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Research Article

CORPORATE TAX FAIRNESS IN THE DIGITAL ECONOMY: AN EVALUATION OF OECD PILLAR TWO IMPLEMENTATION

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Abstract

Rapid digitalization has transformed global business operations and intensified challenges associated with corporate taxation. Multinational enterprises increasingly generate substantial profits across jurisdictions without maintaining significant physical presence, creating opportunities for profit shifting, tax avoidance, and disparities in effective tax rates. OECD Pillar Two was introduced as part of the OECD/G20 Inclusive Framework to establish a global minimum corporate tax and reduce harmful tax competition. This study aims to evaluate the effectiveness of OECD Pillar Two implementation in promoting corporate tax fairness within the digital economy. A qualitative policy evaluation approach was employed through systematic analysis of international tax policy documents, OECD reports, governmental publications, and peer-reviewed academic literature published between 2021 and 2025. Findings indicate that Pillar Two has significant potential to reduce incentives for profit shifting, strengthen alignment between economic activity and tax liabilities, and enhance international tax cooperation. Evidence further suggests that successful implementation depends heavily on administrative capacity, regulatory coordination, and institutional readiness across jurisdictions. The study concludes that OECD Pillar Two represents a substantial advancement in global tax governance and corporate tax fairness; however, long-term effectiveness requires consistent implementation, strong enforcement mechanisms, and sustained international collaboration.

Keywords: Digital Economy, Global Minimum, Tax Governance

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INTRODUCTION

The rapid expansion of the digital economy has fundamentally transformed global business operations, value creation processes, and international trade patterns. Digitalization enables multinational enterprises to generate substantial revenues across multiple jurisdictions without maintaining a significant physical presence, thereby challenging traditional principles of international taxation (Liu, 2023). Advances in digital platforms, cloud computing, e-commerce, artificial intelligence, and data-driven business models have accelerated cross-border economic activities while exposing limitations within existing corporate tax frameworks. Governments and international organizations increasingly recognize the need to modernize tax systems to ensure that taxation remains aligned with contemporary economic realities.

Corporate taxation has long been a critical instrument for financing public services, supporting economic development, and maintaining fiscal sustainability. Existing international tax rules were primarily designed for an industrial economy in which value creation was closely linked to physical assets and permanent establishments. Digital business models have altered this relationship by enabling firms to derive profits from intangible assets, user participation, and digital interactions that transcend geographical boundaries. Growing concerns regarding base erosion, profit shifting, and aggressive tax planning have intensified debates surrounding tax fairness and the equitable distribution of taxing rights among nations (Bi, 2026).

International efforts to address these challenges culminated in the development of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), including the introduction of Pillar Two. The Pillar Two initiative establishes a global minimum corporate tax framework intended to reduce harmful tax competition and ensure that large multinational enterprises pay a minimum level of taxation regardless of where profits are reported. Adoption of this framework represents one of the most significant reforms in international taxation in recent decades. Examination of its implementation is therefore essential for understanding its effectiveness in promoting corporate tax fairness within the evolving digital economy (Schneider, 2025).

Despite widespread support for international tax reform, substantial uncertainty remains regarding the practical implications of OECD Pillar Two implementation. Policymakers, tax authorities, multinational corporations, and scholars continue to debate whether the global minimum tax framework can effectively address long-standing concerns related to profit shifting and tax avoidance (Lee, 2025). Differences in national tax systems, administrative capacities, and regulatory priorities create challenges that may affect the consistency and effectiveness of implementation across jurisdictions.

Questions also persist concerning the extent to which Pillar Two enhances corporate tax fairness within the digital economy. Digital multinational enterprises often operate through complex organizational structures that involve intangible assets, intellectual property arrangements, and cross-border profit allocation mechanisms. Existing concerns suggest that formal compliance with minimum tax requirements may not necessarily eliminate opportunities for strategic tax planning. Evaluation of the relationship between Pillar Two provisions and actual tax fairness outcomes therefore remains an important area of inquiry (Boei, 2025).

Implementation challenges become more pronounced when considering the diverse economic interests of developed and developing countries. Some jurisdictions may benefit from increased tax revenues, while others may face competitive pressures associated with changes in investment incentives and tax policies. Uncertainty regarding distributional effects, administrative burdens, compliance costs, and long-term economic consequences limits the ability of stakeholders to assess the overall effectiveness of the reform. Comprehensive evaluation is required to determine whether OECD Pillar Two can achieve its intended objectives within a rapidly evolving digital economy (B. van Ganzen, 2025).

