



BACKGROUND The Base Erosion and Profit Shifting (BEPS) initiative were triggered by governments worldwide to address the concern that multinational corporations exploit the gaps and mismatches in international taxation rules to avoid taxation or reduce their tax burden. It was well known that large enterprises engaged in digital businesses managed to pay little or no tax in the various jurisdictions they operated. There have been attempts in various countries to bring to tax stateless income,² especially in the digital economy. The concepts of “significant economic presence” and the equalisation levy to tackle challenges in taxing the digitised economy were suggested as possible alternatives in the Action 1 Interim Report of 2015 on addressing tax challenges in a digital economy released in 2015, as part of the OECD Base Erosion and Profit Shifting (BEPS) project.