



Department for  
Digital, Culture,  
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15 TO2018/07264/DC  
May 2018

Dear John

During Baroness Hayter's Oral Parliamentary Question on Media Advertising on 22 March, my Noble Friend Baroness Chisholm of Owlpen promised to write to provide further clarity on your comments regarding tax. With sincere apologies for the delay, I hope the below will provide some reassurance.

You raised the need to ensure internet advertisers pay their fair tax and I agree that the regulation of advertising is only one part of the puzzle, although as my Noble Friend said internet advertising makes up over half of the Advertising Standard Authority's (ASA) work.

The Government is committed to making sure multinational enterprises pay their fair share of tax in the UK. Along with most major economies in the world, the UK levies corporation tax on the basis of the profits generated by the economic activity and assets held here. Our objective is to ensure that profits are taxed where value-creating activities are performed. We will not tolerate multinational companies treating tax as an optional extra.

The broader potential challenges posed by the digital economy for businesses and the tax system is an important issue. At Autumn Budget 2017, the government published a position paper on corporate tax and the digital economy. It also published an update to this paper at Spring Statement 2018.

The papers set out that the government thinks international corporate tax principles need updating for the digital age to ensure that they reflect the new ways businesses create value. In the short term, the government intends to work with international partners to explore interim measures to tax digital businesses, such as a tax on revenues.

I am placing a copy of this letter in the library of the House.

Yours ever

Harry

Lord Ashton of Hyde  
Parliamentary Under Secretary of State