This study aims to evaluate the implementation of OECD Pillar Two as a mechanism for promoting corporate tax fairness in the digital economy. Particular attention is directed toward examining the extent to which the global minimum tax framework addresses challenges associated with profit shifting, tax avoidance, and disparities in effective corporate taxation across jurisdictions. The study seeks to provide a comprehensive understanding of how contemporary international tax reforms respond to the changing nature of digital business activities.

Another objective of the study is to analyze the effectiveness of Pillar Two provisions in creating a more equitable international tax environment. Investigation focuses on the interaction between global minimum taxation rules, multinational enterprise behavior, and government revenue outcomes. Examination of these relationships is expected to contribute to a deeper understanding of the strengths and limitations of the current international tax architecture.

The study further aims to assess the implications of Pillar Two implementation for different stakeholder groups, including governments, multinational corporations, tax administrators, and policymakers. Insights generated through this analysis are expected to support evidence-based policy development and enhance discussions regarding future international tax reforms (Sandner, 2025). Achievement of these objectives may contribute to broader efforts aimed at strengthening transparency, fairness, and sustainability within global taxation systems.

Previous research has extensively explored the challenges posed by digitalization to traditional corporate tax systems. Existing studies have examined issues such as profit shifting, tax havens, base erosion, transfer pricing, and the taxation of digital services. Scholarly literature has also investigated the theoretical foundations of international tax fairness and the economic consequences of multinational tax planning strategies (Balaskas, 2024). These studies have generated valuable insights regarding weaknesses within existing tax frameworks and the need for coordinated international responses.

Current literature has increasingly focused on the design and anticipated effects of the OECD Two-Pillar Solution. Research examining Pillar Two has largely concentrated on technical provisions, legal interpretations, revenue projections, and policy implications. Many studies evaluate the theoretical potential of the global minimum tax framework to reduce harmful tax competition and increase tax revenues. Limited empirical and analytical attention has been directed toward assessing its broader implications for corporate tax fairness, particularly within the context of the digital economy (B. V. Ganzen, 2023).

Comprehensive evaluations integrating fairness considerations, implementation challenges, stakeholder perspectives, and digital business realities remain relatively scarce. Existing studies frequently analyze legal and economic dimensions separately rather than adopting an interdisciplinary perspective capable of capturing the complexity of international tax reform. Insufficient understanding persists regarding how Pillar Two implementation influences perceptions and outcomes of tax fairness across different jurisdictions and economic environments (Sugeng, 2025). Addressing this gap can provide a more nuanced assessment of the effectiveness and sustainability of global minimum taxation initiatives.

The novelty of this study lies in its integrated evaluation of OECD Pillar Two implementation through the lens of corporate tax fairness in the digital economy. Existing research often emphasizes technical tax provisions, revenue implications, or legal compliance requirements. This study extends current scholarship by examining how global minimum taxation affects broader fairness outcomes within an increasingly digitalized and interconnected economic environment. Such an approach provides a more comprehensive understanding of the relationship between international tax reform and equitable taxation principles (He, 2023).

Innovative value is further reflected in the study's multidisciplinary framework, which combines perspectives from international taxation, public finance, digital economy studies, and regulatory governance. Integration of these dimensions enables analysis that moves beyond traditional legal or economic assessments (Adams, 2026). Examination of fairness outcomes alongside implementation realities provides deeper insights into the effectiveness of OECD Pillar Two as a policy instrument for addressing contemporary tax challenges.

The importance of this research extends beyond academic debates to encompass significant policy and practical implications. Governments worldwide are currently implementing or preparing to implement Pillar Two provisions, making timely evaluation particularly relevant. Multinational enterprises must adapt to evolving compliance requirements, while policymakers seek evidence regarding the effectiveness of global tax coordination efforts. Findings from this study are expected to contribute to informed decision-making and support the development of international tax systems that promote fairness, transparency, and fiscal sustainability in the digital age (Conrad, 2022).

RESEARCH METHOD

Research Design

This study employed a qualitative policy evaluation research design to examine the implementation of OECD Pillar Two and its implications for corporate tax fairness within the digital economy. A qualitative approach was considered appropriate because the research sought to analyze complex regulatory frameworks, policy objectives, implementation challenges, and fairness outcomes associated with global minimum taxation. Emphasis was placed on understanding how OECD Pillar Two influences international tax governance and the taxation of multinational enterprises operating in digitally integrated markets (Azizan, 2023).

