Data as a commodity

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If designed correctly, a form of tax paid in data could not only benefit the public sector and help improve government services, it could also stimulate a new wave of innovation.

- Data companies are set to grow increasingly rich and powerful.
- New-generation tech companies are particularly elusive entities to tax.
- Movement towards partial payment of taxes in data rather than money would turn a portion of private assets into common goods, the principle of most tax systems.

There are now more connected devices on this planet than there are people, each one beeping out data about how we work, live and play.

Gartner, the technology consultancy, forecasts that there will be more than 20 billion connected devices by 2020 as the Internet of Things and ambient intelligence become all-embracing realities. The companies that harvest and exploit all that data will grow increasingly rich and powerful.

Seven of the top 10 most valuable companies in the world by stock market value are already US and Chinese tech firms.

Several of these companies believe their greatest asset is the data they hold on their users, invaluable for selling them more products, services or advertisements. Yet although the companies and their investors are well aware of the value of that data, it seems that accountants, regulators and governments have still to catch up with this new reality. In their different ways, they all seem far more obsessed with tangible rather than intangible assets. That makes these new generation tech companies particularly elusive entities to tax. According to the European Commission, digital businesses pay an effective tax rate of 9.5 percent compared with 23.2 percent for traditional businesses.