LEGAL CHALLENGES IN IMPLEMENTING DIGITAL TAXATION FRAMEWORKS

A Doctrinal and Comparative Study of Jurisdiction, Global Tax Reform and Emerging Technologies

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ABSTRACT

The rapid expansion of the digital economy has exposed structural limitations in traditional international and domestic tax frameworks. Digital businesses can generate substantial economic value in jurisdictions without maintaining a conventional physical presence, challenging established concepts of nexus, permanent establishment and source-based taxation. This paper examines the principal legal challenges in implementing digital taxation frameworks, with particular attention to India, the European Union and the United States, and evaluates their relationship with the OECD/G20 Inclusive Framework and the Two-Pillar Solution.

The study follows a doctrinal legal research approach. It analyses legislation, judicial decisions, tax treaties, government and institutional materials, scholarly literature and international initiatives concerning digital taxation. The study focuses on the evolution of digital taxation, unilateral measures such as India's Equalisation Levy and European Digital Services Taxes, Significant Economic Presence, jurisdictional conflicts, compliance and enforcement problems, and the role of artificial intelligence, blockchain, big-data analytics and automation in tax administration.

The analysis indicates that the principal difficulties are jurisdictional ambiguity, fragmented unilateral measures, double-taxation risks, compliance burdens, treaty interaction, enforcement across borders, data governance and the rapid emergence of new digital business models. The OECD's Two-Pillar framework offers a route toward greater international coordination, but implementation requires sustained cooperation, domestic legislative alignment and effective administrative capacity. The paper recommends harmonised legal definitions, coordinated international rules, simplified compliance, stronger data-protection safeguards, technology-assisted enforcement with due-process protections, and adaptive regulation for emerging digital sectors.

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Keywords: Digital taxation; Equalisation Levy; Significant Economic Presence; digital economy; BEPS; OECD; Pillar One; Pillar Two; jurisdiction; permanent establishment; tax compliance; artificial intelligence.

1. INTRODUCTION

Digitalisation has transformed the structure of commerce, services and value creation. E-commerce platforms, digital advertising, cloud computing, online marketplaces, artificial intelligence, cryptocurrencies and other technology-enabled models allow enterprises to participate in markets across borders with comparatively limited physical infrastructure. Traditional tax systems, however, were largely constructed around physical presence, legal residence, source and permanent establishment. The resulting mismatch has made digital taxation a central problem of contemporary international tax law.

The legal challenge is not simply how to impose a tax on a digital transaction. It is how to determine which jurisdiction has the legitimate taxing right, what constitutes sufficient economic connection, how profits should be allocated, how domestic rules interact with treaties, and how tax administrations can enforce obligations against businesses located outside their territory. These questions become particularly difficult where users, intellectual property, servers, management functions and revenue-generating activities are distributed across several jurisdictions.

India has adopted unilateral and treaty-linked responses, including the Equalisation Levy and Significant Economic Presence provisions. The European context contains country-level Digital Services Taxes while participating in wider OECD reform efforts. The United States has generally opposed unilateral revenue-based digital taxes and has favoured a coordinated international solution. These approaches illustrate the fragmentation that exists while the international community attempts to construct a more coherent framework.

The present study therefore examines digital taxation primarily as a legal and policy problem. It seeks to identify the principal structural barriers to effective taxation and to assess whether international coordination and technological innovation can reconcile revenue protection with legal certainty, business compliance and digital economic growth.

India's rapid digital expansion underscores the urgency of these questions. According to the State of India's Digital Economy Report 2024, published by the Indian Council for Research on International Economic Relations in collaboration with the Ministry of Electronics and Information Technology, India's digital economy accounted for 11.74 per cent of national income in 2022-23, equivalent to approximately USD 402 billion, and is expected to grow at

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nearly twice the rate of the overall economy, contributing approximately one-fifth of national income by 2029-30.[1]

2. RESEARCH PROBLEM, OBJECTIVES, HYPOTHESES AND METHODOLOGY

2.1 Statement of the Research Problem

The rapid growth of the digital economy has outpaced traditional tax rules. Governments face jurisdictional ambiguities, tax-treaty conflicts and enforcement difficulties when digital businesses operate across borders without a conventional physical presence. The absence of a single universally accepted digital-tax standard creates the risk of both non-taxation and double taxation. Developing countries may also experience revenue concerns where large multinational technology enterprises derive substantial value from local users without a corresponding conventional tax nexus.

