

holders as well as non-NBB withdrawals and transactions, ensuring a secure and convenient customer journey, while relevant and suitable to our customers' needs," he added. ■ The 'tap and go' service makes tra

# Transfer pricing 'key to firms' decision-making'

By AVINASH SAXENA

**MANAMA:** Transfer pricing (TP) is among key upcoming international compliances affecting the future decision-making of businesses in Bahrain, leading audit and advisory experts have warned.

"The global tax landscape is going through a period of fundamental changes in economics. Governments are now rethinking how taxes are levied," Jatin Karia, senior partner and head of tax at Grant Thornton Bahrain, told the *GDN* after a webinar outlining the opportunities and challenges that the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework (IF) will bring in Bahrain.

"Changes have been triggered by the rapid spread of technology, disrupted supply chains – Covid-19 issues, debt pressures, and an increased scrutiny of

multinational tax practices. There is a growing realisation that new tax tools are going to affect every aspect of business operations," he added.

The international taxation webinar, organised by the Bahrain Chapter of the Institute of Chartered Accountants of India, focused on TP and its future in the GCC – especially in the kingdom.

Through the forum, the firm sought to explain the OECD's Inclusive Framework (IF) and its impact on the GCC, TP technical considerations, difficulties involved and compliance issues, added Mr Karia.

Gaurav Jain, a chartered accountant from India, also spoke in the webinar.

Recognised as one of the leading TP experts in India, Mr Jain has also helped businesses in Bahrain in setting up their TP compliance strategy.

"More than ever, tax is a top priority for businesses, as sweeping changes,

brought in through the OECD Base Erosion and Profit Shifting (BEPS) recommendations, transform the way they operate. Understanding the effect of these developments on business operations and transactions between countries is vital for a company's success," he added.

"The subject of TP has gained a great deal of momentum globally over the past couple of years. Most of the OECD and G20 countries had implemented TP legislation even before the BEPS initiative and have issued further regulations following the finalisation of the BEPS action plan reports," said Mr Jain.

According to the OECD website, BEPS refers to tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations where there is little or no economic activity or to erode tax bases through deductible payments such as interest or royalties.

BEPS practices cost countries \$100-240 billion in lost revenue annually. Working together within OECD/G20 Inclusive Framework on BEPS, more than 135 countries and jurisdictions are collaborating on the implementation of 15 measures to tackle tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment.

Countries now have the tools to ensure that profits are taxed where economic activities generating the profits are performed and where value is created.

Mr Karia concluded that TP compliance will affect all related parties' transactions – involving purchase, sale, or lease of tangible or intangible property, provision of services, lending or borrowing money, any other transactions having bearings on profits, income, losses, or assets of such enterprises.

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■ Mr Karia



■ Mr Jain

Devilion to highlight Bahrain's successful control