







Figures

)LJXUH 7RWDO ,QWHUQHW \$FFHVV  
)LJXUH &RQWHQW LQ \$GYHUWLVVLQJ  
)LJXUH 3HUVVRQDO 'DWD  
)LJXUH \$ /D\HUHG 9LHZ RI ,&7  
)LJXUH (QWHUSULVHV ZLWK EURDGEDQG FRQQHFWLRQ E\ HPSO  
)LJXUH 7XUQRPPHURP E\ HQWHUSULVH VL]H  
)LJXUH 2(&' DQG PDMRU H[SRUWHUV RI ,&7 VHUYLFHV DQG  
)LJXUH \$YHUDJH UHYHQXH SHU HPSOR\HH RI WRS ,&7 )LUPV

Boxes



In a context of severe fiscal consolidation and social hardship, in many countries ensuring that all



II.



WKHLU FRPSHWLWRUV \$V PHQWLRQHG DERYH WKLW F\FOH KD  
HYROXWLRQ RI WKH GLJLWDO HFRQRPI UHVXOWLQJ LQ VXEVWD

\$ UHODWLYHO\ UHFHQW GHYHORSPHQW LV WKH DGYHQW  
VRIWZDUH VXFK DV VPDUWSKRQHV DQG WDEOHV DQG LQFU  
PDQXIDFWXULQJ DQG VHOOLQJ WKHVH GHYLFHV KDV DOORZHG F  
DQG RQ WKH PDUNHW 7KHUH DSSHU WR EH WZR PDMRU WUHQ  
7KH ILUVW WUHQ LV WKH GLYHUVLILFDWLRQ RI GHYLFHV &  
H[FOXVLYHO\ WKURXJK SHUVRQDO FRPSXWHUV 1RZ WKH LQG  
SURYLGLQJ DFFHVV WR WKH :HE VXFK DV VPDUWSKRQHV WDE  
JURZLQJ WSRQDO GHYLFHV RI EXVLQHVVWRII WZDUH RI SHFK DO  
FKDLQ 6HYHUDO EXVLQHVVHV KDYH ODXQFKHG WKHLU RZQ WD  
HVWDEOLVK D FORVHU UHODWLRQWKIPS VZR WFR OXKHLW PRUW RGHWD  
WKDW WKH\ PD\ SURYHG LFXV WZWK HYHQ PRUH UHOHYDQFH DQG

2YHU WLPH KDUGZDUH GHYLFHV KDYH ERWK PXOWLSOLH  
WHFKQLFDO FKDWLRQ ULVORZ VWKH QXPEHU RI PRELOH GHYLFH  
ULVLQJ IRUPLQJ DQ LQWHUFRQQHFWHG LQIUDVWUXFWXUH FRO  
VHFWLRQ EHORZ \$IWHU D ORQJ SHULRG RI SHUVRQDO FR  
LPSRUWDQFH LQ WKH YDOXH FKDLQ \$W WKH VDPH WLPH WKH  
FRQQHFWHG WKURXJK WKH ,QWHUQHW RSHUDWH ZLWKLQ FHUW  
RQO\ EHFDXVH LQGLYLGXDOV RZQ PRUH DQG DUBHQGH WLFH WDPH  
FRQWHQW DQG G RQD HFOV DG GLEMLRQ VFDQG GHYLFHV IDFLOLW  
VHUYLEFHV IRU H[DPSOH EHFRRQ HFVSRQW RI VDOGRIFRDUW VRIQY  
LQFOXGLQJ GULYLQJ DVVLVWDQFH )RU WKLW UHDVRQ D QXPE  
OHDGHUV LQ WKHLU EXVLQHVV PRGH DLPHG DWQH[SBOGLQHV  
DYDLODEOH WKURXJK WKRWH GHYLFHV RU DW RWKSHUZZLPLQOHY  
WKHVH WUHQGV FRQLQXH LW DSSHUV WKDW IRU PDQ\ EXVLQ  
IORZ SULPDULO\ IUDW WKH WZWK DWKLRQ FRQLQXH VDOHV RI WK

Figure 1.Total Internet Access

Source: OECD Communications Outlook 2013

*1.2. Telecommunications networks*

\$V WKH ,QWHUQHW WXUQHG LQWR D PDMRU EXVLQHVV S  
QHWZRUN FRPSRQHQW SURYLGHUV LQIUDVWUXFWXUH LQWHUP  
LQIUDVWUXFWXUH RI WKH WHOHFRP, QXCHLFDHWL RECH DPHW Z RI QMWU D  
HFRQRP\ 7KH LQWHUFRQQHFWRQ RI QHWZRUNV HGLDWLRQ DG JWH  
VWDWXV RI VXFK LQIUDVWUXFWXUH SURYLGHUV DV WKH SULPDU  
SHHULQJ SRLQWV GDWD FHQWUHV DQG WKH GDWD URXWHV WK

7KH VWUHQJWK RI ,63V KRZHYHU KDV WUDGLWLRQDOO\  
UDWKHU WKDQ LQ SURYLGLQJ VHUULFHV DFURVV WKHVH QHWZ  
FRWURO RI DFFHVV WR WHOHFRPPXQLFDWLRQ "€bWUĐ€`0 \LG  
@ Eđ 0 D0•XHVWCLG•R •p

1.4. Content

&RQWHQW JDLQHG DWWHQWLRQ DW WKH HQG RI WKH  
DERYH DOO LQGH[DWLRQ DSSHUHG WR GULYH WKH WOOD  
DQG WKHQ VHDFK HQJLQHV DV WKH PDLQ JDWHNHSHUV WR D  
SOD\HUV LQ WKH GLJLWDO HFRQRP\ DUH FRQWHQW SURYLGHUV