At the same time, digital tax administration raises questions concerning privacy, data governance, administrative feasibility, compliance costs and the regulation of emerging business models involving AI, blockchain and decentralised finance. The research problem is therefore to identify the legal challenges created by digitalisation and assess the legal and policy mechanisms capable of addressing them.

2.2 Objectives

1. To examine the evolution and significance of digital taxation and its legal challenges.
2. To identify the primary legal challenges faced by governments in implementing digital taxation frameworks.
3. To compare digital taxation approaches adopted by India, the European Union and the United States.
4. To examine the role of emerging technologies in digital tax compliance and enforcement.
5. To propose legal and policy recommendations for improving digital taxation frameworks at national and global levels.

2.3 Hypotheses

The source study frames the following propositions: digital taxation is challenging because of jurisdictional ambiguities, lack of global standards and evolving technology; a global digital tax framework can improve compliance, reduce disputes and increase effective taxation; and

[1] Ministry of Electronics and Information Technology, 'Estimation and Measurement of India's Digital Economy' (MeitY, January 2025) <https://www.meity.gov.in/static/uploads/2025/01/5ff397f9e8152d5562ed4cef1a6b767b.pdf> accessed 18 August 2026; see also Indian Council for Research on International Economic Relations, State of India's Digital Economy (SIDE) Report 2024 (ICRIER, 2024).

digitalisation requires updated tax frameworks because unclear rules can contribute to revenue losses and regulatory uncertainty.

2.4 Scope and Limitations

The study focuses on legal and policy challenges at national and international levels. It examines India's Equalisation Levy, Significant Economic Presence and GST treatment of digital transactions; compares approaches in major jurisdictions including the EU and United States; considers AI, blockchain and decentralised platforms; and evaluates international initiatives such as BEPS and the global minimum tax.

The study is primarily doctrinal and does not attempt to quantify national revenue effects or provide an exhaustive analysis of every jurisdiction. Because digital-tax rules continue to evolve, some legal and policy conclusions require continuing review. The original study also identifies technical implementation of AI-based auditing and blockchain compliance tools as outside its detailed scope.

2.5 Research Methodology

The research adopts a doctrinal legal methodology. Primary sources include Indian taxation legislation, international tax treaties, judicial decisions and government and institutional materials. The study refers to materials associated with the Central Board of Direct Taxes, Reserve Bank of India and OECD, together with international instruments such as the OECD BEPS framework and the UN Model Tax Convention. Secondary materials include books, journal articles, institutional reports, white papers and expert commentary. The approach is comparative as well as analytical, using India, the EU and United States as principal reference jurisdictions.

3. EVOLUTION AND CONCEPT OF DIGITAL TAXATION

Traditional tax systems developed around tangible commerce and identifiable physical presence. The growth of e-commerce in the late twentieth and early twenty-first centuries exposed weaknesses in these assumptions. Multinational enterprises could structure operations so that significant sales occurred in a jurisdiction while key functions or legal entities were located elsewhere. The expansion of online marketplaces, digital advertising and electronically supplied services intensified the problem.

Early responses included extending VAT/GST mechanisms to electronic services, using withholding taxes and introducing special levies on digital activities. The OECD/G20 BEPS project marked an important stage in the international response by examining how digitalisation affected nexus, profit allocation and base erosion. Alongside multilateral negotiations, individual jurisdictions introduced unilateral measures such as India's Equalisation Levy and France's Digital Services Tax.

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3.1 Nexus and Permanent Establishment

Nexus refers to the legal connection between a taxpayer and a jurisdiction that justifies taxation. Historically, physical presence—such as an office, branch, store or warehouse—was a major basis for establishing nexus. Digital enterprises can, however, access customers and derive substantial revenues without maintaining comparable physical infrastructure. This challenges the adequacy of traditional nexus rules.

Permanent establishment is similarly based on a sufficient degree of business presence. The source study identifies Significant Economic Presence as an attempt to adapt the nexus concept by considering economic participation rather than physical location alone. Factors discussed include the volume of digital transactions, user engagement and revenue generated from a jurisdiction.

