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BEPS Inclusive Framework – FAQs

On 1 July 2021, in a historic agreement, 130 countries approved a statement providing a framework for reform of international tax rules. These countries (including **Bahrain**) are members of the OECD/G20 Inclusive Framework on BEPS, comprising 130 countries. The statement sets forth the key terms for an agreement of a two-pillar approach to reforms and calls for a comprehensive agreement by the October 2021 G20 Finance Ministers and Central Bank Governors meeting, with changes coming into effect in 2023.

Pillar One of the agreement is a significant departure from the standard international tax rules of the last 100 years, which largely require a physical presence in a country before that country has a right to tax. Pillar Two secures an unprecedented agreement on a global minimum level of taxation which has the effect of stipulating a floor for tax competition amongst jurisdictions.

What does this mean for Bahrain businesses and will this act as a catalyst for the introduction of corporate tax in Bahrain?

Whilst BEPS may be a complex subject - the KPMG Bahrain tax team has prepared a handy [FAQs guide](#) to help readers decode the theory behind the Global Minimum Tax and how this may impact the tax landscape in Bahrain.

The above is for general information only and is not intended to address the circumstances of any particular scenario. Please seek professional advice in relation to your particular circumstances.

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