



1. INTRODUCTION TO BEPS ACTION PLAN 6 Over the years, drastic changes have emerged in the way businesses are carried out by the multi-nationals. The free movement of capital and labour, the shifting of manufacturing bases, the removal of trade barriers, growing importance of service industry, digital goods/services and intangibles have contributed to this transformation. Tax laws both domestic as also international have however not kept pace with these changes. This has put a strain on the international tax rules, which were designed more than a century ago. Gaps in the current rules create opportunities for Base Erosion and Profit Shifting ("BEPS"). BEPS represents tax avoidance strategies that taxpayers use, to shift their profits from high tax jurisdictions to low tax jurisdictions. International tax issues today are ass.....