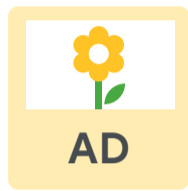


Income Tax Exclusion and Canadian Small Businesses

A Small Canadian Business owner wants to expand her business and decides to invest in online advertising to reach beyond her local market.



TODAY

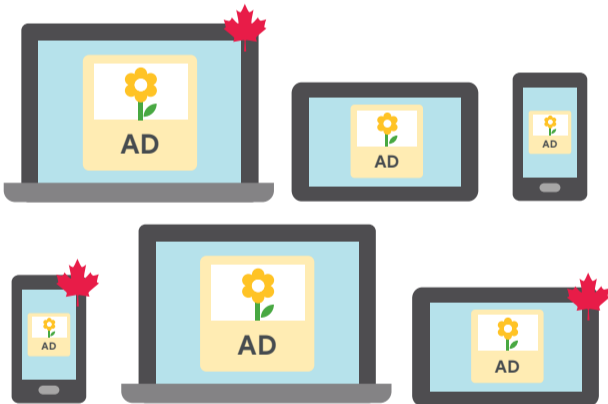


Small business designs a digital ad campaign around an audience that has expressed interest in its product.

DIGITAL AD NETWORK AD EXCHANGE



Digital Ad Networks offer ad space (inventory) on websites (publishers) in the network, while ad exchanges allow advertisers to bid on ad space as users view the webpage (impressions).



This allows the business to show their ads on different websites and reach their target customers without having to buy ad space directly from hundreds of different publishers. Publishers can show relevant ads to each visitor and automates the ad sales process.



CONSUMER

This allows users to see relevant ads on whatever website they visit. So a Canadian can see relevant Canadian advertising on non-Canadian websites and thousands of Canadian sites.

INCOME TAX EXCLUSION



Because the Small Business may only claim expenses on ads placed on Canadian websites, it cannot build a scaled digital advertising campaign around Canadian customers who express interest in its product.



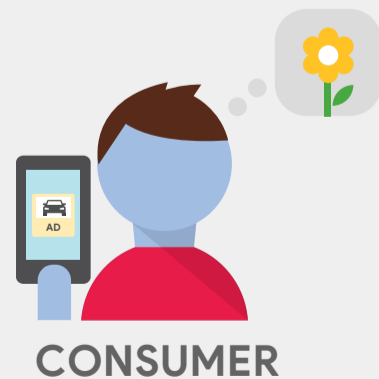
Ad networks do not track nationality of websites, so the small business must buy ad inventory directly, conducting market research and negotiating each ad purchase with publishers.



Publishers need to staff up ad sales teams and those who cannot directly sell ad inventory miss out on revenue.



Ads are not placed on hundreds of Canadian and international websites Canadian customers visit.



CONSUMER

Small Business's advertising has limited reach and is less effective, while the ads Canadian users see online are less relevant.