7KH GHILQLWLRQ RI FRQWHQW LQ WKDW UHJDUG LV TXLWH OD  
SURIHVVRURQDULYH HQWUHG E RFRS HULW K WEGH Q B UHG FRQWHQW VX  
UHYLHZV RU FRPPHQWV LQ RQOLQH I Q B Z P MUR7PKW W PLS D ELW D Q P S R  
WR DWUDFV D Q Q S D R Q R H Q D H WLRQV EHWZHHQ XVHUV ,Q DGGLV  
IUHTXHQWO\ LQFUHDVHV D :HEV & R Q W H Q W K D L V K W Q F L Q E H H D Q F K G  
WKH DGYHUWLW\ Q D V L Q G X R W H \ D N H \ D V V H W W R I D W W Z L D F W D Q G H U  
&RQWHQW KDV DOVR EHFRPH D ZD\ WR DGYHUWLHV LQ DQG RI L  
FRQWHQW FRQWHQW GLVWULEXWH SDEG W F R I Q V E H Q Q G F R Q W W Q W R Z  
PHGLD LQ H\FKDQJH RI D SD\PHQW E\ WKH EUDQG DQG HDUQH



Figure 3. Personal Data

Source: OECD, based on World Economic Forum (2011)

*1.6. Cloud-based processes*

\$V D UHVXOW RI WKH VWDQGDUGLVDWLRQ DQG FRPIRFDGLWLRQ  
KDUGZDUH QHWZRUN LQIUDVWUXFWXUH DQG VRIWZDUH VRP  
UHVXUFHV DQG PDNH WKHP DYDLODEOH WKURXJK WKH ,QWHUQ

&HQWHUHQGLRVLWLRQ RI VRGDZHUH EOHFWRXURFHWWKH V ZKHQ P  
FRQGXFWHG D VHUYLFH EXUHDX FKDUDFWVRUDWRULWLFHFRSXW  
LQFOXGHG RIIHULQJ FRPSXWLQJ SRZHU DQG GDDERDQKURPD  
ZRUOGZLGH GDWD FHQWUHV &ORXG FRPSXWLQJ DW VFDOH LV V  
DQG EXVLQHVV PRGHV JURDISOFLWDQGHVZOLNARFRW/HUKV DQC  
GHYLFHV DV ZHOO DV WKHKLUGZDSOHWIDVSDSONLFI G DUFKLWH  
XWLOLW\ FRPSXWLQJ \$V D UHVXOW YDOXH KDVQRWUDVHQB WR  
VRIWZDUH SURGXFWLQJ VSSOLFDWLRQV WKDW FRPELQH H[HF  
GDWDEDVHV DQG XVHU SDUWLFLSDWLRQ \$OWKRXJK WKH WHUF  
DSSOLFDWLRQV KDYH DOVR DW YDULRXVFRPSXWLQJHRQ GHPHU  
<sup>3</sup>SHUYDVLYH FRPSXWLQJ'



2.2. Virtual Currencies

5HFHQW \HDUV KDYH EHHQ PDUNHG E\ WKH DSSHDUDQF  
PHDQLQJ GLJLWDO XQLWV RI H[FKDQJHV WKH DQWLRQ  
KDYH WDNHQ YDULRXV IRUPV 6RPH YLUWXDO FXUUHQFLHV DUH  
RQH JDPH ZKHUH WKH\ DDP KDV DQVWVRV DQG DNHUHQHV ,Q VRF  
VSHFLILF YLUWXDO FXUUHQFLHV FDQ EH H[FKDQJHG IRU UHDO F  
WKURXJK H[FKDQJHV ZKLFK PD\ EH RSHUDWHG E\ WKH FUHDWRU

2WKHU YLUWXDO FXUUHQFLHV ZHUH GHYHORSHG SULPDULO\  
7KH PRVW SURPLQHQW H[DPSON RI WKLW W\SH DUH WKH YDUL  
ELWFRQV ZKLFK UHO\ RSHUDWLRQV RI JULDSK DQWLRQV WHUHQV  
SULYDWH RSHUDWRUV KDYH FKRVHQ WR DFFHSW SD\PHQW LQ EL

\$V YLUWXDO FLHV LQFUHDVLQJ\ DFTXLUH UHDO HFRQRPLF  
6RPH RI WKHVH VWHP IURP WKH DQRQ\PRXV QDWXUH RI WUDQ  
WUDQVDFWLRQV FDQ EH PDGH RQ DQWLRQV\DLGHQV WR XV QD  
UHTXLUHG WR EH SURYLGHG WR DFTXLUH RU WUDQVDFW LQ ELW











7KH DFFHVVLELWLW\ OD\HU HIIHFWLYHOD SSJQLYHQBWR GDUDW

DOVR H[SODLQV WKH FUHDWLRQ RI ODUJH HFRV\VWHPV EDVHG  
DFFHVVLELW\ DQG VRPHWLPHV WKH RSHUDWLRQ RI GHYLFHV

### III. THE DIGITAL ECONOMY, ITS KEY FEATURES AND THE EMERGENCE OF NEW BUSINESS MODELS

This section discusses the spread of ICT across the economy, provides examples of business models that have emerged as a consequence of the advances in ICT, and provides an overview of the key features of the digital economy that are illustrated by those business models.

#### 1. The spread of ICT across Business Sectors: The Digital Economy

\$OO VHFWRUV RI WKH HFRQRP\ KDYH DGRSWHG ,&7 WR HQH  
UHGXFH RSHUDWLRQDO FRVWV 7KLV DGRSWLRQ RI ,&7 LV LOO  
EXVLQHVVHV ZKLFK LQ DOPRVW DOO 2(&' FRXQWULHV LV XQLYH  
HYHQ LQ VPDOOHU EXVLQHVVHV

Figure 5. Enterprises with broadband connection, by employment size, 2012

)L[HG DQG PRELOH FRQQHFWRQV DV D SHUFHQWDJ

)RU \$XVWUDOLD GDWD UHIHU WR ILVFDUHQW DQG DGLX  
VL]HG HQWHUSULHVSKIDYHQVWHSGURMRQV HPSOR\HG /DUJH HQWHU  
PRUH HPSOR\HHV LQVWHDG RI RU PRUH SHUVRQV HPSOR\HG )R  
HPSOR\HG LQVWHDG RILQVWHDG RU PRUH LQVWHDG RI  
0H[LFR GDWD UHIHU WR LQVWHDG RI DQG WR EXVLQHVVHV  
RU PRUH RU 6ZLW]HUODQG GDWD UHIHU WR LQVWHDG RI

Source: OECD (2013), OECD Science, Technology and Industry Scoreboard 2013: Innovation for Growth, OECD Publishing, [ZZZ RHFG RUJ VWLWFRPHDQG KRP](#) based on OECD ICT Database and Eurostat.