India operationalised the Significant Economic Presence provisions through a notification issued by the Central Board of Direct Taxes on 3 May 2021, prescribing specific thresholds effective from financial year 2021-22. A non-resident is deemed to have significant economic presence in India if aggregate payments arising from transactions with any person in India exceed INR 20 million in a financial year, or if it systematically and continuously solicits business or engages in interaction with 300,000 or more users in India. These thresholds represent a legislative attempt to measure digital economic engagement objectively, independently of any physical footprint.[2]

3.2 Global Efforts to Adapt Tax Law

The OECD/G20 BEPS initiative, particularly Action 1, placed the tax challenges arising from digitalisation within the broader international tax reform agenda. The Inclusive Framework subsequently developed the Two-Pillar Solution. Pillar One seeks to reallocate a portion of taxing rights toward market jurisdictions, while Pillar Two introduces a global minimum effective tax architecture for large multinational enterprises.

The policy objective is to reduce incentives for profit shifting, improve allocation of taxing rights and limit the fragmentation caused by unilateral measures. The legal difficulty lies in converting a broad international agreement into consistent domestic legislation and coordinated administrative practice.

3.3 Unilateral Digital Tax Measures

India introduced the Equalisation Levy in 2016, initially addressing specified digital advertising payments to non-resident enterprises, and subsequently expanded the measure in 2020 to cover specified e-commerce transactions. France and other European jurisdictions

[2] Central Board of Direct Taxes, Income-tax (13th Amendment) Rules, 2021, Notification S.O. 1722(E) (3 May 2021), inserting Rule 11UD into the Income-tax Rules, 1962; see also KPMG India, 'CBDT Notifies Thresholds for the Provisions of Significant Economic Presence' (KPMG India, May 2021) <https://www.in.kpmg.com/taxflashnews/KPMG-Flash-News-CBDT-notifies-thresholds-for-the-provisions-of-SEP.pdf> accessed 18 August 2026.

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adopted Digital Services Taxes based on revenues from specified digital activities. These measures respond to national revenue and fairness concerns but may produce overlapping tax claims.

It should be noted, however, that India has since fully withdrawn the Equalisation Levy framework. The Finance (No. 2) Act 2024 repealed the 2 per cent levy on e-commerce supply and services with effect from 1 August 2024, and the Finance Act 2025 abolished the residual 6 per cent levy on online advertising services with effect from 1 April 2025, making the Equalisation Levy framework entirely defunct. This complete withdrawal reflects India's stated commitment to achieving a multilateral consensus through the OECD Inclusive Framework and also responds to diplomatic pressure from the United States, which had raised concerns about the discriminatory effect of the levy on US-based technology companies.[3]

Unilateral measures can create compliance costs for multinational enterprises that operate across multiple jurisdictions. They can also generate diplomatic and trade tensions, particularly where the affected firms are concentrated in a small number of countries. The source study identifies the United States' opposition to unilateral DSTs and its use of trade-investigation mechanisms as an illustration of this tension.

4. COMPARATIVE ANALYSIS OF DIGITAL TAXATION FRAMEWORKS

The source study compares India, the European Union and the United States as three distinct approaches to digital taxation. India is presented as using revenue-based unilateral measures alongside SEP rules; EU member states have used country-level DSTs while pursuing broader coordination; and the United States has generally favoured corporate income taxation and an internationally coordinated approach rather than unilateral revenue-based digital taxes.

Criterion	**India**	**European Union**	**United States**
Principal approach	Equalisation Levy; SEP	Member-state DSTs; OECD alignment	Corporate income-based approach; OECD coordination
Tax basis described	Revenue-based digital measures	Revenue-based DSTs in participating states	Corporate income/profit
Core nexus concern	Digital participation without physical	Market/user-based taxation	Traditional corporate taxation plus

[3] Finance (No. 2) Act 2024, s 1 (abolishing the 2% Equalisation Levy with effect from 1 August 2024); Finance Act 2025 (abolishing the 6% Equalisation Levy with effect from 1 April 2025); see also TaxTMI, 'The Death of the Equalisation Levy' (TaxTMI, April 2026) <https://www.taxtmi.com/article/detailed?id=16300> accessed 18 August 2026.

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	presence		international reform
International alignment	Partial / moving toward OECD framework	Moving toward OECD framework	Strong preference for OECD-led solution
Key challenge	Jurisdiction, compliance and treaty interaction	Fragmentation among member states	Opposition to unilateral DSTs and trade tensions

4.1 India

The study describes India's Equalisation Levy as a response to the ability of non-resident digital businesses to derive income from Indian users without a conventional physical tax presence. It also identifies Significant Economic Presence as an important conceptual development in Indian income-tax policy. Together, these measures reflect the policy objective of connecting taxing rights to economic participation in India.

