



**2025 Asia Pacific Financial
Services Tax Conference**
Latest developments in Pillar Two



Speakers



Jonathan Culver
Tax Partner
Deloitte China – Hong Kong



Kelvin Yee
Tax Partner
Deloitte Malaysia



Kevin Ng
Tax Director
Deloitte Singapore

Preparing for QDMTTs

Divergences compared to the
GloBE rules



Differences between GloBE rules and QDMTT

01



The QDMTT applies to 100% of a company's profits and does not take into account the inclusion ratio (the portion owned by the MNE Group)

Most overseas taxes (i.e., CFC tax, CIT on branch income) are not considered covered taxes under the QDMTT



02

03



Switch-off rule: QDMTT does not apply to certain entities

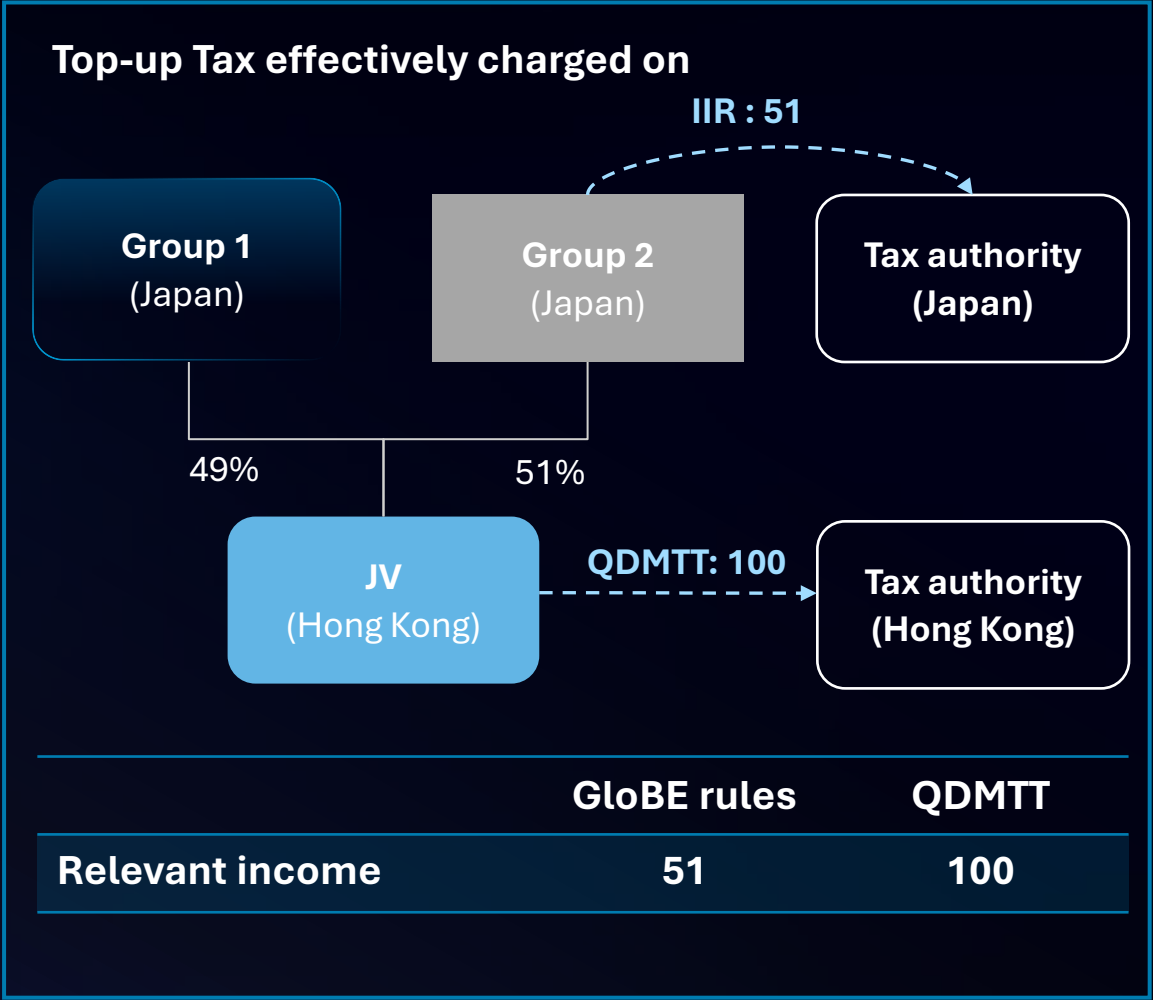
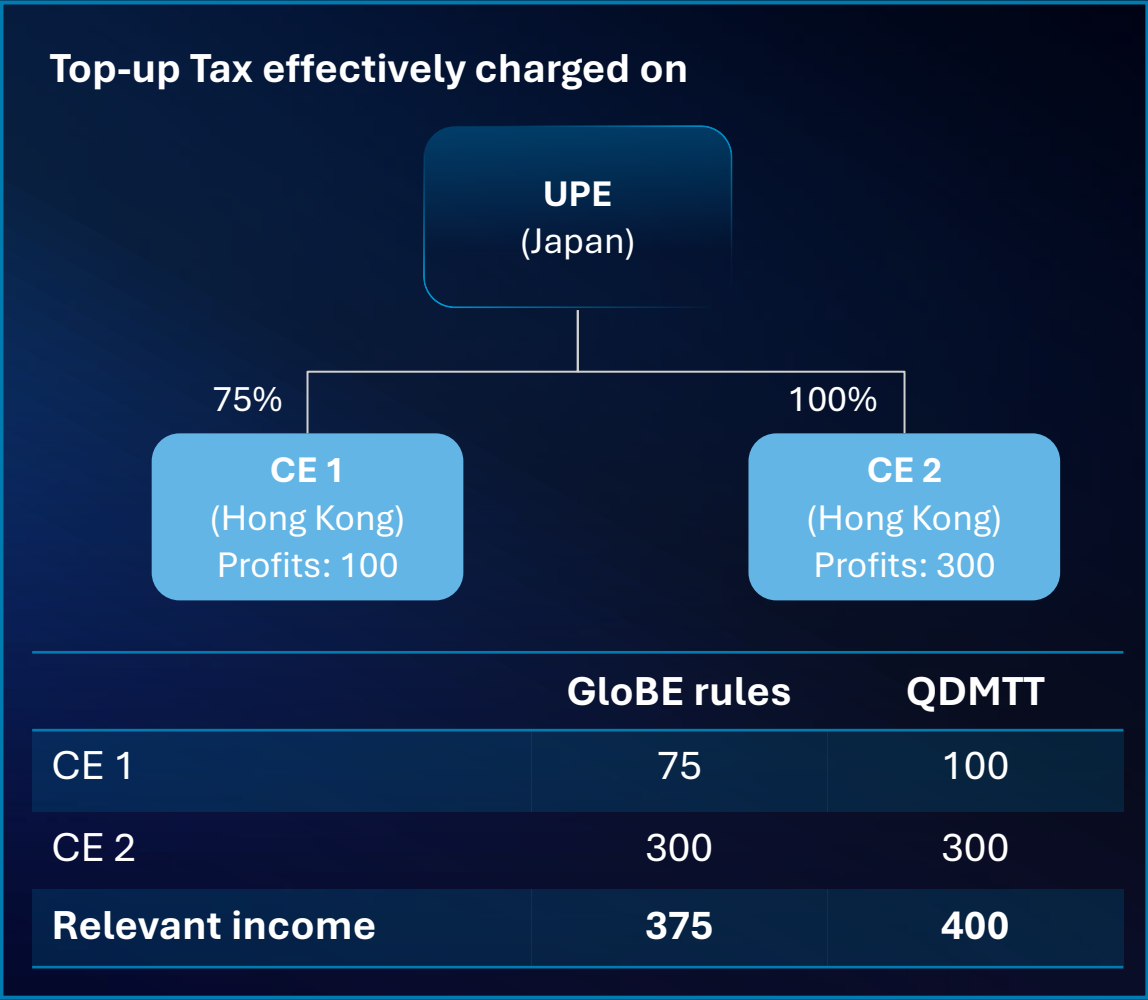
Local accounting standard rules under QDMTT