Figure 6. Turnover from e-commerce, by enterprise size, 2012

As a percentage of turnover in enterprises with 10 or more persons employed

:KHUH DYDLODEOH ILUP VL]H FODVVHV DUH GHILQH G DV  
HPSOR\HG PHGLXP WR ODUJH DQG PRUH 6HFW  
DFWLYLWLHV LQ PDQXIDFMDXULPDQHWQRUUYLFHV EXW IRU  
Agriculture, forestry and fishing L DOVR LQFOXGHG DQG WKH 8QLWHG 6  
VHUYLFHV D management of companies and enterprises, & 6 )RU  
\$XVWUDOLD GDWD UHIHU WR WKH ILVFDO \HDU HQGLQJ -  
IRU 'HQPDUN DQG \*HUPDQ\ WKH\ UHIHU WR IRU 0H[LFR  
LQFOXGH RQO\ EXVLQHVVHV ZLWK RU PRUH SHUVRQV HPS

Source: OECD (2013), OECD Science, Technology and Industry Scoreboard 2013: Innovation for Growth, OECD Publishing,  
[ZZZ RHFG RUJ VWLVERCHERDUG KWP](#) based on OECD, ICT Database, Eurostat and national sources, June 2013.

,Q %FRPHUFH VDOHV ZHUH HVWLPDWHGRWRIRUFWKE  
'XULQJ WKH\ DUH HVWLPDWHG WR JURZ DQ DGGGLVDFRQDFO  
UHJLRQ VXUSDVVLQJ IRUWK \$PHULFD DVFW, KDLWRZB DUKNPHQ WLLR  
DW WKHP%FRPHUFH UHSUHVHQV D VPPHQJFUDFZMLRQ IRV RPH  
RI % WUDQVDFWLQJ%PHUFH SDUWLFXODUO\ DPRQJ ZKROHV  
HVWLPDWHG WR EH DSSUR[LPDW\$FRSUGRQKWB LQVWRDQV PD  
,QWHUQDWLRQDO 'DWD &RUSRUDWRPHUFKH ZKHQ RQWRVQDQXZRU  
DQG FRQVXPHU WUDQVDFWLQJ DUH DGGHG WRJHWKHU HTXDW

## 2.2. App Stores

7KH JURZWK RI ,QWHUQHW DFFHVV WKURXJK VPDUWSKRQH  
IUHTXHQF\ RI XVH RI RQOLQH VHUYLFHV DQG WKH GHYHORSPHQ  
SODWIRUP IRU VRIWZDURPSRWHQV SURYLGHRSUDWLQJ V\ VWHP  
WDNH WKH IRUP RI FHQWUDO UHWDLO SODWIRUPV DFFHVVLEO  
FRQVXPHU FDQ EURZVH YLHZ LQIRUPDWLRQ DQG GHYQNDOSXW  
DSSOLFDWLRQ RQ KLV KHU GHYLFH

\$FFHVVLELOLW\ WR DSSOLFDWLRQ VWRUHV YDULHV 6RPH  
ZLWK D SDUWLFXODU GHYLFH 7KHVH VL Z"VL&8HAD LW VWHQGB

2QOLQH DGYHUWLVVLQJ LQYROYHV D QXPEHU RI SOD\HUV  
LQWHJUDWH DGYHUWLVHPPHQWV LQWR WKH ~~LDG R QD WZKHFR RUC R G N Q M~~  
DGYHUWLVHPPHQWV WR EH GLVSOD\HG ~~WLVH QUWK MLZHEQS XVEZRUWK HLQW~~  
FRQQHFW ZHE SXEOLVKHUV ZLWK DGYHUWLVHUV VHHNLQJ WR  
LQWHUPHGLDULHV LQFOXGH D UDQJH RI SOD\HUV LQFOXGLQJ  
YHQGRUV 7KHVH QHWZ ~~GDWD DDUJH R DQ S R W S O H G~~ HEV LQ ZKLFK DG  
DFFHVV WR GDWD DERXW FXVWRPHUV WKDW KDV EHHQ FROOH  
DFWLYLWLHV 7KHVH GDWD FDQ EH DQDO\VHG FRPELQHG DQG  
SURLOH

,Q DGYHE ~~EDG V L Q J~~ LQHV PRGHV SXEOLVKHUV RI FRQWHQW  
VXEVGLVHG VHUYLFHV WR FRQVXPHUV LQ RUGHU WR HQVXUH D  
VXFFHVVIXO DGYHUWLVVLQJ FRPSDQLHV KDYH EHHQ WKRVH WK  
DOJRULWKPV WR FROOHFW DQDO\VH DQG SURFHVV XVHU GDV  
WUDGLWLRQDO DGYHUWLVVLQJ LQYROYHG SD\PHQW IRU GLVSOD\  
PRQLWRUL ~~LELOLW\ RU XVHU UHVSRQVH RQOLQH DGYHUWLVVLQJ~~  
FDOFXODWLRQ PHW ~~S R L O Q D F O X G L Z K L F R V D G Y H U W L V H U V S D \ S H~~  
WKHLU PHVVDJH ~~V R L X W H U S & F R L Q H S U F S D D G R Q U W L W H Q X V H U V~~  
DGYHUWLVHPPHQW ~~D F W L R Q G & R S W L S C H Z K L F K D G Y H U W L V H U V R Q O \ S D~~  
SXUFKDVH LV SHUIRUPHG E\ D XVHU

