

# **Taxation and Electronic Commerce**

Implementing the Ottawa  
Taxation Framework Conditions

OECD

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

# Table of Contents

## **Part I. Emerging Conclusions and Recommendations by the Committee on Fiscal Affairs**

<i>Chapter 1.</i> An Overview of Progress Since the Ottawa 1998 Conference.....	9
<i>Chapter 2.</i> Consumption Tax Aspects of Electronic Commerce: Developing International Guidelines and Recommended Approaches.....	17
<i>Chapter 3.</i> Tax Administration Aspects of Electronic Commerce: Responding to the Challenges and Opportunities.....	49
<i>Chapter 4.</i> Application of Tax Treaty Concepts to Electronic Commerce.....	79
4.1. Clarification on the Application of the Permanent Establishment Definition in E-commerce: Changes to the Commentary on Article 5.....	79
4.2. Treaty characterisation issues.....	85
4.3. Attribution of Profit to a Permanent Establishment Involved in Electronic Commerce Transactions (A Discussion Paper from the Technical Advisory Group on Monitoring the Application of Existing Treaty Norms for the Taxation of Business Profits).....	102
4.4. Impact of the Communications Revolution on the Application of "Place of Effective Management" as a Tie Breaker Rule (A Discussion Paper from the Technical Advisory Group on Monitoring the Application of Existing Treaty Norms for the Taxation of Business Profits).....	143
Appendices to Chapter 4.....	161

## **Part II. Input from the technical advisory groups (TAGs)**

<i>Chapter 5.</i> An Overview of the TAG Process and its Contribution to the CFA's Work . . . .	181
5.1. Main findings/conclusions of the Consumption Tax Technical Advisory Group (TAG).....	182
5.2. Main findings/conclusions of the Technology Technical Advisory Group (TAG).....	188
5.3. Main findings/conclusions of the Professional Data Assessment Technical Advisory Group (TAG).....	199
5.4. Main findings/conclusions of the Technical Advisory Group on Monitoring the Application of Existing Treaty Norms for the Taxation of Business Profits (Business Profits TAG).....	211
5.5. Main findings/conclusions of the Treaty Characterisation Technical Advisory Group (TAG).....	214

**Part HL Taking Forward the CFA's Work on Taxation and Electronic Commerce**

*Chapter 6. The Next Phase of Implementing the Taxation Framework Conditions:  
Progressing Further Work and Strengthening the International Dialogue.....223*

*Annexes*

1. The Ottawa Taxation Framework Conditions.....227  
II. Electronic Commerce: Taxation Framework Conditions.....228  
III. Composition of the Technical Advisory Groups (TAGS) (1999-2000).....236