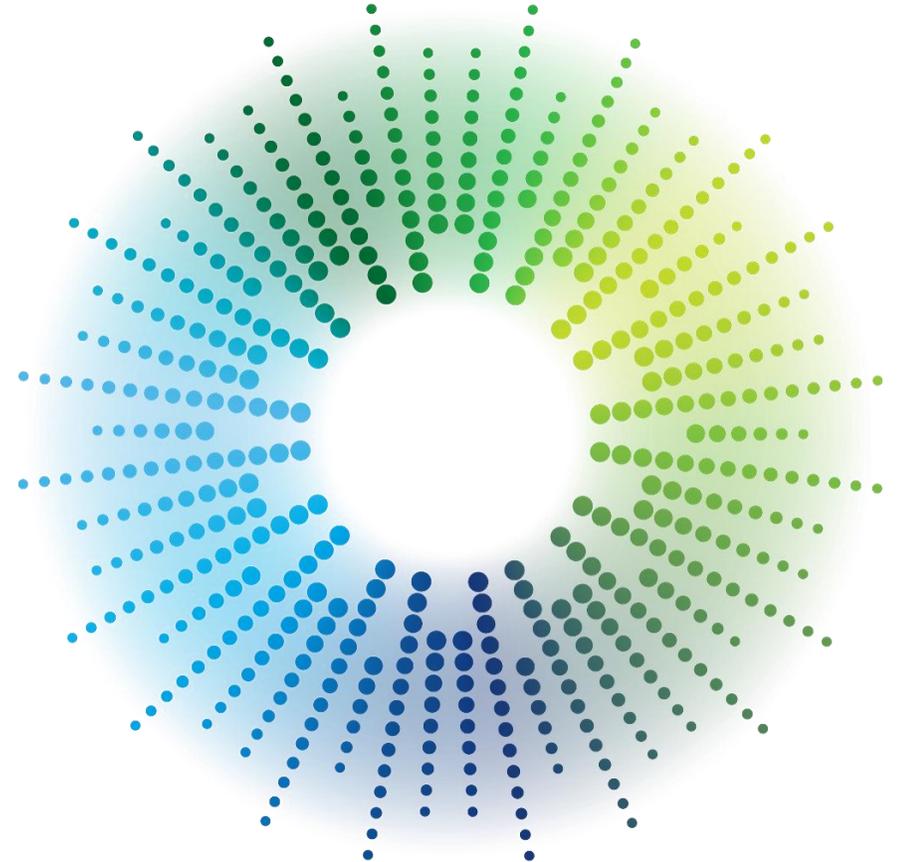




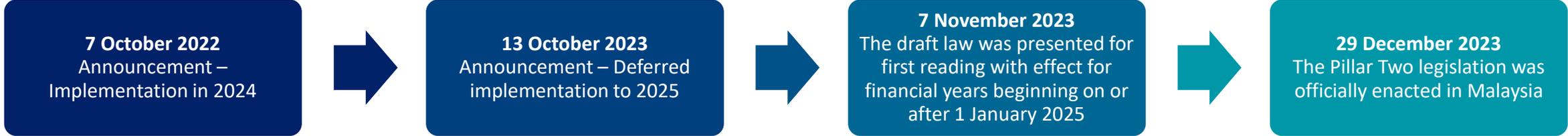
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Kelvin Yee | 11 December 2024

# Overview of Global Minimum Tax



# Overview of Pillar Two in Malaysia



**Who?**

MNE Groups operating in **at least two jurisdictions**, with an annual consolidated group revenue of **at least €750 million** in at least two of the four immediately preceding fiscal years



**When?**

The enacted legislation includes the **Multinational Top-up Tax** and **Domestic Top-up Tax** (otherwise known as the Income Inclusion Rule and Qualified Domestic Minimum Top-up Tax respectively). Both rules are effective for MNE Groups with financial years beginning **on or after 1 January 2025**



**What are the compliance obligations?**

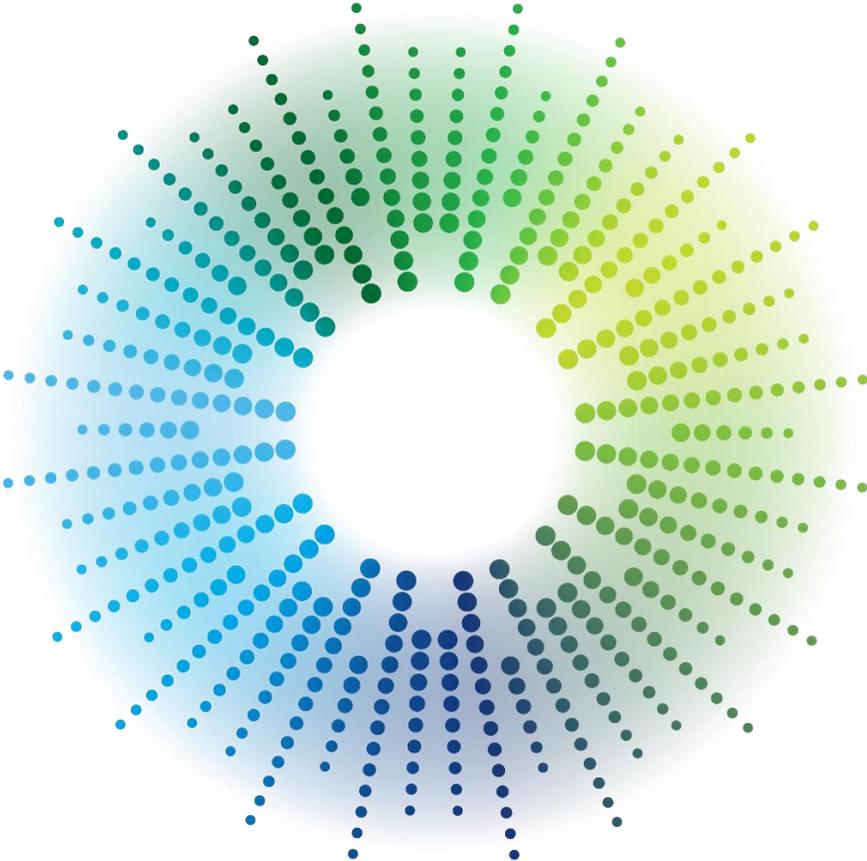
- a) Local registration (detailed requirements to be announced)
  - b) Filing
    - GloBE Information Return – This will likely be filed in the jurisdiction of the Ultimate Parent Entity
    - Top-up Tax Return (Multinational Top-up Tax and Domestic Top-up Tax\*) – This will be filed by **each** Constituent Entity in Malaysia
- \*The submission is due **15 months** after the financial year end, extended to **18 months** for the initial submission*