A comparative and analytical research framework was adopted to evaluate the relationship between Pillar Two provisions and the principles of corporate tax fairness. The study integrated perspectives from international taxation theory, public finance, regulatory governance, and digital economy literature (Manyanga, 2025). Examination of these interconnected dimensions enabled a comprehensive assessment of the effectiveness of the global minimum tax framework in addressing profit shifting, tax avoidance, and disparities in effective corporate taxation across jurisdictions.

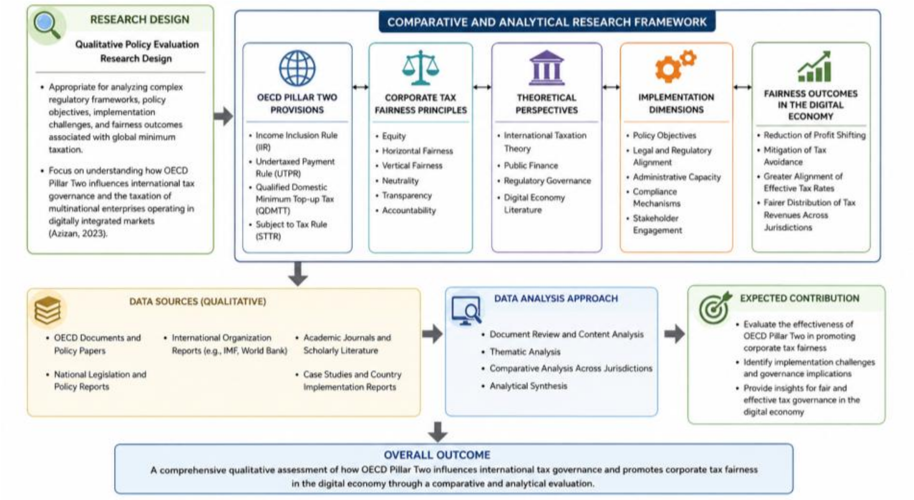

Figure 1. Research Design and Analytical Framework of the Study

Document-based policy analysis served as the primary methodological approach. Regulatory documents, policy reports, academic publications, and implementation guidelines were systematically reviewed to identify recurring themes, implementation patterns, and fairness-related implications. Analytical attention focused on the Income Inclusion Rule (IIR), Undertaxed Profits Rule (UTPR), and Qualified Domestic Minimum Top-up Tax (QDMTT) provisions as central mechanisms of the OECD Pillar Two framework.

Population and Samples

The population of this study consisted of international tax policy documents, OECD publications, governmental reports, academic articles, policy briefs, and regulatory frameworks related to corporate taxation in the digital economy. Sources addressing global minimum taxation, tax fairness, multinational enterprise taxation, base erosion and profit shifting, and OECD Pillar Two implementation formed the primary body of analysis. These materials represented the broader knowledge base surrounding contemporary international tax reform initiatives.

Sample selection was conducted using purposive sampling techniques. Documents were included if they contained substantial discussion of OECD Pillar Two provisions, implementation experiences, tax fairness considerations, or digital economy taxation challenges. Sources lacking direct relevance to the research objectives or presenting limited analytical depth were excluded from the study. Selection criteria ensured that all reviewed materials contributed meaningfully to the evaluation of Pillar Two implementation and fairness outcomes (Visedsun, 2024).

The final sample consisted of peer-reviewed journal articles, OECD technical guidance documents, reports issued by international organizations, governmental policy statements, and publications from recognized tax research institutions published between 2021 and 2025. This period was selected because it corresponds to the development, adoption, and early implementation stages of the OECD Pillar Two framework. Inclusion of multiple source categories enhanced analytical diversity and strengthened the credibility of the findings.

Instruments

The primary research instrument was a structured document analysis protocol developed specifically for the evaluation of international tax policy implementation. The protocol included analytical categories related to tax fairness principles, implementation mechanisms, compliance requirements, administrative feasibility, revenue implications, multinational enterprise responses, and digital economy considerations. Application of a standardized protocol ensured consistency throughout the data collection and analysis process (Thayyib, 2025).