,QWHUQHW DGYHUWLVVLQJ ~~E R W K S D G W~~ HUPV RI WRWDO UHYH  
WKH WRWDO DGYHUWLVVLQJ PDUNHW 3Z& HVWLPDWHV WKDW ,QV



WKH XQGHUO\LQJ FORXG LQIUDVWUXFWXUH LQFOXGLQJ WH





FRQWHQW WR XVHUV LQ H\FKDKQJHURDGYHTXLLW  
PRGHOV UHO\ RQ SURYLGLQJ DGYHUWLVVLQJ WKL  
IDFWRUV \$ WKLUG W\SH FRQFHUQV VRFLDO PHGLD ZHE  
ODUJH RQOLQH XVHU FRPPXQLW\ EHIRUH PRQHWLVVLQJ  
RSSRUWXQLWLHV

LL Digital content purchases or rentals 8 VHUV SD\ SHU LWHRU RQFHUHQ  
ERRNV YLGHRV DSSV JDPHV DQG PXVLF ZRXOG IDOO L

LL Selling of goods (including virtual items) 7 KLV FDWHJRLE € p @€Q @ IP'

SHUIRUP FHUWDLQ IXQFWLRQV DV ZHOO DV WKH IOH[LELOL  
DQG RWKHU UHVRXUFHV

2QH LPSDFW RI WKHVH FKDQJHV KDV EHHQ DQ H[SDQVLRQ  
ZKLFK KDV VXEVWDQWLDOO\ LQFUHDVHG WKH DELOLW\ WR SURY  
EHHQ LOOXVWUDWHG E\ WKH HLGHQDULRQDO WUDGH LQ ,&7 VH  
VLQFH WKH VKDUH RI &RPSXWHU DQG ,QIRUPDWLRQ VHUYLF  
WR ZKLOH WKDW RI 7HOFRPPXQLFDWLRQ(VHUYLFH)(LQFUH  
6FLHQFH 7HFKQRORJ\ DQG ,QGXFWU\ 6FRUHERDUG )RU,WR  
2(&' WKH FRPELQHG VKDUH RI &RPSXWHU DQG ,QIRUPDWLRQ D  
RI WRWDO VHUYLFH H[SRUW

6HYHUDO LPSRUWDQW VKLIWV LQ WKH SURYLVLRQ RI ,&7 V  
TXLFNO\ EHFRRPH WKH OHDGLQJ H[SRUWHU RI ,&7 VHUYLFHV IRC  
WKH 8QLWB .&UJQD DV ZHOO EHFDPH Q@j0WW e6& d0@KL@WW



\$GYDQFHV LQ WHFKQRORJ\ KDWBPHPSDBNHW DQFRUFDWRRU  
DQDO\WLFV DQG KDYH LPSURYHG FRPPXQLFDWLRQV ZLWKLQ  
LPSURYHG WKH FSDFLW\ RI EXVLQHVVHV DWRLOFDUJBUWGHED  
LQGLYLGXDO JURXS FRPSDQLHV H[HUFLVLQJ WKHLU IXQFWLRQV  
VHW E\ WKH JURXS DV D ZKROH DQG PRQLWRUHGH FHQWUDOC  
PDQDJHPHQW VRIWZDUHFRPSXWSDUJW KDYH VLJQLILFDQWO\ GHFUH  
FRRUGLQDWLQJ FRPSOH[ DFWLYLWLHV RYHU ORQJ GLVWDQFHV  
EXVLQHVV PRGHV 7KLV LQWHJUDWLRQ KDVERDGHVW RRGHGW  
FHQWUDOLVH IXQFWLRQV DW D UHJLRQEDRROWORDDYHOCHY(HOQU  
LW KDV QRZ EHFRPH SPVOLVELOHDWIRREBOPLWURDW RSHUDWH DQ  
FRXQWULHV DQG FRQWLQHQWV

\$V ZRUOGZLGH RSHUDWLRQV KDYH EHFRPH PRUH LQWHJUD  
SODFH DV SDUW RI JOREDO YDOXH FKDLQV LQ ZKLFK YDULRXV  
GLIIHUHQW FRXQWULHV DQG DUH SHUIRUPHG E\ D PL[ RI LQGH  
LQFUHDVLRQJO\ DEOH WR FKRRVH WKH RSWLPDO ORFDWLRQ IRU  
PD\ EH GLVWDQW IURP WKH ORFDQIRORWKH VWRPHUW RRUSWRGX  
UDSLG DGYDQFHV LQ LQIRUPDWLRQ DQG FRPPXQLFDWLRQ WHFK  
LQIRUPDWLRQ SURFHVVLRQ UHVHDFK DQG FRQVXOWLRQJ FDQ I  
FDQ ERKHUHUULHG Q&MLW\ UHODVWVHG SDUJWEHV WRUKLZHDYHEXVLQHJ  
P OWL3OH O FDWL QV LQY OYHV W DGH



PRQLWRU UHIXJHH PRYHPHQQWWWHRUORLZLRJUGBWXPBCHCGLXUH W  
DFFXUDWHO\ SUHGLFWHG DQG DLG FRXOG EH ZHOO WDUJHWHG

WKR VH GHYLFHV RU WR DGYHUWLVHUV ,Q WK EYFRPRGHVOD KSDULY Z  
FKDQQHO WR JHW LQ WRXFK ZLWK HQG JX WKUHL DQG WHPHURD  
EXVLQHVV PRGHV WKH GDWD WKDW IORZV IURP WKHP RU WK  
WKURXJK VHOOLQJ WKHP JRRGV RU VHUFLHV

### *3.3. Multi-Sided Business Models*

\$ P X D W LG EXVLQHVV PRGHV LV RQH WKDW LV EDVHG RQ  
RI SHUVRQV LQWHUDFW WKURXJK DQ LQWHUPHGLDU\ RU SODWIR





#### IV. IDENTIFYING OPPORTUNITIES FOR BEPS IN THE DIGITAL ECONOMY

This section provides a general discussion of the common features of tax planning structures that raise BEPS concerns. It then provides a detailed description of the core elements of BE strategies with respect to both direct and indirect taxation

