World Journal of Innovation and Modern Technology, Vol. 9, Issue 7 (Jul) 2026
ISSN 2682-5910
DOI: 10.66069/ojspub.26820703

International Comparison of Taxation Models in the Formulation of Digital Tax Rules

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Abstract: ***The formulation of international digital tax rules represents a pivotal issue in global tax reform and international tax governance, with significant implications for the development of the global digital economy. This paper systematically examines the taxation models adopted by typical countries in implementing digital tax rules, categorizing them into two major approaches: the standalone digital services tax (DST) model and the expansion of existing turnover tax model. Through a comparative analysis of representative countries adopting the standalone DST model including France, Italy, Austria, the United Kingdom, Spain, and Canada, this study examines core tax elements including taxable objects, tax rates, thresholds, and collection mechanisms. The analysis reveals that while these countries share common features in targeting core digital economy sectors and employing dual threshold criteria, they exhibit notable differences in the scope of taxable objects, rate structures, and legal liability provisions. Furthermore, this paper examines countries that have incorporated digital services into their existing consumption tax systems, including South Korea, Japan, Australia, Malaysia, Indonesia, the Philippines, and Brazil. The comparison highlights differences in implementation timelines, tax rate structures, and collection emphases across these jurisdictions. The findings provide both theoretical references and practical insights for the refinement of international digital tax rules and the construction of adaptive tax systems.***

Keywords: Digital tax; International tax rules; Taxation models; Digital services tax; Consumption tax; Cross-border taxation; Tax policy comparison.

1. INTRODUCTION

The international rules governing digital taxation have emerged as a critical topic in global tax reform and international tax governance, exerting a substantial influence on the development of the global digital economy. As the digital economy continues to expand rapidly, traditional tax systems face unprecedented challenges in capturing value created through digital activities [1] [2]. Due to disparities in institutional exploration across countries in the digital tax domain, the effects of implementing international digital tax rules exhibit significant heterogeneity. From the perspective of taxation models, existing digital tax approaches fall into two primary categories: levying a separate digital tax on digital products and services, and expanding the scope of existing turnover taxes. Different taxation models produce divergent tax system designs, leading to cross-national differences in the implementation of international digital tax rules. Even under the same type of taxation model, cross-national differences emerge due to variations in policy orientations and administrative costs among countries [3] [4]. From the perspective of behavioral theory, countries participating in the formulation of international digital tax rules are inherently highly heterogeneous actors. A systematic comparative analysis of cross-national differences in the implementation of digital taxes is essential for understanding these divergent approaches. Such analysis provides theoretical references and practical insights for the refinement of international digital tax rules and the construction of adaptive tax systems.

2. THE STANDALONE DIGITAL SERVICES TAX MODEL

2.1 Tax Policies of Typical Countries Adopting the Standalone Digital Tax Model

The traditional value-added tax (VAT) system was primarily designed for transactions involving tangible goods and services, and its taxation mechanisms are insufficient to effectively cover the business activities of cross-border digital enterprises [5]. This structural limitation creates a disparity in tax burdens between digital enterprises and domestic firms. To address this institutional deficiency, countries including India, France, and Italy have successively introduced digital tax systems. This tax category is based on user value creation as the taxation foundation, implementing tax adjustments on revenues generated by digital enterprises through user participation. It constitutes a hybrid tax system analogous to a business tax. The tax policies of representative countries adopting the standalone digital tax model are presented in Table 1.