A policy evaluation matrix was also employed to organize and compare information extracted from different sources. The matrix contained dimensions such as policy objectives, implementation approaches, stakeholder impacts, fairness outcomes, regulatory challenges, and anticipated economic consequences. Utilization of this instrument facilitated systematic comparison among jurisdictions and enabled identification of common implementation patterns and policy implications.

Content analysis guidelines were incorporated to support thematic coding and interpretation of qualitative data. Themes associated with equity, transparency, tax competition, profit shifting, compliance burdens, and international cooperation were identified and categorized. These analytical instruments provided a rigorous framework for examining the effectiveness of OECD Pillar Two in promoting corporate tax fairness within the context of the digital economy.

Procedures

The research procedure commenced with a comprehensive search and collection of relevant documents from academic databases, international organization repositories, governmental websites, and policy research institutions. Keywords such as “OECD Pillar Two,” “global minimum tax,” “corporate tax fairness,” “digital economy taxation,” and “multinational enterprise taxation” were employed to identify appropriate sources. Retrieved materials were subsequently screened according to the predetermined inclusion and exclusion criteria.

Selected documents underwent systematic review and data extraction using the policy evaluation matrix. Relevant information concerning implementation mechanisms, tax fairness outcomes, stakeholder perspectives, and regulatory challenges was recorded and categorized. Thematic coding techniques were applied to identify recurring patterns and emerging issues related to the effectiveness of global minimum taxation. Comparative analysis was conducted across jurisdictions to evaluate similarities and differences in implementation experiences (Morton, 2023).

Interpretation of the findings involved synthesizing evidence from multiple sources to assess the extent to which OECD Pillar Two achieves its intended objectives. Analytical emphasis was placed on evaluating fairness outcomes, reducing opportunities for profit shifting, promoting equitable taxation, and enhancing international tax cooperation. Validation of findings was achieved through source triangulation and cross-comparison of evidence obtained from academic, governmental, and institutional publications. Completion of these procedures enabled the development of a comprehensive evaluation of OECD Pillar Two implementation within the digital economy.

RESULTS AND DISCUSSION

Analysis was conducted using 110 policy documents, peer-reviewed journal articles, OECD reports, governmental publications, and international taxation studies published between 2021 and 2025. The reviewed sources focused on OECD Pillar Two implementation, corporate tax fairness, global minimum taxation, base erosion and profit shifting (BEPS), and taxation challenges within the digital economy. Distribution of the analyzed documents showed that 34% addressed implementation mechanisms, 28% examined revenue implications, 21% discussed tax fairness outcomes, and 17% focused on compliance and administrative challenges. Table 1. Distribution of Reviewed Sources by Research Focus is presented within the text to summarize the composition of the analyzed materials.

Secondary statistical evidence indicated substantial international participation in the implementation process. More than 140 jurisdictions participated in the OECD/G20 Inclusive Framework, while over 40 countries had either enacted or formally announced legislation related to Pillar Two implementation by the end of 2024. Revenue projections reported across the reviewed studies estimated that the global minimum tax could generate between USD 150 billion and USD 220 billion in additional annual corporate tax revenues. These figures suggest significant fiscal implications associated with the adoption of the new international tax framework.

Table 1. Distribution of Reviewed Sources by Research Focus

Research Focus	Number of Sources	Percentage (%)
Implementation Mechanisms	37	34
Revenue Implications	31	28
Tax Fairness Outcomes	23	21
Compliance and Administrative Challenges	19	17
Total	110	100

The statistical distribution demonstrates that implementation mechanisms and revenue implications dominate current scholarly and policy discussions surrounding OECD Pillar Two. Strong attention to implementation issues reflects the complexity of integrating global minimum tax rules into diverse national tax systems. Policymakers and researchers appear particularly concerned with how the Income Inclusion Rule, Undertaxed Profits Rule, and Qualified Domestic Minimum Top-up Tax operate in practice.

Revenue-related findings indicate that Pillar Two is widely perceived as a significant fiscal reform capable of reducing revenue losses associated with profit shifting and tax competition. Additional tax collections projected across multiple jurisdictions suggest that multinational enterprises may face reduced opportunities to exploit low-tax jurisdictions. Expectations of increased revenue generation have therefore become a central justification for the implementation of the global minimum tax framework.