##### 1. Common Features of Tax Planning Structures Raising BEPS Concerns

\$ V Q R W H G L Q W K H % ( 3 6 \$ F W L R D Q V H O G V E X D W 3 6 F R Q L C H Z Q M F  
L Q F R P H F D Q E H D U W L I L F L D F O A F R A N H L A W B O S E D W H D Q O H U R D P @ M K W M D F R U L H Q E  
V R K W H K Q V D H J U C V F U R H D W K M V K K S ° G I A F Q V H P V A R I U H  
K € V H U

• U R S P " € % † s 7 s ` € 3 X W L š L W L „ V C 0 Â • D F € 1 a `

p P - @ 0

0LQLPLVDWLRQ RI WD[DWLRQ LQ WKH PDUNHW FRXQWU\ E\



WUHDW\ EHWZHHQ WKH ~~MDGLVBEESMLRQW~~ ~~RIRVKMHSJ\BUFRPSDQ\~~ L  
EH HQWLWOHG WR UHGXFHG ZLWKKROGLQJ RU H\HPSVDVSDQ ZIHUR P  
MXULVGLFWLRQ LQ WKH IRUP RI UR\DOWLHV RU LQWHUHVW 6WU  
FRPSDQLHV ORFDWHG LQ FRXQWULHV ZLWK IDYRXUDEOH WUHDW  
WUHDW\ DEXVH UDLVH %(36 FRQFHUQV

*2.3. Eliminating or reducing tax in the intermediate country*

(OLPLQDWLQJ RU UHGXFHQJ WDJ LQ DQ LQWHUPHGLDWH  
DSSOLFDWLRQ RI SUHIHUUHQW LQWHUORRPHV LQ WIDV PDUWLKRU HDUUDK  
H\FHVVLVH GHGXFWLEOH SD\PHQVRU WDJRQ XULVGHQFDWLRQV HQWLW

/LNH FRPSDQLHV LQ RWKHU LQGXFVWULHV FRPSDQLHV L  
DVVHWV RUWDLVIXULQGLFWLRQV RU FRXQWULHV ZLWK SUHIHU  
WR WKRVH ORFDWLRQV :KLOH IXQFWLRQV DUHWDLWUHQDORQDWHXG  
DFFHVV WDJRQDORQDWHXG VVDU\ UHVXUFHV DV EXVLQHVV IXQFWLR  
PD\ LQFUHDVLQJO\ EH DEOH WR ORFDWH IXQFWLRQV LQ D ZD\ W

,Q WKH FRQWH[W RI WKH GLJLWDO HFRQRP\ QRP0 DOWK



FXVWRPHU ,Q WKHVH FDVHV WKH H[HPSW EXVSR\$VLEDXWHORPC  
DPRXQW RI 9\$7 7KH DERYH FDVHV LOOXVWUDWH KRZ DQ H[HPSW  
DPRXQW RI 9\$7 ZKHQ DFTXLULQJ GLJLWD\DO\X\$SLOLOHXVWURPWK\$9  
VXSSOLHUV RI FRPSHWLQJ VHUYLFHV FRXOG IDFMLESRHQWQWLSSO  
'RPHVWLF VXSSOLHUV DUH UHTXLUHG WR FROOHFW DQG UHPL  
EXVLQHVVHVU\$KLGHQWRQXSSOLHUV FRXOG VWU\$FWU\$RWRKWL  
LQDSSURSULDWHO\ ORZ DPRXQW RI 9\$7

**3.2. Remote digital supplies to a multi-location enterprise (MLE)**

%(36 FRQFHUQV FRXOG DOVR DULVH LQ FDVHV ZKHUH D G  
EXVLQHWKDW KDV HVWDEOLVKPHQWV LQ GLIIHUHQW\MXUWGLFW  
FRPPRQ SUDFWLFH IRU PXOWLQDWLRQDO EXVLQHVVHV WR DUL  
FHQWUDOO\ WR UHDOLVH HFRQRPLHV RI VFDOH 7\SLFDOO\ WK  
WKH HVWDEOLVKPHQW WKDW KDV DFTXLUHG WKH VHUYLFH DQG  
UHFKDUJHG WR WKH HVWDEOLVKPHQWV XVLQJ WKH HFRUW\WK 7  
VHUYLFH RQ WKH EDVLV RI WKH LQWHUQDO UHFKDUJH DUUDQJ  
DQG RWKHU UHJXODWRU\ UHTXLUHPHQWV +RZHYHU PDQ\ 9\$7  
WUDQVDFWLRQV WKDW RFRXUR\$HWZLQHQHVDWDEOLVKPHQW

7KLV PHDQV WKDW ZKHUH DQ HVWDEOLVKPHQW RI D 0/( DF  
VHUYLFHV IRU XVH E\ RWKHU HVWDEOLVKPHQWV LQ RWKHU M)  
LQWHUQDO FRVW DOORFDWLRQV RU UHFKDUJHV PDGH ZLWKLQ  
HVWDEOLVKPHQWV 2Q WKH RWKHU KDQG WKH HVWDEOLVKPHQW  
UHFRYHU 9\$7 RQ\$TWL\DLWLRQ RI WKHVH VHUYLFHV LI LW LV D  
RWKHU HVWDEOLVKPHQWV XVLQJ WKH GDWD SURFHVV\QJ VHUY  
ZLWKRXW LQFXUULQJ DQ\ 9\$7 7KLV LVDJHQ\$FUSHQW\$RWL\DHJWH  
HVWDEOLVKPHQWV RI WKH 0/( XVLQJ WKH VHUYLFH DUH WD[DEO  
ULJKW WR UHF\$YHU\$DZ\HOSXWKH WKH HVWDEOLVKPHQWV XVL  
H[HPSW EXVLQHVVHV WKH\ DUH QRW QRUPDOO\ HQWLWOHG WR

