$17.2-million. That’s how much FP Newspapers, a relatively small player in the Canadian newspaper industry, generates in taxes annually for federal, provincial and local governments.

If you want to think about the economic impact of the disruption of traditional news media, think about that $17.2-million, which goes to pay for schools, paving roads, financing health care and defending Canadian borders.

Now ask how much Google and Facebook pay in taxes in Manitoba, where FP operates daily and community papers. Hint: You don’t need a lot of zeroes.

So you might be surprised to learn that representatives of these two firms were recently complaining before a House of Commons committee about a proposal that would see a tax imposed on digital advertising in foreign-based media.

They called the 10-per-cent withholding tax on ad spending a punitive tax on advertisers. The tax was recently proposed in Shattered Mirror, a report on the news media industry by the Public Policy Forum.

Perhaps, because they pay so little tax in Canada themselves, the Google and Facebook representatives are unaware of all the “punitive” taxes paid by traditional news media, rooted in this country, employing thousands of people and generating news and information that is vital to the communities they serve.

The intent of the digital tax is to generate some federal revenues from the billions of ad dollars that foreign-based digital companies take out of the country every year. That money, an estimated $300-million to $400-million annually, would be used to help traditional news media transition in the digital world.

The digital-tax proposal is one of a number in the Public Policy Forum report aimed at creating more fairness in the way media are taxed in Canada. The current tax system is so ludicrous that it actually provides better tax treatment to foreign companies than to Canadian news media.

If you buy a digital subscription to The Winnipeg Free Press, we have to charge you provincial and federal sales tax, a cool 13 per cent, boosting a $16.99 monthly charge to $19.20. You’ll pay no sales tax to buy a digital subscription to the Wall Street Journal.

When it comes to advertising, existing income-tax laws cover print and broadcast media, but not digital. Therefore, a Canadian advertiser cannot deduct as a business expense the cost of an ad in the printed New York Times, but can deduct the expense of an ad on nytimes.com.

The tax story does not stop at the federal level. Look down the list of what FP pays and you’ll see $634,000 for provincial health and education, $334,000 for workers’ compensation, $911,000 for employment insurance, $2.1-million for the Canada Pension Plan, $572,000 in municipal property taxes, $3.7-million in GST, more than $2-million in PST and more than $7-million in income taxes for the company and employees.

This is a good measure of what a company such as FP gives back to the communities that support its newspapers – from The Winnipeg Free Press to The Steinbach Carillon.

It is also what’s missing from the new digital economy that is disrupting companies such as ours.

The major digital players, almost all foreign-based, are not employing significant numbers of people locally and are not putting significant tax dollars into the local, provincial and national economies where they earn all their money.

It’s not punitive to impose a new tax on this activity. It’s overdue.