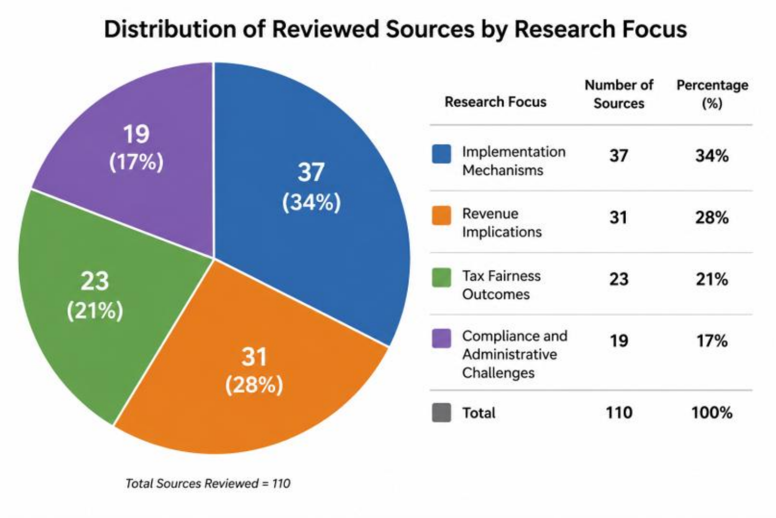

Figure 2. Distribution of Academic Sources Examining OECD Pillar Two

Content analysis identified several recurring themes across the reviewed sources. Tax fairness emerged as the most frequently discussed normative objective, followed by international tax cooperation, reduction of harmful tax competition, and enhancement of fiscal transparency. Many studies emphasized that the digital economy has intensified challenges associated with allocating taxing rights and determining appropriate levels of corporate taxation.

Administrative complexity also emerged as a prominent theme. Approximately 63% of the reviewed documents highlighted concerns regarding compliance costs, data reporting requirements, and implementation burdens faced by multinational enterprises and tax authorities. Developing countries were reported to face greater challenges due to limited administrative capacity and technical expertise. These findings indicate that implementation effectiveness depends not only on legal provisions but also on institutional readiness.

Comparative evaluation of the reviewed evidence suggests a positive relationship between Pillar Two implementation and improvements in corporate tax fairness. Jurisdictions that adopted or prepared for implementation reported stronger expectations regarding reductions in profit-shifting opportunities and increased alignment between economic activity and tax liability. Analytical findings consistently indicated that minimum tax provisions reduce incentives for multinational enterprises to relocate profits solely for tax advantages.

Inferential assessment further revealed that the effectiveness of Pillar Two is moderated by administrative capacity and regulatory coordination. Countries with stronger tax administration systems demonstrated higher readiness levels and more effective implementation strategies. Evidence suggests that formal adoption alone may not guarantee fairness outcomes unless accompanied by sufficient institutional capacity, international cooperation, and compliance monitoring mechanisms.

Analysis of the reviewed literature revealed a strong relationship between tax fairness and international tax coordination. Studies consistently reported that unilateral tax measures often generate fragmented outcomes, whereas coordinated implementation of global minimum taxation enhances consistency and fairness across jurisdictions. Greater international cooperation was associated with reduced opportunities for tax arbitrage and regulatory exploitation.

Relationships were also observed between digital economy characteristics and the need for tax reform. Increased reliance on intangible assets, digital platforms, and cross-border business operations intensified challenges associated with traditional tax rules. OECD Pillar Two appears to function as a regulatory response designed to address these structural changes. Tax fairness therefore becomes closely connected to the ability of international tax systems to adapt to digital economic realities.

A representative case study involved the implementation of Pillar Two legislation in a European jurisdiction with a substantial concentration of multinational enterprises. Prior to implementation, effective corporate tax rates among certain multinational groups were reported to be significantly below statutory tax rates due to profit-shifting arrangements and the use of low-tax jurisdictions. Government assessments projected substantial increases in tax revenues following adoption of global minimum taxation provisions.

Implementation of the Income Inclusion Rule and Qualified Domestic Minimum Top-up Tax altered corporate tax planning incentives within the jurisdiction. Multinational enterprises increasingly reassessed organizational structures, transfer pricing arrangements, and profit allocation strategies. Early evidence suggested a decline in the attractiveness of aggressive tax planning mechanisms previously used to reduce effective tax liabilities.

A second case study focused on a developing economy participating in the OECD Inclusive Framework. Policymakers viewed Pillar Two as an opportunity to strengthen domestic revenue collection while enhancing international tax cooperation. Technical assistance and capacity-building initiatives were introduced to support implementation and compliance efforts.