**Financial Accounting Standard used for DTT purposes**

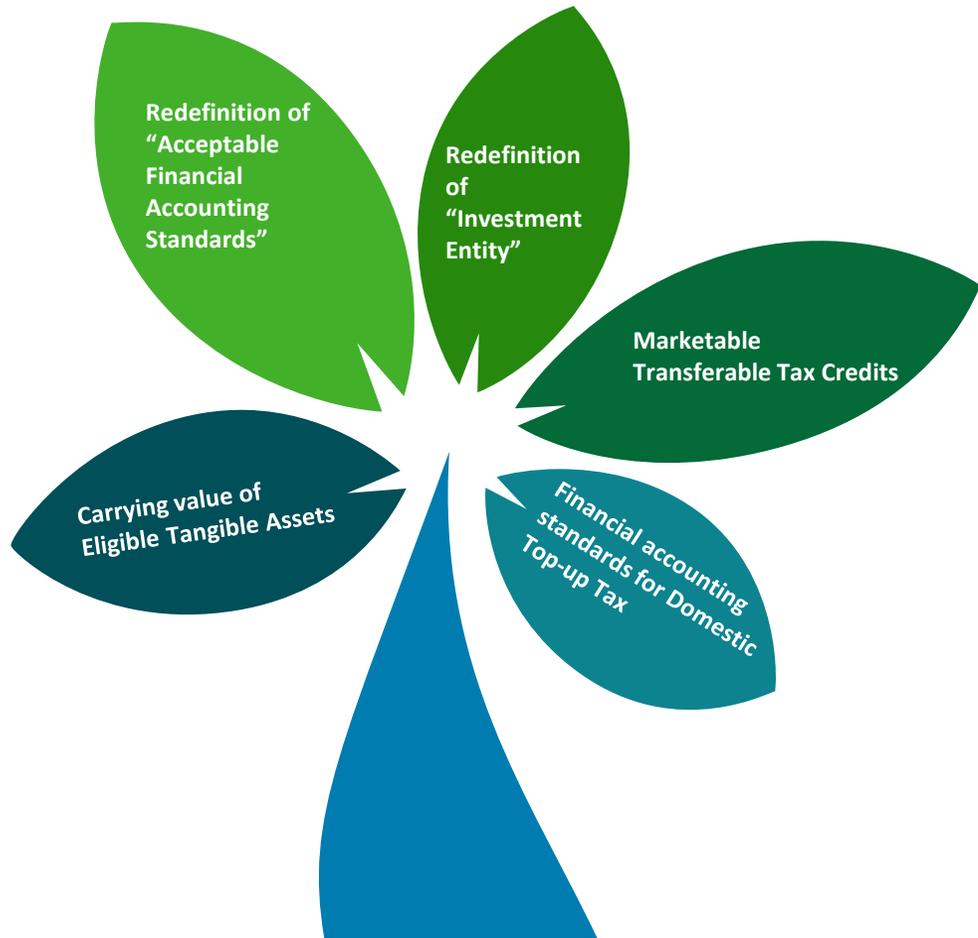
Local financial accounting standard

# Budget 2025 Latest Updates



# Budget 2025 Latest Updates

## Proposed Amendments to Part XI of the Income Tax Act 1967



Section 180(9) would be amended to clarify that impairment losses should also be taken into account in computing the carrying value of Eligible Tangible Assets.



It has been proposed to remove Malaysia from the list of countries whose financial accounting standards would constitute Acceptable Financial Accounting Standards.



It is proposed that the definition of Investment Entity be expanded to also include an Insurance Investment Entity.



The definition of Marketable Transferrable Tax Credits will be inserted and it would be clarified that the treatment of Qualified Refundable Tax Credits would be extended to Marketable Transferable Tax Credits.



It is proposed that a new definition of Financial Accounting Net Income or Loss for Domestic Top-up Tax purposes be inserted under Sections 164(2), (3) and (4).

For the purposes of the Domestic Top-up Tax, the Financial Accounting Net Income or Loss of a Constituent Entity (not being a Permanent Establishment) shall be determined based on its financial statements provided the following conditions are met:

- a) All of the Constituent Entities of the MNE Group located in Malaysia have the same Financial Year as the UPE of the MNE Group;
- b) Each of the Constituent Entities prepares its own financial statements and the financial statements –
  - are required to be kept or used under any written law of Malaysia; or
  - are audited by an approved company auditor.



Effective: Financial year beginning on or after 1 January 2025 and subsequent financial years



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