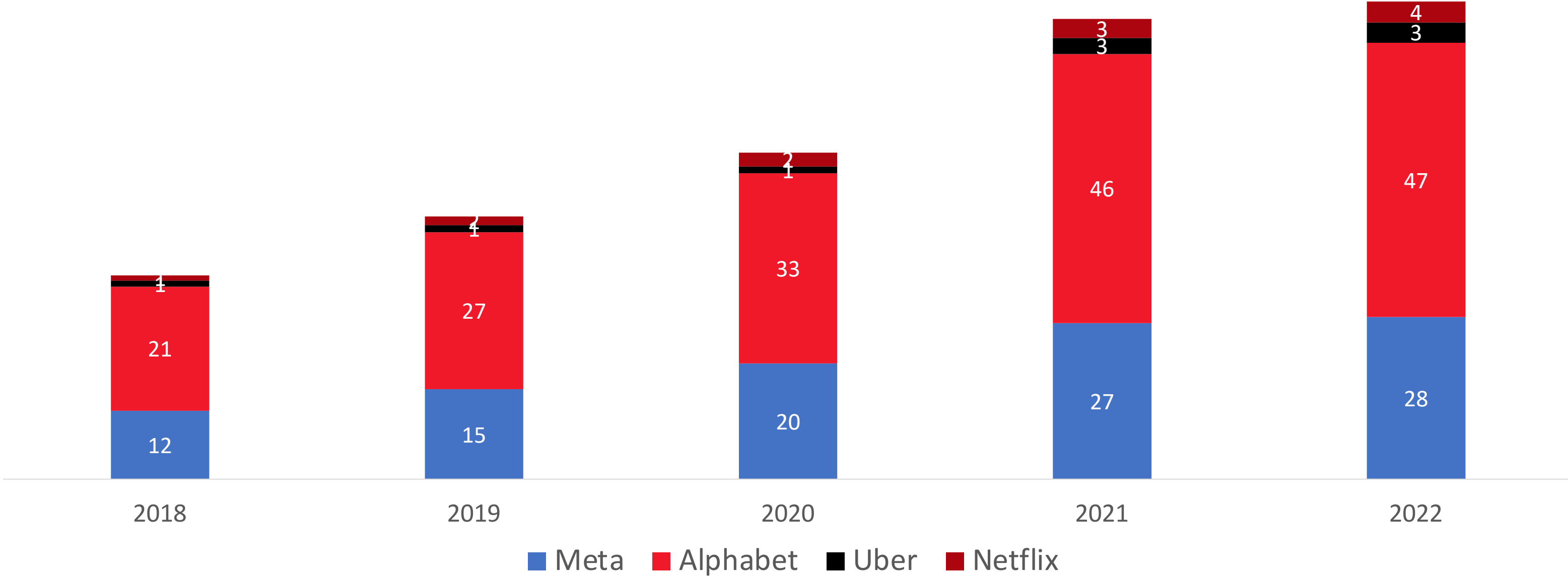


Source: LIRNEasia nationally representative survey – 2021 (n = 7,500); representative of population aged 15+ at a margin of error of +/- 2.8% at a 95% confidence interval

\* Indicates a category of platform (e.g.: voice, messaging or chat apps where WhatsApp is depicted)

# APAC is a lucrative and growing market for large technology multinationals...

Revenue from APAC\* (USD billion)



Source: Annual Reports – Meta, Alphabet, Uber, Netflix (2019-2022)

\* Further disaggregations at a regional level were not available in company financials

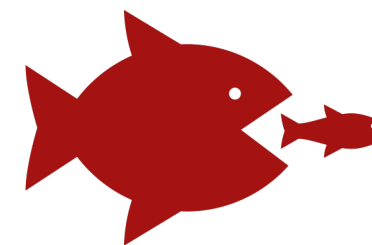
# ... but many entities remain outside the tax net of countries despite revenue gains

- Large technology multinationals do not necessarily need physical presence in a country to operate.
- Existing legislation of many countries (e.g.: Income Tax Acts) necessitate physical presence for companies to fall into the tax net.
- Therefore, large technology multinationals who have no physical presence in countries in which they operate may not pay taxes in the countries in which they operate.

Well designed, implemented digital taxes can help



Increase government revenue



Level the playing field for local and multinational businesses

# Several countries in the region have implemented domestic legal measures

Country	Tax
India	Equalization Levy Withholding Tax* Significant Economic Presence Provisions
Pakistan	Fee for Offshore Digital Services
Nepal	Digital Services Tax
Vietnam	Withholding tax*
Malaysia	Withholding tax*



\* Withholding Tax refers to a special type of withholding tax levied specifically on digital services (e.g.: income from digital advertising/e-commerce)  
Note: We focus on direct tax measures such as equalization levies, withholding taxes and SEP measures, not indirect measures such as VAT/GST

# Treaty based measures can also be used give new taxing rights, while reducing the risk of double taxation

 **OECD** OECD/G20 Inclusive Framework  
2 Pillar Solution

**Amount A**, Amount B,  
Global Anti-Base Erosion  
(GloBE) rules, Subject To Tax  
Rule (STTR)



**UN Model Tax Convention**  
**Article 12B**, UN STTR



Countries must decide whether to sign up for Multilateral Convention on Amount A (OECD/G20 Inclusive Framework) by **end 2023**

# We aim to enable information & experience sharing to facilitate decision-making on treaty-based options

Types of digital services in scope

Revenue/profitability thresholds

Tax rate

Existing laws/treaties

Impacts on competition and investment landscape

Implications on sovereignty

Policy certainty

Compliance costs for government & platforms

Capacity building requirements

Policy decisions taken by other countries

Session 1: Revenue

Session 2: Implementation





Thank you!

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