Table 1: Tax Policies of Representative Countries Adopting the Standalone Digital Tax Model

Region	Country	Policy Enactment Year	Implementation Date	Digital Tax Rate	Taxpayer	Current Status
Asia	India	2016	June 2016	6%	Large multinational technology enterprises	Implemented
Asia	India	2016	April 2020	2%	Large multinational technology enterprises	Implemented
Europe	France	2019	January 2019	3%	Large multinational technology enterprises	Implemented
Europe	France	2024	January 2024	1.2%	Cross-border digital music distributors	Implemented
Europe	Italy	2019	January 2020	3%	Large multinational technology enterprises	Implemented
Europe	Austria	2019	January 2020	5%	Online advertising service providers	Implemented
Europe	Turkey	2019	March 2020	7.5%	Large multinational technology enterprises	Implemented
Europe	United Kingdom	2020	April 2020	2%	Large multinational technology enterprises	Implemented
Europe	Spain	2020	January 2021	3%	Large multinational technology enterprises	Implemented
Africa	Uganda	2023	July 2023	5%	Large multinational technology enterprises	Implemented
Africa	Uganda	2025	June 2025	5%/15%	Large multinational technology enterprises	Implemented
Americas	Canada	2024	June 2025 (originally planned)	3%	Large multinational technology enterprises	Not yet implemented (On June 29, 2025, the Canadian Department of Finance announced the cancellation of the digital tax scheduled to take effect on June 30 to advance trade negotiations with the United States).

Source: Official government websites of respective countries

The development of global digital tax policies exhibits distinctive regional characteristics. In Asia, India pioneered the introduction of an equalization levy in 2016, initially at a rate of 6 percent, primarily targeting digital advertising revenue. Following the rapid expansion of the digital economy, India extended the scope of taxation to e-commerce transactions in April 2020, adding a 2 percent rate. The taxpayers under this policy primarily include multinational digital platforms with global annual revenues exceeding certain thresholds, such as Google and Amazon. As of 2023, this tax has generated approximately USD 1.5 billion in tax revenue for India.

European countries exhibit greater diversity in their digital tax policies. France, as a pioneer of digital tax reform in Europe, implemented a digital tax at a rate of 3 percent in January 2019. This tax primarily targets large technology companies with global digital revenues exceeding EUR 750 million and French revenues reaching EUR 25 million. Between 2019 and 2025, France collected approximately EUR 800 million in tax revenue, predominantly from American technology conglomerates.

Italy digital tax policy took effect in January 2020, adopting a uniform rate of 3 percent. Italy taxable threshold is set at global revenues exceeding EUR 750 million with Italian revenues reaching EUR 5.5 million. In 2023, Italy generated approximately EUR 350 million in fiscal revenue through this tax. In 2025, Italy abolished the EUR 5.5 million domestic revenue threshold for cross-border digital enterprises. While this measure expanded the tax base, it also increased the compliance burden for small and medium-sized cross-border digital enterprises.

Turkey introduced a digital tax at a rate of 7.5 percent in March 2020. Turkey did not set a global revenue threshold but instead focused on taxing enterprises engaged in digital advertising and platform services within the country. In 2023, this tax generated approximately USD 200 million in fiscal revenue for Turkey.

The United Kingdom implemented a relatively moderate digital tax policy in April 2020 at a rate of 2 percent. This policy primarily targets large technology companies with global revenues exceeding GBP 500 million and UK revenues reaching GBP 25 million. In the 2022-2023 fiscal year, the UK generated GBP 600 million in tax revenue through this levy. However, its broad definition of digital services has resulted in ambiguous taxation boundaries.

Spain implemented a digital tax at a rate of 3 percent in January 2021, targeting enterprises with global digital revenues exceeding EUR 750 million and Spanish revenues reaching EUR 3 million. The institutional design of Spain digital tax resembles that of France, yet it demonstrates greater flexibility in alignment with the OECD tax reform process.

In the Americas, Canada originally planned to implement a digital tax at a rate of 3 percent in 2025, targeting large multinational technology companies. However, due to delays in the OECD agreement and diplomatic pressure from the United States, on June 29, 2025, the Canadian Department of Finance announced the cancellation of the digital tax scheduled to take effect on June 30.

2.2 Comparison of Tax Elements Among Typical Countries Adopting the Standalone Digital Tax Model

This section selects France, Italy, Austria, the United Kingdom, Spain, and Canada as typical countries for comparing digital tax elements. First, in terms of economic scale and digital economy development, these countries are all advanced economies occupying significant positions in the global digital economy landscape. France, Italy, and the United Kingdom, as traditional European powers, possess mature and diversified economic systems with outstanding performance in digital media, e-commerce platforms, and financial technology. Canada demonstrates strong capabilities in information technology and communications. Austria and Spain, though relatively smaller, are equally proactive in the digital economy domain.

