

**Faculty of Business, Law and Social Sciences**

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| **Proposed Title:**  Online advertisement: a challenge to pre-existing taxation principles and concepts |
| **School:** Law |
| **Proposed Supervisory Team:**  Dr Ozlem Ulgen (Principal supervisor)  Professor Luke Mason  Mr Suresh Birdi |
| **Abstract:**  Computing and IT technologies have precipitated a transactional efficiency revolution in the world of trade and commerce, substantially reducing geographical hindrances that formerly characterized trade. Today, cross-border transactions are no longer necessarily bound with physicality to our world. They can be initiated from the point of production, sales and delivery without leaving the home jurisdiction. Online advertisement is a major player in the world of e-commerce and a substantial revenue generator. But the particular nature of online advertisement transactions has implications for international taxation law. As a multi-party scheme, online advertisement involves a publisher, the advertiser, and the end-user, yet the end-user is neither the payee nor the payor. The number of parties involved alone creates foreseeable complexities for international taxation law. The generation of income is also dependent on different pricing models which operate without leaving any “physical fingerprints”: the Cost Per Mille (payment is according to the degree of exposure clients have to the advertisement); Cost Per Click (generated when the user clicks on the ad); and Cost Per Action (generated when the user acts on the ad in a way that is beneficial to the advertiser). This poses a problem in terms of how to determine the source of income, which is significant in establishing the place of economic activity for tax purposes.  This project focuses on developing a means of fair taxation for online advertisement that premises taxable profits on the place of economic activity. The fast-paced evolution of technology and much slower regulatory and legislative responses makes this a project of vital importance. Paramount to this research will be questions such as the origin of the income, the place of economic presence, and adequacy or otherwise of the current notion of permanent establishment. The research will also analyse the suitability of the territorial and residency based regimes in deducing the more suitable regime for online advertisement. |
| **Research Environment:**  The designated supervisors are able to provide PhD supervision in this area, both having expertise in the area of emerging technologies and the principal supervisor having expertise in international taxation law. The School of Law provides research support and opportunities for collaboration through the newly established Centre for Corporate and Commercial Law, and this project represents a key impetus towards developing the Centre’s postgraduate research community. There is access to electronic and hard copy library resources, and partnership arrangements with other academic institutions for reference use of materials. The School supports PhD candidate research development and involvement in research activities through the Postgraduate Research Forum, BLSS Research Conference, and BLSS Small Development Grants. |
| **Applicant Requirements:**   * 2:1 LLB (the equivalent for overseas students) (Essential) / 1st class LLB (the equivalent for overseas students) (Desirable) * Masters level degree in international business law (preferably having studied international taxation law) (Desirable) * High level proficiency in written and spoken English * Ability to learn quickly about the role and nature of emerging technologies |
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