Subsequent legislative developments have, however, substantially altered the domestic digital taxation landscape in India. The Finance (No. 2) Act 2024 and the Finance Act 2025 together dismantled the entire Equalisation Levy framework, withdrawing the 2 per cent and 6 per cent levies respectively. India's digital taxation policy has consequently shifted to rely primarily on the Significant Economic Presence provisions as the domestic nexus rule for non-resident digital enterprises, pending final international agreement on Pillar One.[4]

The Indian approach nevertheless raises questions concerning treaty interaction, classification of digital transactions, compliance responsibilities, possible overlap with other taxes and coordination with the evolving OECD framework.

4.2 European Union

The EU has pursued digital-tax reform while member states have adopted or considered national DST measures. The source study describes a typical 3% revenue-based model for specified digital activities and identifies large-revenue thresholds intended to exclude smaller businesses. At the same time, the EU has worked toward alignment with the OECD Two-Pillar framework.

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The fragmentation of digital tax approaches across EU member states has become increasingly pronounced. As of 2025, Austria, France, Italy, Spain and the United Kingdom have enacted separate national DST measures, each with distinct tax rates, revenue thresholds and definitional scope. The EU-level DST proposal originally introduced by the European

[4] Bloomberg Tax, 'India's Move on Equalization Levy Signals Potential Policy Shift' (Bloomberg Tax, 2 August 2024) <https://news.bloombergtax.com/daily-tax-report-international/indias-move-on-equalization-levy-signals-potential-policy-shift> accessed 18 August 2026; see also Lakshmikumaran & Sridharan, 'India's 2% Equalisation Levy Abolished: From Bad to Worse for Some?' (International Tax Review, August 2024) <https://www.internationaltaxreview.com/article/2domhin1o2rn1303tperk/sponsored/indias-2-equalisation-levy-abolished-from-bad-to-worse-for-some> accessed 18 August 2026.

Commission in 2018 was never adopted, and the expiry of the temporary standstill on new DSTs at the end of 2024 has prompted further national legislative activity, raising the risk of additional compliance fragmentation for multinational digital businesses operating across European markets.[5]

The central legal problem is balancing national fiscal autonomy with the need for a coherent internal and international market. Differences among member states can create compliance fragmentation, while coordination with global rules requires domestic implementation and agreement over revenue allocation.

4.3 United States

The United States has generally opposed unilateral digital taxes, particularly where they are perceived to disproportionately affect U.S.-based technology enterprises. The source study describes the U.S. preference for corporate income taxation and international cooperation through the OECD framework. It also discusses domestic anti-base-erosion mechanisms such as GILTI and the use of Section 301 trade investigations in response to foreign DSTs.

This approach highlights the relationship between international taxation and trade law. A digital tax may be defensible as a domestic revenue measure yet still trigger international disagreement if another state views it as discriminatory or inconsistent with broader tax and trade commitments.

4.4 OECD Two-Pillar Solution

Pillar One seeks to allocate a greater share of taxing rights to market jurisdictions for large multinational enterprises, thereby addressing situations in which substantial revenue is generated from users in a country without corresponding physical presence. Pillar Two establishes a 15% global minimum tax architecture for large multinational enterprises, reducing incentives to shift profits to low-tax jurisdictions.

The Pillar Two global minimum tax has made considerably more progress in domestic implementation than Pillar One. By the beginning of 2025, over 50 jurisdictions had enacted domestic legislation incorporating the global minimum tax rules, with the Income Inclusion Rule applying to fiscal years commencing on or after 1 January 2024. Twenty-two of the twenty-seven EU member states implemented both the Income Inclusion Rule and the Qualified Domestic Minimum Top-up Tax during this period. The OECD reported in October

[5] Cullen International, 'Update on Digital Services Taxes in Europe' (Cullen International, May 2025) <https://www.cullen-international.com/news/2025/05/Update-on-digital-services-taxes-in-Europe.html> accessed 18 August 2026; Tax Foundation, 'Digital Services Taxes in Europe, 2026' (Tax Foundation, May 2026) <https://taxfoundation.org/data/all/eu/digital-services-taxes-europe/> accessed 18 August 2026.

