



Tax Alert

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On 8 October 2021, the Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) released details of an agreement which refines the statement of 1 July 2021.

The 8-page statement, titled *Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy*, sets forth the key terms for an agreement of a two-pillar approach, consistent with the statement of 1 July (covered in our [Tax Alert Issue 16 | July 2021](#) with a Singapore view).

Pillar 1 deals with the reallocation of certain profits from very large Multinational Enterprises (MNEs) to market jurisdictions. Pillar 2 deals with a Global Minimum Tax. The statement annex includes a detailed implementation plan with timelines for the development of detailed rules, legislative implementation and target effective dates.

In terms of consensus, 136 of the 140 IF countries have agreed to this release. The 4 countries that have not signed up are Kenya, Nigeria, Pakistan and Sri Lanka.

The framework for reforms agreed upon will have a wide-ranging effect on many MNEs. Given the impending timeline for implementation, it is important that your business understands what is coming to prepare for the resulting changes.

Read KPMG's update on the October 2021 BEPS agreement in [this report](#).



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