



BACKGROUND AND NEED FOR PILLAR TWO The Two Pillar Solution was conceptualized and developed by the Organisation of Economic Cooperation and Development ('OECD') / G20 Inclusive Framework to address key tax challenges posed by the increased digitalization of the economy. Although this process began as early as 2013 as part of the original Base Erosion and Profit Shifting Project (as part of Action 1), no clear solution was developed then. The Final Report on Action 1 released in 2015 discussed multiple options including a Significant Economic Presence, a final withholding tax and an equalisation levy on certain digital payments but did not make any final recommendations in this regard. The Pillar One and Two proposals in a sense represent the culmination of this exercise and comprise a two-pronged approach that seek to address this issue. Before proceeding to examine t.....