Second, in terms of influence on tax policy formulation and implementation, these six countries have played pioneering roles in the exploration of global digital tax policies. France was among the earliest countries to propose and implement a digital tax globally. The United Kingdom, following its withdrawal from the European Union, actively constructed an independent tax system. Italy, Austria, and Spain followed suit in implementing digital taxes. Canada formally enacted its digital tax legislation in 2024, and due to its close economic ties with the United States, its digital tax policy has had a particular impact on U.S.-Canada economic relations.

2.2.1 Horizontal Comparison of Tax Elements Among Typical Countries

To intuitively present the institutional design and collection standards of digital taxes in France, Italy, Austria, the United Kingdom, Spain, and Canada, this section examines the core tax elements including taxable objects, tax authorities, and taxpayers. The details are presented in Table 2.

Table 2: Core Tax Elements of Digital Taxes in Typical Countries

Tax Element	France	Italy	Austria	United Kingdom	Spain	Canada
Taxable Objects	Three categories of digital service revenue: 1. Digital intermediary services (incl. digital marketplaces, social/gaming platforms; exempting financial, communication, and payment services); 2. Targeted advertising services (user data-based advertising, incl. data transmission and ad placement subcategories); 3. Streaming music services: music streaming services provided to French users (exempting platforms with global revenue < EUR 100 million and non-profit services).	Three categories of digital service revenue: 1. Online advertising service revenue (targeted advertising based on user data); 2. Digital interface service revenue (platforms connecting users and suppliers); 3. User data sales revenue (transfer or licensing of user data collected through digital interfaces).	One category of digital service revenue: Paid online advertising services received by Austrian IP addresses with content targeting Austrian users (banner ads, search engine ads on digital interfaces; excluding advertising services subject to the Advertising Tax Act).	Three categories of digital service revenue: 1. Social media platform revenue (services provided through websites or other internet applications); 2. Search engine service revenue (users searching and accessing information, services, and other content on the internet); 3. Online marketplace service revenue (digital platforms facilitating goods/services transactions).	Three categories of digital service revenue: 1. Online advertising services (advertising display on digital interfaces); 2. Online intermediary services (incl. trading platforms, social networks); 3. Revenue from user data generated through digital interfaces.	Four categories of digital service revenue: 1. Online marketplace services (incl. transaction commissions, priority display and other enhanced services); 2. Online advertising services (targeted advertising, digital ad space supply); 3. Social media services (platform access, user interaction support services); 4. User data sales (sale of or access authorization to data from online marketplaces, social media, etc.).
Tax Authority	Ministry of Economy, Finance and Industrial Sovereignty; General Directorate of Public Finances (DGFiP)	Italian Revenue Agency (Agenzia delle Entrate)	Austrian Tax Office (Finanzamt)	HM Revenue & Customs (HMRC)	Spanish Tax Agency (Agencia Tributaria)	Canada Revenue Agency (CRA)
Taxpayer	1. Digital intermediary/targeted advertising services: enterprise groups with global digital service revenue >= EUR 750 million and French digital service revenue >= EUR 25 million; 2. Streaming music service tax (1.2%): applies to paid and free services providing online recorded music and music video access in France, with taxable amount exceeding EUR 20 million.	Enterprise groups with global annual revenue >= EUR 750 million and digital service revenue in Italy >= EUR 5.5 million.	Enterprise groups with global annual revenue >= EUR 750 million and online advertising service revenue in Austria >= EUR 25 million.	Enterprise groups with global annual revenue >= GBP 500 million and digital service revenue in the UK >= GBP 25 million.	Enterprise groups with global annual revenue >= EUR 750 million and digital service revenue in Spain >= EUR 3 million.	Enterprise groups with global annual revenue >= EUR 750 million (approx. CAD 1.1 billion) and specific digital service revenue in Canada >= CAD 20 million.
Tax Items	3 tax items: 1. Digital intermediary services 2. Targeted advertising services 3. Streaming music services	3 tax items: 1. Online advertising services 2. Digital interface services 3. User data sales	2 tax items: 1. Online advertising services 2. Digital interface services	3 tax items: 1. Social media platforms 2. Search engine services 3. Online marketplace services	3 tax items: 1. Online advertising services 2. Online intermediary services 3. Data transmission services	4 tax items: 1. Online marketplace services 2. Online advertising services 3. Social media services 4. User data sales
Tax Rate	1. Digital intermediary/targeted advertising services: 3% 2. Streaming music services: 1.2%	3%	5%	2%	3%	3%
Tax Payment Period	1. Digital intermediary/targeted advertising services: taxpayers shall prepay at least 50% of the previous year DST amount after submitting VAT returns in April and October, with final settlement declaration in April of the	1. By November 30 each year, taxpayers must pay 30% of the previous year DST amount as a tax deposit; the remaining 70% must be paid by	1. Prepayment: by the 15th day of the second month following the tax liability; 2. Annual declaration: within 3 months	Declaration and payment must be completed within 9 months and 1 day after the end of the accounting period.	Quarterly declarations: 1st quarter: April 20; 2nd quarter: July 20; 3rd quarter: October 20; 4th quarter:	1. Registration: if global annual revenue > EUR 750 million and Canadian digital service revenue > CAD 10 million, taxpayers must register with CRA by January 31 of the

