



Tax Alert

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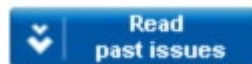
Tax incentives have long been central to Singapore's strategy of attracting large-scale investments into the country to drive economic growth and job creation. However, a landmark agreement among 137 countries under the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) to reform the global tax system may see multinational enterprises (MNEs) paying a higher tax rate than they currently do here.

On 20 December 2021, the Organisation for Economic Cooperation and Development (OECD) released model rules to guide governments around the world with their implementation of the reforms under Pillar 2 of the BEPS 2.0 initiative. These rules define the scope and mechanism of the Global Anti-Base Erosion (GloBE) rules, which will ensure that MNEs are subject to a minimum effective tax rate of 15% from 2023.

The GloBE rules will inevitably have some impact on Singapore's ability to attract investments, with tax incentives traditionally compensating for higher business costs in Singapore. And while the Government has not yet provided details on how the GloBE rules will be implemented here, we expect these to be considered soon.

In an opinion editorial published in The Business Times, KPMG in Singapore's Ajay Kumar Sanganeria and Harvey Koenig highlighted 4 areas that the upcoming Budget 2022 should address to enhance our tax regime.

Read the opinion editorial [here](#).



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