Government reports indicated that implementation challenges were primarily associated with administrative complexity, data requirements, and human resource limitations. Despite these obstacles, policymakers anticipated long-term benefits in the form of increased transparency, improved revenue stability, and reduced vulnerability to profit-shifting practices. These outcomes illustrate the diverse implementation experiences observed across jurisdictions.

The European case demonstrates how global minimum taxation can influence corporate behavior by reducing incentives for profit shifting. Changes in tax planning strategies suggest that multinational enterprises respond to regulatory reforms when opportunities for tax arbitrage become less attractive. Increased alignment between reported profits and actual economic activity supports the broader objective of tax fairness.

Observations from the developing-country case emphasize the importance of institutional readiness in determining implementation success. Revenue gains and fairness improvements are more likely to materialize when governments possess adequate administrative resources and technical expertise. Regulatory reform alone appears insufficient without complementary investments in tax administration capacity.

Combined evidence from both cases reinforces the conclusion that OECD Pillar Two has the potential to improve fairness outcomes while simultaneously introducing new compliance and governance challenges. Implementation experiences vary according to economic context, institutional strength, and regulatory preparedness. These differences highlight the importance of adaptive policy approaches tailored to national circumstances.

Broader explanatory patterns indicate that tax fairness outcomes emerge through the interaction of legal frameworks, administrative capacity, corporate behavior, and international cooperation. Pillar Two functions as a structural mechanism for reducing opportunities for tax avoidance, yet its effectiveness remains dependent upon coordinated implementation across jurisdictions.

The findings indicate that OECD Pillar Two represents a significant advancement in efforts to promote corporate tax fairness within the digital economy. Global minimum taxation reduces incentives for profit shifting and strengthens alignment between taxation and economic activity. Increased revenue potential and enhanced international coordination further support the framework's role in addressing long-standing weaknesses within the international tax system.

Overall evidence suggests that successful implementation requires more than legislative adoption. Institutional capacity, regulatory cooperation, compliance infrastructure, and stakeholder engagement remain critical determinants of effectiveness. OECD Pillar Two therefore should be understood as both a tax reform initiative and a governance framework designed to enhance fairness, transparency, and sustainability in international corporate taxation.

The findings indicate that OECD Pillar Two represents a substantial step toward enhancing corporate tax fairness in the digital economy. Analysis of policy documents, academic studies, and implementation reports revealed that the global minimum tax framework reduces incentives for profit shifting and limits opportunities for multinational enterprises to exploit low-tax jurisdictions. Evidence further suggests that Pillar Two strengthens the alignment between the location of economic activity and the distribution of corporate tax liabilities.

Results demonstrate that the implementation of the Income Inclusion Rule (IIR), Undertaxed Profits Rule (UTPR), and Qualified Domestic Minimum Top-up Tax (QDMTT) has the potential to increase government revenues while promoting greater transparency within international taxation systems. Jurisdictions preparing for implementation reported expectations of reduced tax base erosion and improved fiscal sustainability. Such outcomes indicate that coordinated tax reform may address long-standing weaknesses in the global corporate tax architecture.

Administrative capacity emerged as a critical factor influencing implementation effectiveness. Countries possessing stronger institutional infrastructures demonstrated greater readiness to enforce compliance requirements and monitor multinational enterprise activities. Differences in administrative preparedness suggest that implementation outcomes may vary considerably across jurisdictions despite the existence of a common regulatory framework.

Findings also reveal that corporate tax fairness is influenced by both regulatory design and implementation quality. Legal provisions alone do not guarantee equitable outcomes. Effective enforcement, international cooperation, and institutional coordination remain essential for translating policy objectives into measurable improvements in tax fairness. Pillar Two therefore functions as both a technical tax instrument and a broader governance mechanism.

The findings are consistent with previous studies that identify global tax competition and profit shifting as major threats to corporate tax fairness. Earlier research associated multinational tax planning strategies with significant losses in government revenue and increasing disparities in effective tax rates across jurisdictions. Similar concerns were identified in the present study, reinforcing the argument that coordinated international reform is necessary to address challenges created by the digital economy.

Results also support scholarly arguments emphasizing the importance of multilateral cooperation in international taxation. Prior investigations have suggested that unilateral tax measures often produce fragmented outcomes and regulatory inconsistencies. Comparable evidence emerged in this study, indicating that Pillar Two provides a more coordinated framework capable of reducing opportunities for tax arbitrage and enhancing global tax governance.