	following year; 2. Streaming music service tax: one-time declaration and payment by June 30 of the following year.	May 16 of the following year; 2. Annual tax return must be submitted by June 30 each year.	after the end of the fiscal year.		January 20 of the following year (dates may be adjusted). Tax period: the month following the end of each relevant quarter.	the next calendar year; 2. Declaration: DST return deadline is June 30 of the next calendar year; 3. Payment: same as declaration deadline, must pay DST by June 30 of the next calendar year.
Place of Payment	France (electronic declaration and payment via the French Tax Authority website)	Italy (online declaration via Italian Revenue Agency electronic system "F24 Form," payment in euros)	Austria (electronic declaration and payment via Austrian Tax Office website)	United Kingdom (declaration via HMRC online portal "DST Online Service," payment in GBP)	Spain (electronic declaration via Spanish Tax Agency website)	Canada (online declaration via CRA website, payment by wire transfer in CAD)
Tax Base Calculation	Calculated by tax item: 1. Digital intermediary/targeted advertising services: taxable revenue = global revenue x French service share (intermediary: transaction/users; advertising: impressions/visits), excluding collection amounts; 2. Streaming music service tax: subscription revenue = French users x average subscription fee; advertising revenue = global ad revenue x French streaming duration share.	Taxable revenue = global service revenue x Italian user share (advertising: proportion of views, active users, data-associated users).	Compensation received by online advertisers from clients (excluding prepaid amounts).	Taxable revenue = global revenue x UK user share / impressions / transaction value share.	Taxable revenue = global service revenue x Spanish user share (advertising: proportion of impressions, active users, data-associated users); non-euro revenue converted at EU official exchange rate.	Calculated by tax item based on "domestic share": 1. Online marketplace: A+B+C (A=transaction revenue, B/C calculated by user location ratio); 2. Online advertising: A+B (A=directly attributable revenue, B=global ad pool x Canadian display share); 3. Social media: global revenue x Canadian active user share; 4. User data: A+B (A=directly attributable revenue, B=global data revenue x Canadian user share).
Tax Collection Stage	1. Registration; 2. Prepayment of tax; 3. Final settlement and清算	1. Confirm whether tax threshold is met; 2. Quarterly prepayment; 3. Annual declaration and final settlement; 4. Payment via F24 form	1. Tax registration; 2. Apply for tax number; 3. Calculate and pay tax	1. Confirm whether tax threshold is met; 2. Designate nominated member within group; 3. Submit annual DST return; 4. Online tax payment	1. Determine taxpayer status; 2. Tax registration (non-residents need to apply for NIF); 3. Calculate taxable base; 4. Submit quarterly return; 5. Pay tax; 6. Adjustments and corrections	1. Register account; 2. Designate responsible entity within group; 3. Submit tax return; 4. Pay tax
Tax Relief	1. Digital intermediary/targeted advertising services: annual allowance of EUR 25 million; exempting direct digital content supply, communication and payment services, and regulated financial activities; 2. Streaming music service tax: exempting small platforms with global revenue < EUR 100 million and non-profit music services (certified by the Ministry of Culture).	1. Annual allowance: EUR 250,000; 2. Revenue from providing digital services to entities controlled by the supplier, entities controlling the supplier, or entities under common control with the supplier is exempt from DST.	No specific relief; only excludes services subject to advertising tax under the 2000 Advertising Tax Act.	1. Annual allowance: GBP 25 million; 2. Loss carryforward: allows offsetting current excess tax with future profits (capped at 50%).	Digital services provided between organizations within the same enterprise group are exempt.	Annual allowance: CAD 20 million.
Legal Liability	1. Late payment penalty: 0.2%/month for late declaration (accumulated by	1. Late payment penalty: 0.2%/day	No specific quantified standards for	1. Late payment penalty: base rate + 2.5% interest	Failure to correct erroneous or	1. Failure to register as required: fine of up to CAD 20,000;