2024 that approximately 90 per cent of multinational enterprises within the scope of Pillar Two would be subject to the 15 per cent minimum effective tax rate by 2025.[6]

The source study recognises that implementation remains difficult because countries have different tax policies, revenue interests and administrative capacities. International agreement at the policy level therefore needs to be followed by domestic legislation, treaty coordination, administrative rules and effective dispute-resolution mechanisms.

5. PRINCIPAL LEGAL CHALLENGES

5.1 Jurisdictional Ambiguity

The most fundamental problem is determining which jurisdiction has a legitimate taxing connection to digital income. User location, customer location, server location, residence, management, intellectual property and payment origin may all be relevant but may point to different states. A purely physical nexus is increasingly inadequate, while broad market-based nexus rules can create overlapping claims.

5.2 Treaty Conflicts and Double Taxation

Digital businesses may face simultaneous claims under domestic digital-tax measures and conventional income-tax treaties. Where a revenue-based levy sits outside traditional treaty categories, questions arise concerning treaty protection, creditability and relief from double taxation. Without coordinated rules, a measure intended to capture previously untaxed digital income may instead increase legal uncertainty.

5.3 Fragmentation of Unilateral Measures

Different tax bases, rates, thresholds and reporting rules increase the compliance burden for multinational enterprises. Fragmentation also encourages strategic structuring and may generate disputes between states. The source study therefore favours a move from unilateral measures toward coordinated international arrangements.

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5.4 Enforcement Against Non-Resident Digital Enterprises

Digital businesses may have no conventional physical presence in the taxing jurisdiction, making information collection, registration, assessment and recovery more difficult. Effective enforcement requires cross-border cooperation, information exchange, reliable digital records and clear rules for determining taxpayer obligations.

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[6] A&O Shearman, 'What Does 2025 Hold for the Global Minimum Tax (Pillar Two)?' (A&O Shearman, 2025) <https://www.aoshearman.com/en/insights/what-does-2025-hold-for-the-global-minimum-tax-pillar-two> accessed 18 August 2026; Tax Foundation, 'Pillar Two Implementation in Europe, 2025' (Tax Foundation, November 2025) <https://taxfoundation.org/data/all/eu/pillar-two-implementation-europe/> accessed 18 August 2026.

5.5 Data Protection and Privacy

Digital tax administration increasingly depends on transaction and user data. Greater data access can improve compliance but also increases privacy and cybersecurity risks. Tax authorities therefore require clear legal authority, proportionality safeguards, secure data architecture and accountable processing practices.

5.6 Compliance Burden

Multiple digital-tax regimes can impose registration, reporting, withholding, record-keeping and payment obligations. Smaller businesses may lack specialist tax teams and sophisticated technology. A system designed to improve revenue collection can become counterproductive if compliance costs are disproportionate to the tax liability.

5.7 Emerging Business Models

AI-enabled services, blockchain-based transactions, cryptocurrencies, decentralised finance and platform-based businesses can challenge existing classifications. Tax law must distinguish between different forms of income and economic activity without creating rules so rigid that they become obsolete as technology changes.

6. ROLE OF EMERGING TECHNOLOGIES IN DIGITAL TAX COMPLIANCE

The digital nature of the tax base creates an opportunity to use digital technology in administration. The source study identifies artificial intelligence and machine learning, blockchain, big-data analytics, robotic process automation, cloud-based systems, e-invoicing and natural-language processing as relevant technologies.

6.1 Artificial Intelligence and Machine Learning

- Automated auditing can identify inconsistencies in tax filings and cross-reference financial information.
- Predictive analytics can identify anomalous transaction patterns and potential compliance risks.
- AI-powered virtual assistants can provide taxpayers with real-time guidance on filing and reporting requirements.
- Machine learning can support fraud detection by identifying behavioural patterns across large datasets.

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6.2 Blockchain

- Immutable transaction records can improve the integrity and traceability of tax information.
- Smart contracts can automate specified tax obligations and reduce manual intervention.

- Distributed ledgers can facilitate cross-border reporting by creating a consistent transaction record.

6.3 Big Data and Automation

Big-data analytics allows tax administrations to combine information from multiple sources, identify discrepancies and improve compliance monitoring. Robotic process automation can assist with repetitive activities such as data reconciliation, tax-return preparation and regulatory reporting. E-invoicing can similarly reduce discrepancies between business records and tax declarations.