7DNH IRU H[DPSON SURFHVV\QJ RI GDWD UHODWLQJ WR E  
PXOWLQDWLRQDO EDQNUZRXQ\$G\$EUXIHW\X\$K\$PVD ORFDO VXSSO  
LQ\$XW 9\$7 RQ WKHVH VHUYLFHV LW ZR\$XODVQLRWUH\H\W\$WWR  
DFWLYLWLHV \$OWHUQDWLYHO\ WKLV HVWDEOLVKPHQW\IRQJDVPHX  
WKRXXJK DQRWKHU HVWDEOLVKPHQW RI WKH VDPH EDQN LQ D  
HVWDEOLVKPHQW IRP@W\$W

## V. TACKLING BEPS IN THE DIGITAL ECONOMY

This section discusses how work on the actions of the BEPS Action Plan and in the area of indirect taxation will address BEPS issues arising in the digital economy. It also highlights the particular characteristics of the digital economy that must be taken into account to ensure that the measures developed effectively address BEPS in the digital economy.

### 1. Introduction

0DQ\ RI WKH NH\ IHDWXUHV RI WKH GLJLWDO HFRQRP\ H[D  
DFWLRQV RI WKH %(36 \$FWLRQ 3\HDQ HZL OHDWRUHQH\UL QMR HGFVXU  
SURSRVH BQWR OXO\ DGGUHVV %(36 LQ WKH GLJLWDO HFRQRP\  
HFRQRP\ SDUWLFXODUO\ WKR VH UHFRQVHGHQWRO DWE RQLWR JHRO  
LQGLUHFV WD[HV

)RU H[DPSOH WKH LPSRUWDQFH RI LQWDQJLEOHV LQ WKH  
@ V...0 Wt" % p)FIWHV FW G





\$UUDQJHPHQWVLPISFWW%RQH (URVLRQ YLD ,QWHUHVW 'HGXFWRQ  
\$FWLRQ &RXQWHU +DUPIXO 7D[ 3UDFWLFH\$VVRUHWIKBFWWVDBQV  
RXWFRPHV DUH LQ OLQH ZLWK YDOXH FUHDWLRQ

2.2.1. Neutralise the Effects of Hybrid



FRPSDUDEOH WUDQVIHUV RI LQWVWVSKDQRRM EHKHLZHRQWL  
6HSWHPEHUKLUG LQ VLWXDWLRQV ZKHUH SDURWLKID\KGHGHOR  
LQWDQJLEOHV DUH WUDQVIHUHG WMHURZVNHUZLSORIFRQVLELGHUW  
VKRXOG EH WDNHQ LQWR DFFRXQW LQ WKH YDOXDWLRQ LQ VSH  
RI LQIRUPDWLRQ EHWZHHQ WD[SD\HUUVHFRQGWSKDQVIRQLWVHURZ  
ZLOO EH GHOLYHUHG E\ 6HSWHPEHU

(ii) Business risks

%(36 VWUXFWXUHV DLPHG DWDV\KILWLLQJLPHFRVH RQWHQ ORR  
DOORFDWLRQ RI EXWLD\H\WLLVNLVHQWR DVORZHQ RIWHQ DUJXHG  
WRJHWKHU ZLWK OHJDO RZVHUUV\DSJRI DQVFRQVLEHVV RM LQFRP  
ULVN 2IWHQ WKLV LV DFFRPSOLVKHG E\ DUJXLQJ WKDW RWKHU  
ULVN VR WWD\WD\OR\WH LV HQWLWHOHG WRQDOR\WV\ULGRZOULO  
PHPEHUV IRU WKHLU IXQFWLRQV 7KH ZRUN ZLOO DGGUHVV TX  
UHTXLULQJ FRQWURO RI ULVN ILQDQFLDO FDSDFLW\ WR EHDU  
DOLJQHG 7KH DQVFRQVLEHVV\OULVNV WKDW E\ WKHLU QDWXUH  
DQG ZKLFK WKHUHIRUH FDQQRW EH UHGLD\ DVVLJQHG WR D V  
GHOLYHUHG E\ 6HSWHPEHU

(iii) Characterisation of transactions

7KH H\LVWLQJ WUDQVIHU SULFLQJ JXLGHOLQHV UHTXLUL  
WUDQVDFWLRQV HQWHUHG LQWR E\ WKH WD[SD\HU 7KH JXLG  
WD[SD\HU\WVLRQDO IRUPH\WVLRQ\OVRLPHFXPVWDQFHV WKH H\  
QRW IXOQ\HGHUDWLRQ LV EHLQJ JLYHQ WR ZKHWKHU WKH V  
WD[SD\HU WUDQVDFWLRQV V\K\X\O\ERU W\K\Y\WV\GHQ\FZKDW SDU  
FLUFXPVWDQFHV WKRVH UXOH,W PDX ZRUV\W\KUR\RV\QLJL\W\K\WRQV  
FRPSOH[LWLHV DVVRFLDWHG ZLWK GLVUHJDUGLQJ WD[SD\HU W  
GRXEOR\O\H\OG DULVH LI WKH Z\H\H\SD\GH\H\K\DO\IE\W\Q\W\W  
H\SDQVLRQ LV EDVHG RQ SULQFLSOHV WKDW FDQQRW EH OL  
H Å € @ [ D @ " @ P p 0 € 0

HPaP4 H@ Å€P'' 0





## VI. BROADER TAX CHALLENGES RAISED BY THE DIGITAL ECONOMY

This section discusses the challenges that the digital economy raises for direct taxation, with respect to nexus,