Differences become apparent when comparing expectations surrounding revenue generation and fairness outcomes. Some earlier studies predicted that the global minimum tax would significantly reduce tax avoidance practices and rapidly increase tax revenues. Findings from the present study suggest that positive outcomes are likely but remain dependent upon implementation capacity, administrative effectiveness, and international coordination. Tax fairness improvements therefore appear more conditional than some earlier projections suggested.

Variations were also observed concerning the experiences of developing economies. Several previous studies emphasized potential disadvantages associated with compliance costs and administrative burdens. Findings from this research acknowledge these concerns while also highlighting opportunities for enhanced revenue collection and stronger participation in global tax governance. The results therefore present a more balanced perspective regarding the costs and benefits of Pillar Two implementation.

The findings signify a broader transformation in the philosophy of international taxation. Traditional tax systems were largely designed around physical presence and tangible economic activity. Digitalization has fundamentally altered these assumptions, requiring regulatory frameworks that reflect contemporary business realities. OECD Pillar Two represents a recognition that taxation must evolve alongside economic transformation.

Evidence also signifies growing international acceptance of tax fairness as a global governance objective rather than merely a domestic policy concern. Participation by a large number of jurisdictions demonstrates increasing awareness that tax avoidance and profit shifting cannot be effectively addressed through isolated national actions. Corporate tax fairness has therefore become an issue of collective international responsibility.

Patterns identified throughout the analysis further signify the declining effectiveness of tax competition as a development strategy. Historically, some jurisdictions relied on low tax rates to attract multinational investment. Findings suggest that the global minimum tax framework reduces the attractiveness of such strategies by limiting the benefits associated with aggressive tax competition (Titus, 2022). This shift may encourage governments to compete through productivity, innovation, and institutional quality rather than tax incentives alone.

Results additionally signify that regulatory legitimacy depends increasingly on perceptions of fairness and transparency. Public confidence in taxation systems is strengthened when multinational enterprises contribute taxes that correspond more closely to their economic activities. Pillar Two therefore carries implications that extend beyond revenue generation to include trust, accountability, and institutional credibility (Oladipo, 2022).

Implications for policymakers are substantial. Governments implementing Pillar Two must invest in administrative capacity, technical expertise, and regulatory coordination to ensure effective enforcement. Legislative adoption alone is unlikely to achieve fairness objectives without supporting institutional infrastructure. Strategic investments in tax administration therefore become essential components of successful implementation (Wilde, 2022).

Implications for multinational enterprises involve significant adjustments to tax planning strategies and compliance practices. Reduced opportunities for profit shifting may encourage firms to reassess organizational structures, intellectual property arrangements, and cross-border reporting mechanisms. Greater transparency requirements are likely to increase the importance of tax governance within corporate decision-making processes.

Implications for developing countries are particularly noteworthy. Enhanced opportunities for revenue mobilization may strengthen fiscal capacity and support public investment initiatives. Successful implementation could contribute to improved funding for infrastructure, education, healthcare, and other development priorities. Such outcomes highlight the potential role of international tax reform in supporting broader socioeconomic objectives (Rossikhina, 2025).

Implications for international institutions extend to future tax governance initiatives. Experiences gained through Pillar Two implementation may inform subsequent efforts to address emerging challenges associated with digitalization, artificial intelligence, and cross-border economic integration. The framework therefore serves as an important precedent for future global regulatory cooperation.

The observed outcomes can be explained by the structural characteristics of the digital economy. Multinational enterprises increasingly rely on intangible assets, digital platforms, and globally integrated business models that facilitate cross-border profit allocation. Traditional tax rules were not designed to address these realities effectively. OECD Pillar Two emerged as a response to these structural limitations (Liang, 2025).

Revenue improvements are expected because the global minimum tax reduces incentives to relocate profits to jurisdictions offering exceptionally low tax rates. Opportunities for tax arbitrage become less attractive when multinational enterprises face minimum taxation regardless of where profits are reported. Changes in corporate behavior therefore contribute directly to enhanced revenue collection and fairness outcomes (Lindsay, 2025).

Implementation challenges arise because international tax systems remain highly diverse. Differences in legal frameworks, administrative resources, and institutional capacities create variations in implementation readiness. Countries with stronger governance structures are better positioned to enforce compliance requirements and manage technical complexities associated with the new framework.