	overdue days); 2. False declaration fine: 80% of tax payable; 3. Insufficient prepayment (tax payable > total prepaid by >20%): late payment penalty (0.20%/month) and fine (5% of late tax); 4. Non-payment of first prepayment: penalty and fine even if annual difference <20%; 5. Streaming music service tax: 40% fine for false declaration, EUR 100,000 per violation for failure to retain user data, up to 2 years imprisonment for data falsification.	(capped at 30% of tax arrears); 2. Underreporting fine: 90%-180% of relevant tax; 3. Non-declaration fine: 120%-240% of relevant tax.	late payment penalties or fines.	(daily compound interest); 2. Underreporting fine: 30% for negligent underreporting, 70% for deliberate underreporting; 3. Non-declaration fine: initial GBP 500 + GBP 10/day (capped at GBP 3,000).	false declarations may trigger tax audit or fines (no specific quantified standards).	2. Failure to declare and pay tax: fine equal to total tax payable; 3. Failure to provide information/records: CAD 2,500 per occurrence; 4. Failure to submit returns/maintain records: CAD 2,000-CAD 40,000 fine.
Implementation Date	1. Digital intermediary/targeted advertising services: January 2019; 2. Streaming music service tax: January 2024.	January 2020	January 2020	April 2020	January 2021	June 2025 (originally planned)

Source: Official government websites of respective countries

2.2.2 Similarities and Differences in Tax Element Design Among Typical Countries

Common Features

Taxable Objects Focused on Core Digital Economy Sectors

Among the six countries, most include online advertising services, as well as digital platform-related services such as online marketplaces and social media, within the scope of taxation. This reflects the fact that digital advertising, platform transactions, and user data constitute the core scenarios for digital tax regulation.

Taxpayer Thresholds Reflecting a Focus on Multinational Enterprises

Except for France streaming music service tax, which adopts a single threshold of global music streaming revenue of at least EUR 100 million, the remaining countries employ a dual threshold standard of global revenue plus domestic revenue. The global revenue threshold demonstrates considerable uniformity, with France, Italy, Austria, Spain, and Canada all setting it at EUR 750 million, while the United Kingdom sets it at GBP 500 million.

Tax Base Calculation Emphasizing Domestic Relevance

All six countries calculate taxable revenue based on standards such as proportion of domestic users, proportion of domestic transactions or displays, and proportion of domestic streaming duration. The core logic is to directly link tax revenue with the user contribution and market participation of digital enterprises within the domestic market [6] [7].