DGYHUWLV LQJ DQGLFKWVQPMHFKQSSRUWKDV KRZHKYRHKKVDG VL  
DFWLYLWLHV DUH FDUULHG RXW E\ HQKDQFLQJ WKH DELOLW\ V  
ZKLFK LQIRUPDWLRQ FDQ EH SURFHVVHG DQDO\VHG DQG XWLO  
WUDGH H[SDQGLQJ WKH QXPEHU RI SRWHQWLDO FXVWRPHUV V  
FXVWRPHU EDVH QR ORQJHU QHHGV WKHHQYGDHGHGQUDDVQ\$X  
DJH LQYHVWPHQW LQ LQIUDVWUXFWXUH FDQ EH OHYHUDJHG WF

7KLV LQFUHDVHV WKH IOH[LLELOLW\ RI EXVLQHVV\HW WBNFK  
SODFH WR PRYH H[LVWLQJ IXQFWLRQV WR D QHZ ORFDWLRQ HY  
WKH XOWLPDWH PDUNHW MXULVGLFWLRQ DQG IURP WKH MXULV  
WDNH SODFH \$V HDMLQJOW SRWVLEZOHFRU D EXVLQHVV\TV SHU  
VHUYHUV DQG FXVWRPHUV HDFK WR DDXSIWRD GWDKPRQDUFNHW M  
\$GYDQFHV LQ FRPSXWLQJ SRZHU KDYH DOVR PHLDQDQDQD W F  
FDSDELOLWLHV FDQ QRZ EH FDUULHG RXW E\ LQFUHD\RLQJO\ V  
H[DPSON FRQWUDFWV FDQ LQ VRPH FDVHV EH DXWRPDWLFDC

TXDQWLW\ DQG QDWXUH RI WKH LQIRUPDWLRQ SURYLGHG ODUJ  
DQG FORXG FRPSXWLQJ

\$V VHW RXW LQ 6HFWLRQ ,,, GDWD JDWKHUHG IURP YDU  
RI YDOXH FUHDWLRQ LQ WKH ERJLDLQJ HFRQRPD[ FKDOOHQJH L  
GDWD DQG WKH WYKHOXQJLQJ WKH VWRWHPV VRIWZDUH DQG SHRSOH W  
XVH RI WKHVH GDWD WR GHYHORS RU GEDWDEHUSXGRQV SHUPLDQ  
GDWD PD\ EH FROOHFWHG IURP FRXQWURP XMLQJ RWKHU ERJLDLQJ  
FRXQWU\ ,W PD\ WKHQ EH SURFHVVHG LQ WKH VHFRRG FRXQW  
DGYHUVLVPHQWV WR FXVWRPHUPLQJ WKH WKLVWUFRPHSU  
WKHVH IXQFWLRQSDUULDUW DORFZHWLQJ WKH WKDW \$FRQWL  
FRXQWU\ UDLVHV WD[ FKDOOHQJHV 7KLV FKDOOHQJH PD\ EH H[  
PD\ EDWKHUHG IURP GLIIHUHQW VRXUFHV DQG IRPELHQHGHQV  
ZD\V WR FUHDWH YDOXH PDNEO\ DQWLFULQJ WKH QRZKEDHRLWDLW  
EXVLQHVVHV KDYH GHYHORSHG ZD\V WR FROOHFW DQDO\VLH D  
IRU SXUSRVHV RI DQ DQDO\VLV RI IXQFWLRQV DVVHWV DQG UL  
DV GLVWLQFW IURP WKH SURFHVVHV XVHG WR FROOHFW DQD







EXVLQHVV RSHUDWLRQV

Identification : KLOH JOREDO EXVLQHVV GLWUW B W XHFRQRQ  
LGHQWLILFDWLRQ FKDOOHQJLVLWGH HQHWKHDGDJLQWVHDEURQ  
PDUNHW MRLVGRVFWLHTXLUH UHJLVWUDWLRQ RU RW  
VHOHPRWVOWRHEV LQ WKH MXULVGLFWDRQGPKQVZVDFW  
ZLQSHVDEOH WR LGHQWL\ WKH UHPRWH VHOHI  
RXW LQ WKH MXULVGLFWLRQ DQG KHQFH HQVXUH FRPSOLD

Determining the Extent of Activities











SD\PHQWV RQH RSWLRQ WR EH FZLOWLGHUJGMBZ RIX QG QFH DWRLQ  
LQYROYHG ZLWK WKRVH SD\PHQWV

### 3.5. Consumption Tax Options

7KH GLJLWDO HFRQRP\ KDV DOORZHG EXVLQHVVHV WR V  
VHOO JRRGV DQG VHUFLFHV IURP UHPRWH ORFDWLRQV WR FRQV  
SD\PHQW PHFKDQLVPV WKDW IDFLOLWDWH RQOLQH VKRSSLQJ E  
VLJQLILFDQW JURZWK LQ FURVV ERUGHU % & VXSSOLHV ZKLFH  
VXSSOLHV RIWHQ UHVXOW LQ QR RU DQ LQDSSURSULDWHO\ O  
FRPSLWLV UHVXUHV RQ GRPHVWLF VXSSOLHUV \$V WKH GLJLW  
PD\ DOVR HPHUJH

#### 3.5.1. Exemptions for Imports of Low Valued Goods

7KH WKUHVKROGV IRU WKHVH VHMRSWLRLQFWYDQV ZLGHQ  
WKHVH WKUHVKROGV MXULVGLFWLRQV DWWHPSW WR ILQG WKH  
WKHDDPLQLR WUDWLYH DQG FRPSOLDQFH FRVWV RI WD[LQJ OR

0XWXDO \$GPLQLVWUDWLYH \$VVLVWDQFH LQ 7D[ 0DWWHUV ZKLF  
DQG WKH 2(&' DOVR FRYHUV 9\$7 PDWWHUV DQG SURYLGHV D X  
LQWHUQDNLDO RQ

ANNEX 1: PRIOR WORK ON THE DIGITAL ECONOMY

This annex summarises the content and output of the previous work on electronic commerce. Specifically, it presents the work that led to the 1998 Ministerial Conference on Electronic Commerce in Ottawa (Ottawa Conference) and its main outcomes. It then describes the follow-up work carried out in relation to tax treaty issues and to consumption tax issues