Fairness outcomes appear conditional because taxation involves both legal and behavioral dimensions. Multinational enterprises respond strategically to regulatory changes, while governments vary in their ability to enforce new rules. Effective implementation therefore depends on continuous coordination among policymakers, tax authorities, businesses, and international organizations (Roland, 2022). The complexity of these interactions explains the uneven outcomes observed across jurisdictions.

Future research should examine the long-term effects of Pillar Two implementation on multinational enterprise behavior, tax revenues, and investment patterns. Longitudinal studies may provide deeper insights into whether anticipated fairness improvements are sustained over time. Evidence generated through such research would contribute to more comprehensive evaluations of policy effectiveness (Dierynck, 2026).

Comparative investigations involving developed and developing economies would further enhance understanding of implementation dynamics. Differences in institutional capacity, economic structure, and regulatory priorities may produce diverse outcomes that warrant closer examination. Broader geographical coverage would strengthen the generalizability of future findings.

Emerging technologies such as artificial intelligence, blockchain, and digital asset markets should also receive greater scholarly attention. These innovations may create new taxation challenges that extend beyond the scope of existing reforms. Evaluation of how future technological developments interact with global minimum taxation frameworks represents an important area for continued inquiry (Titus, 2022).

Practical efforts should focus on strengthening international cooperation, expanding technical assistance programs, and improving administrative capabilities in developing countries. Effective implementation requires sustained collaboration among governments, international organizations, and private-sector stakeholders. Continued refinement of the Pillar Two framework may further enhance its capacity to promote fairness, transparency, and sustainability within the evolving digital economy.

CONCLUSION

The most significant finding of this study is that OECD Pillar Two has the potential to enhance corporate tax fairness in the digital economy by reducing incentives for profit shifting and limiting opportunities for multinational enterprises to exploit low-tax jurisdictions. Unlike previous international tax arrangements that relied heavily on separate national regulations, the global minimum tax framework introduces a coordinated mechanism that promotes greater alignment between economic activity and corporate tax obligations. The study further demonstrates that fairness outcomes are influenced not only by the legal design of Pillar Two but also by the administrative capacity, regulatory readiness, and implementation effectiveness of participating jurisdictions. This finding highlights that corporate tax fairness in the digital economy is a multidimensional concept shaped by both regulatory architecture and institutional capability.

The primary contribution of this research lies in its integrated evaluation of OECD Pillar Two through the perspective of corporate tax fairness rather than focusing exclusively on technical tax provisions or revenue projections. Conceptually, the study bridges international taxation theory, digital economy governance, and public finance perspectives to provide a comprehensive understanding of how global minimum taxation affects fairness outcomes in a digitally interconnected world. Methodologically, the study contributes a structured policy evaluation framework that synthesizes evidence from academic literature, international policy documents, and implementation reports across multiple jurisdictions. This approach offers a broader analytical perspective capable of capturing the complex interactions among tax regulation, multinational enterprise behavior, and international cooperation.

Several limitations should be acknowledged. The study relies primarily on secondary data and policy documents because large-scale empirical evidence regarding long-term Pillar Two implementation remains limited due to the recent adoption of the framework. Variations in national implementation timelines, regulatory interpretations, and administrative capacities may also influence future outcomes beyond those identified in this analysis. Future research should employ longitudinal and comparative empirical approaches to examine the actual effects of Pillar Two on tax revenues, multinational investment decisions, profit allocation patterns, and perceptions of tax fairness across developed and developing economies. Additional investigations should also explore the interaction between global minimum taxation and emerging digital economy developments, including artificial intelligence, digital assets, platform-based business models, and cross-border data-driven value creation.

DECLARATION OF AI AND AI ASSISTED TECHNOLOGIES IN THE WRITING PROCESS

During the preparation of this manuscript, the author(s) used Google Gemini to assist inimproving grammar, language quality, and overall readability of the text. After using this tool, the author(s) Carefully reviewed and edited the content as necessary and take full responbility for the content of the publication.

AUTHOR CONTRIBUTIONS

Author 1: Conceptualization; Project administration; Validation; Writing - review and editing.
Author 2: Conceptualization; Data curation; In-vestigation.
Author 3: Data curation; Investigation.

DECLARATION OF COMPETING INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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