Digital-First Collection and Administration

All six countries require taxpayers to complete digital tax declarations and payments through online systems designated by tax authorities. Countries generally employ user location data including IP addresses, payment card jurisdictions, and user registration addresses to verify the domestic attribution of taxable services.

Divergent Features

Differences in the Scope of Taxable Objects

Austria digital tax applies only to online advertising services, making it the narrowest in scope among the six countries, and explicitly excludes services already subject to traditional advertising tax. Italy and the United Kingdom cover three categories of business: online advertising, digital platform services, and user data sales.

Spain and Canada additionally include social media-related services. France separately imposes a streaming music service tax, making it the only country among the six to tax the specific vertical domain of music streaming.

Differences in Tax Rates and Relief Policies

The digital tax rates among the six countries range between 1.2 percent and 5 percent. France specific tax on streaming music services is set at 1.2 percent, the lowest among the six. The United Kingdom policy is relatively lenient, with a rate of 2 percent. Italy, Spain, and Canada set their digital tax rates at 3 percent. Austria digital tax rate is set at 5 percent, the highest among the six. In terms of tax relief, France exempts financial services and small platforms. Italy and the United Kingdom have fixed tax exemptions. Austria and Spain have not established specific digital tax relief policies.

Differences in Legal Liability

Italy, France, the United Kingdom, and Canada have established clear quantitative standards for late payment penalties and violation fines. Italy imposes late payment penalties at 0.2 percent per day on overdue taxes, capped at 30 percent. France imposes fines reaching up to 80 percent of the tax payable for serious cases. The United Kingdom imposes graded penalties with fines ranging from 30 percent to 70 percent of the tax payable. Canada imposes specific fines for different violation scenarios. In contrast, Austria and Spain have only established principle-based constraints lacking specific quantifiable enforcement standards.

3. THE MODEL OF INCORPORATING DIGITAL SERVICES INTO EXISTING TURNOVER TAX SYSTEMS

3.1 Tax Policies of Typical Countries Adopting the Existing Turnover Tax Model

Countries including South Korea, Japan, Australia, and Brazil have not separately introduced digital taxes but have instead incorporated digital goods and services into the scope of existing turnover taxes such as VAT and consumption tax. The taxable objects primarily encompass online data processing and storage services, digital video and audio, e-books, online games, and various electronic goods in mobile application stores. The specific tax policies are presented in Table 3.

Table 3: Tax Policies of Representative Countries Incorporating Digital Services into Existing Turnover Tax

Region	Country	Implementation Date	Applicable Tax Rate for Digital Goods/Services	Taxable Objects	Current Status
Asia	South Korea	July 2015	10%	Revenue from providing electronic services such as games, audio, video files, electronic documents, or software to South Korean users	Still collecting via VAT
Asia	South Korea	July 2019	10%	Revenue from providing digital services such as online advertising and cloud computing to South Korean users	Still collecting via VAT
Asia	Japan	October 2015	8%	Revenue from providing digital services such as e-books, music, and advertising to Japanese users via the internet	Still collecting via consumption tax; rate adjusted to 10% from 2025
Asia	Japan	January 2025	10%	Revenue from selling digital products or services to Japanese users through platforms such as application stores	Still collecting via consumption tax
Oceania	Australia	July 2017	10%	Revenue from providing services of streaming or downloading movies, music, applications, games, e-books, and other digital products to Australian users	Still collecting via GST
Asia	Malaysia	January 2020	6%	Revenue from providing digital services such as software, music, video, digital advertising, online platforms, search engines, social media, databases, and hosting services to Malaysian users	Collecting via GST
Asia	Indonesia	July 2020	10%	Revenue from providing digital goods and services to Indonesian users	Still collecting via VAT; rate adjusted to 11% from April 2022
Asia	Philippines	June 2025	12%	Revenue from providing digital services such as search engines, online marketplaces, cloud services, online media and advertising, and online platforms, and revenue from digital product sales to Philippine users	Collecting via VAT
Americas	Brazil	2026 (planned)	1. Federal consumption tax: 8.8% 2. State and local tax: 17.7%	Revenue from providing advertising, game streaming, music, applications, movies, e-books, electronic journals, software, and internet services to Brazilian users	Not yet implemented.