1. 1996-1998: Work leading to the Ottawa Ministerial Conference on Electronic Commerce

\$W LWV -XQH PHHWLQJ WKH &)\$ GLVFXVVHG WKH V  
FRPPXQLFDWLRQ\$ IWHFUK Q RFRQJLHUMHQFH RQ HOHFWURQLF FRPPHU  
JRYHUQPHQW Q RIF RIRSOHJDOG VLRQ ZLWK WKH (& &RPPLVLRQ WKH  
7XUNX LQ 1RYHPEHU WKH &)\$ DGRSWHG D VHULHV RI SUR  
PHHWLQJ RQ HOHFWURQLF V F RLP 2 W F W D Z M R L Q H 2 F W D F H U Q IRU , W K  
PHHWLQJ WKH &)\$ DGRSWHG WKH UHSRUW <sup>3</sup>(OHFWURQLF & R P I  
GUHZ WKH IROORZLQJ PDLQ FRQFOXVLRQV

WKH ZLGHO\ DFFHSWHG JHQHUDO WD[ SULQFLSOHV WKDW  
FRPPHUFHGVK\ R JXLGH WKHP LQ UHODWLRQ WR HOHFWUR

H[LVWLQJ WD[DWLRQ UXOHV FDQ LPSOHPHQW WKHVH SULQ

WKLW DSSURDFK GRHV QRW SUHFOXGH QHZ DGPLQLVWUD  
H[LVWLQJ PHDVXUHV UHODWLRQ WR HOHFWURQLF FRPPHU  
DVVLVW LQ WKH DSSOLFDWLRQ RI WKH H[LVWLQJ WD[DWL  
GLVFULPLQDWRU\ WD[ WUHDWPHQW RI HOHFWURQLF FRPPH

WKH DSSOLFDWLRQ RI WKHVH SULQFLSOHV WR HOHFWURQ  
ILVFDO VRYHUHLJQW\ RI FRXQWULHV WR DFKLHYH D IDLU  
EHWZHHQ FRXQWULHV DQG WR D W R D I G W L R X E O H D Q G X Q L Q W I

WKH SURFHVV RI LPSOH H F H Q V R I X O G W L Q H R O S H L D C F I L S O V H Q V L I L  
D Q G Z L W K P E R I Q H F R Q R P L H V

2. 1998: The Ottawa Ministerial Conference on Electronic Commerce

\$W WKH 2WWDZD 0LQLVWHULDO &RQIHUHQFH RQ (OHFWU  
PHPEHU FRXQWULHV H F H Q V R I X O G W L Q H R O S H L D C F I L S O V H Q V L I L  
K H D G V R I P D M R U L Q W H









\$ V UHJDUGV WKH P&W R Q new rules for purposes of taxing profits arising  
from the provision of services WKH %3 7\$\* QRWHG WKDW WKLW RSWLRQ  
FRQWH[W RI WKH ZRUN WKDW WKH 2(&' ZDV WR XQGHUWDN

**3.2. CFA work in the area of tax treaties**

,Q DGGLWLRQ WR WKH ZRUN RI WKH 7\$\*V WKH &)\$ GLUHFW  
VROXWLRQV ZLWK UHVSHFW WR WKH LVVXHV WKDW KDG EHHQ  
2(&' 0RGHO 7D[ &RQYHQWLRQ DQG LWV &RPPHQWU\ ZKLFK ZH  
FKDQJHV UHODWHG WR WKH GHILQLWLRQ RI SHUPDQHQW HVWD  
SDUWLFXODU XQG RU WKH EOHUHQWLRQ WDLQH LQ WKH 0RGHO 7D[

**3.2.1. Treaty rules for taxing business profits**

7KH PDLQ FRQWHQW RI WKH FKDQJHV WR WKH &RPPHQWU\  
GHILQLWLRQ RI SHUPDQHQW HVWDEOLVKPHQW ZKLFK LV W\SLF  
ZKLFK EXVLQHVV LV FRQGXFWHG HGHQHFURP GXQLF  
S R P ... HQWVU ` P ` V Ó H Q K V Q K V D f K H À ` P V D E V 9 K P  
Z O \ K P € W U \ F U R U L W K u ` W F  
G D U ` V ` V D 0

enterprise if the other requirements of the Article are met.

42.4 Computer equipment at a given location may only constitute a permanent establishment if it meets the requirement of being fixed. In the case of a server, what is relevant is not the possibility

that it may  
more than  
activities  
rely  
advertising,



of the progress of technique'.

11.1 In the know contract, one of the parties agrees to impart to the other, so that he can use them for his own account, his special knowledge and experience which remain unrevealed to the public. It is recognised that the grantor is not required to play any part himself in the application of the formulas granted to the licensee and that he does not guarantee the result thereof.

*11.2* This type of contract thus differs from contracts for the

*or programming languages or techniques, where this information is provided under the condition that the customer not disclose it without authorisation and where it is subject to any available trade secret protection.*

**11.6** In business practice, contracts are encountered which cover both ~~know~~ and the provision of technical assistance. One example, amongst





SURYLGH VXIILFLHQW LQGLFDWLYH HYLGHQFH WRLOVVLVW  
GHWHUPLQLQJ WKH MXULVGLFWLRQ RI FRQVXPSWLRQ 7KH  
FULWHULRQ' ,W FRQVLGHUHG WKH FDVH ZKHUH D FXVWRP  
QRW HQWLWHOHG WR UHFRYHU WKH LQVXW WD[ RQ D WUDQ  
MXULVGLFWLRQV ZLWK QR RU D ORZ 9\$7 ³WKXV DYRLGLQJ  
3DSHU VXJJHVWHG WKDW D SXUH SODFH RI FRQVXPSWLRQ  
DFFRUGLQJ WR ZKLFK D FRXQWU\ PD\ UHTXLUH ³D EXVLQHY  
WD[ WR WKH H[WHQW WKDW WKH VXSSO\ LV XVHG LQ WKD