6.4 Benefits and Risks

Potential benefits	Principal risks
Greater accuracy	Cybersecurity threats
Faster compliance and administration	Privacy and data-governance risks
Improved fraud detection	Implementation and infrastructure costs
Real-time monitoring	Skill gaps and over-reliance on technology
Reduced repetitive manual work	Regulatory uncertainty and cross-border inconsistency

Technology should therefore supplement, not replace, legal accountability. Automated tax decisions require explainability, auditability, procedural fairness and mechanisms for taxpayers to challenge errors. The source study emphasises that governments and businesses must collaborate on standardised regulatory frameworks while addressing cybersecurity and implementation challenges.

7. LEGAL AND POLICY RECOMMENDATIONS

7.1 Harmonisation of Laws

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Digital-tax rules should use clearer and more consistent legal definitions and should be coordinated with treaty obligations. International cooperation through multilateral and bilateral agreements can reduce conflicting claims and establish predictable allocation rules.

7.2 Adaptive Regulatory Frameworks

Because digital business models evolve rapidly, regulation should provide mechanisms for periodic review. Regulatory sandboxes and structured consultation can allow authorities to understand emerging models before applying permanent rules. Such flexibility should operate within clearly defined statutory limits.

7.3 Simplified Compliance

Registration, reporting and payment obligations should be proportionate to the size and nature of the business. Simplified procedures for smaller enterprises can reduce compliance costs without weakening enforcement against large multinational enterprises.

7.4 Technology-Assisted Enforcement with Safeguards

Governments should use AI, data analytics and automation to improve risk assessment and fraud detection, but deployment should be accompanied by data-protection rules, cybersecurity standards, human oversight, explainability and appeal mechanisms.

7.5 Data Protection

Digital tax systems should establish clear rules concerning the collection, use, retention and sharing of taxpayer and user data. Cross-border information exchange should incorporate appropriate safeguards, while tax authorities should maintain strong security controls and accountability mechanisms.

7.6 Regulation of Emerging Sectors

AI and automation require rules addressing liability, transparency and responsible deployment. Digital finance requires attention to cybersecurity, KYC, anti-money-laundering obligations and cross-border enforcement. Cryptocurrency and decentralised-finance activities require tax rules that identify taxable events without assuming a conventional intermediary exists.

7.7 International Cooperation

The most sustainable response to digital taxation is coordinated international action. The OECD Inclusive Framework provides a central platform for negotiations, while tax treaties and information-exchange mechanisms can support implementation. Consistent dispute-resolution mechanisms are necessary to reduce the risk that differences in domestic interpretation become prolonged international disputes.

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8. CONCLUSION AND FUTURE PROSPECTS

Digitalisation has fundamentally challenged tax concepts built around physical presence and geographically identifiable business activity. The central legal difficulty is to establish a fair nexus between digital economic activity and the jurisdiction entitled to tax it. India, the EU and the United States illustrate different responses: unilateral revenue-based measures, national DSTs within a broader regional setting, and preference for profit-based corporate taxation coupled with international coordination.

The comparison demonstrates that no single unilateral approach can fully resolve the problems of cross-border digital taxation. Revenue-based levies may address market participation but create questions of treaty compatibility, double taxation and trade friction. Traditional corporate income taxation may not adequately capture value generated through large user markets. The OECD Two-Pillar framework represents an attempt to bridge these models by reallocating taxing rights and introducing a global minimum tax.

Implementation remains the decisive challenge. International agreement must be translated into coherent domestic legislation, administrative procedures and dispute-resolution mechanisms. At the same time, digital tax administration increasingly depends on technology. AI, blockchain, big-data analytics and automation can improve accuracy and enforcement, but they also create privacy, cybersecurity, transparency and accountability risks.

The future of digital taxation will therefore depend on balancing three objectives: effective revenue collection, legal certainty and technological adaptability. Governments should prioritise harmonisation, simplified compliance, secure information systems and international cooperation. Regulation should also be sufficiently adaptive to address emerging digital business models without becoming technologically obsolete.

Ultimately, a sustainable digital tax framework should not merely impose new taxes on digital activity. It should establish clear and legitimate taxing rights, prevent both double taxation and non-taxation, distribute compliance responsibilities proportionately, protect taxpayer rights and enable effective cross-border administration. Such an approach would support both fiscal fairness and continued innovation in the digital economy.

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