Source: Official government websites of respective countries

South Korea adopted a phased reform strategy, initially imposing a 10 percent VAT on cross-border electronic services in July 2015, and further expanding the scope in July 2019. Revenue from digital service VAT exceeded KRW 5 trillion in 2023. However, proposals for surtaxes targeting digital conglomerates have been shelved due to political gaming and industry lobbying.

Japan expanded the scope of consumption tax to digital services in October 2015, with an initial rate of 8 percent. In January 2025, Japan further broadened the scope to include intermediary digital platform operators. However, nearly 30 percent of cross-border digital transactions remained outside the scope of taxation in 2023.

Australia has been taxing cross-border digital services through GST since July 2017, at a rate of 10 percent, with a threshold of AUD 75,000. Revenue reached AUD 1.2 billion in 2022-2023. However, taxation gaps in B2B transactions have resulted in the loss of approximately 20 percent of potential tax sources.

In Southeast Asia, Malaysia introduced a digital service VAT in January 2020 at a rate of 6 percent, adopting a full-coverage model without a threshold. Indonesia implemented a digital service VAT in July 2020, initially at 10 percent, increased to 11 percent in 2022. However, the actual collection rate is below 60 percent. The Philippines introduced a digital service VAT at 12 percent in October 2024, but implementation was postponed to June 2025.

Brazil has adopted a unique decentralized tax collection model, planning to levy an 8.8 percent federal consumption tax and a 17.7 percent local tax from 2026 on revenues from digital services provided to Brazilian users.

The practices of the aforementioned countries highlight the practical challenges that developing countries commonly face in digital tax legislation and collection, including insufficient technical support and incomplete institutional preparation.

3.2 Comparison of Tax Policies Among Typical Countries

3.2.1 Common Features of Tax Policies

These countries have all incorporated digital goods and services into their existing turnover tax systems, following the destination principle, effectively avoiding base erosion in cross-border digital transactions. The scope of coverage is broadly similar, generally encompassing e-books, streaming media, online games, software, digital advertising, and cloud computing.

3.2.2 Differences in Tax Policies

In terms of implementation timing, South Korea and Japan initiated their policies earliest in 2015. Australia followed in 2017. Indonesia and Malaysia followed in 2020. The Philippines policy took effect in June 2025, while Brazil plans to introduce its policy in 2026. In terms of tax rates, Japan applies a consumption tax at 10 percent. South Korea, Indonesia, and the Philippines employ VAT at rates of 10 percent, 11 percent, and 12 percent respectively. Malaysia and Australia impose GST at rates of 6 percent and 10 percent. Brazil adopts a composite tax system totaling approximately 26.5 percent.

The differences in the pace of expanding the scope of taxation are equally pronounced. South Korea expanded in 2019 to include online advertising and cloud computing. Japan progressively refined its scope in phases. Australia adopted a one-step approach. Malaysia scope is the broadest, encompassing search engines, social media, and various other digital business formats.

4. CONCLUSION

This paper has systematically compared the taxation models adopted by typical countries in the implementation of international digital tax rules. The analysis reveals that the choice between the standalone digital services tax model and the expansion of existing turnover tax model reflects deeper differences in national policy orientations, tax system structures, and administrative capacities [8]. Countries adopting the standalone DST model primarily developed economies have designed their digital tax systems with a focus on targeting large multinational technology enterprises, emphasizing user value creation as the basis for taxation, and employing dual threshold criteria. In contrast, countries adopting the existing turnover tax model including both developed and emerging economies have expanded their traditional consumption tax systems to cover digital transactions, with variations in tax rates, thresholds, and implementation timelines reflecting diverse national circumstances. These findings provide a theoretical foundation for understanding the behavioral characteristics of countries in the formulation of international digital tax rules and offer practical insights for the development of adaptive and coordinated approaches to digital taxation.

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