



Tax Alert

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On July 1, 2021, in a historic agreement, 130 countries approved a statement providing a framework for reform of international tax rules. These 130 countries are members of the OECD/G20 Inclusive Framework on BEPS (IF), comprising 139 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 at the beginning of 2023.

Pillar One, of the agreement, is a significant departure from the standard international tax rules of the last 100 years, which largely required a physical presence in a country before that country has a right to tax the business profits of a non-resident company. 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.

The statement diverges in important respects from the Pillar One and Pillar Two Blueprints, released by the OECD in October 2020. However, in a number of respects the statement builds on the Blueprints and resolves some of the key open items from the Blueprints.

Read KPMG observations about the IF statement in the report [here](#).



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