04

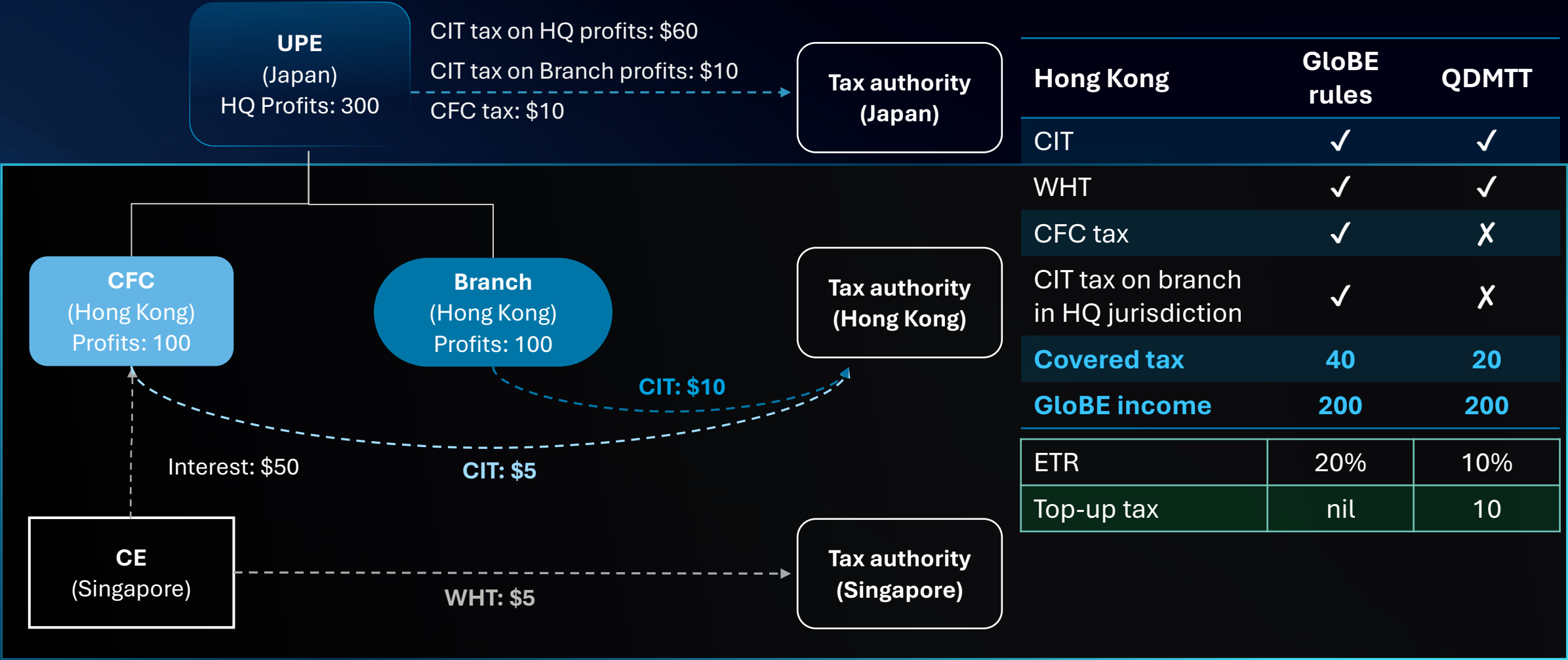
Scope of income

The QDMTT applies to 100% of a company's profits and does not take into account the inclusion ratio (the portion owned by the MNE Group)



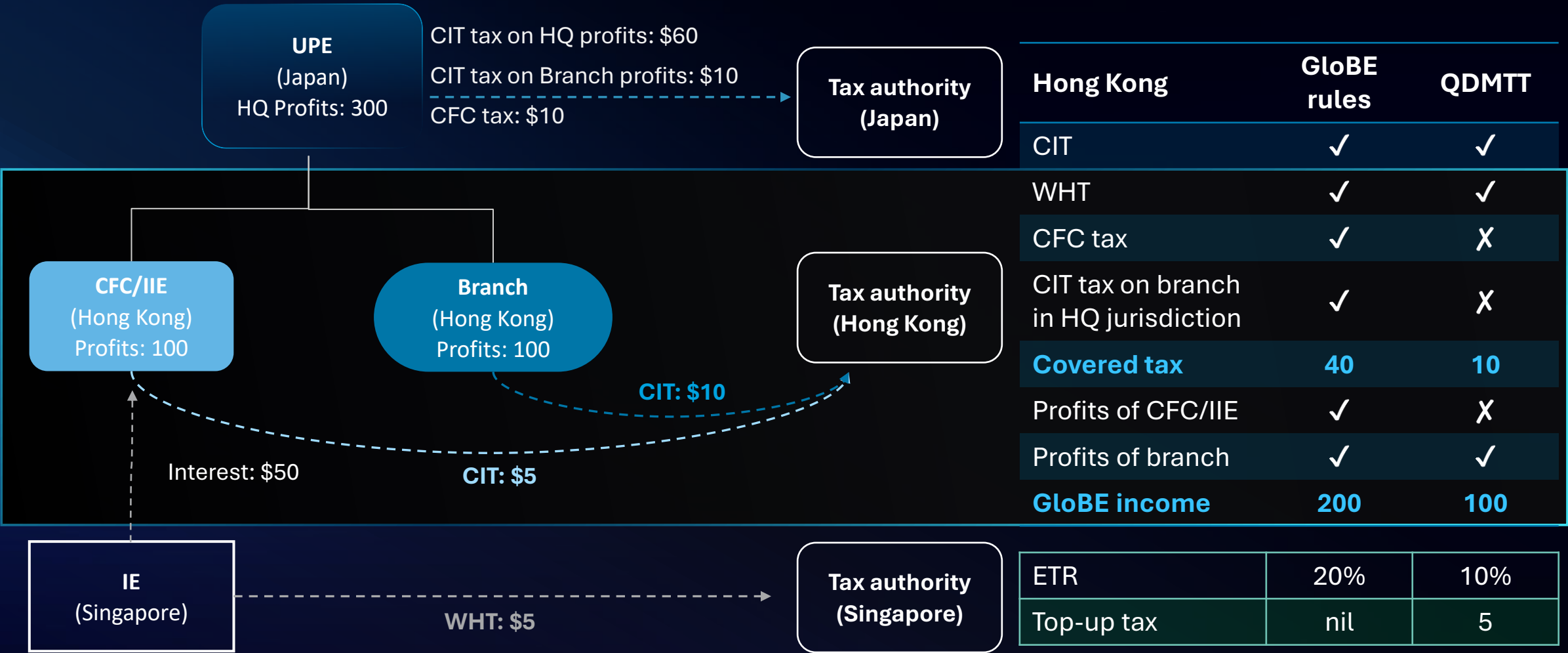
Different definitions of covered tax

Most overseas taxes (i.e., CFC tax, CIT on branch income) are not considered covered taxes under the QDMTT



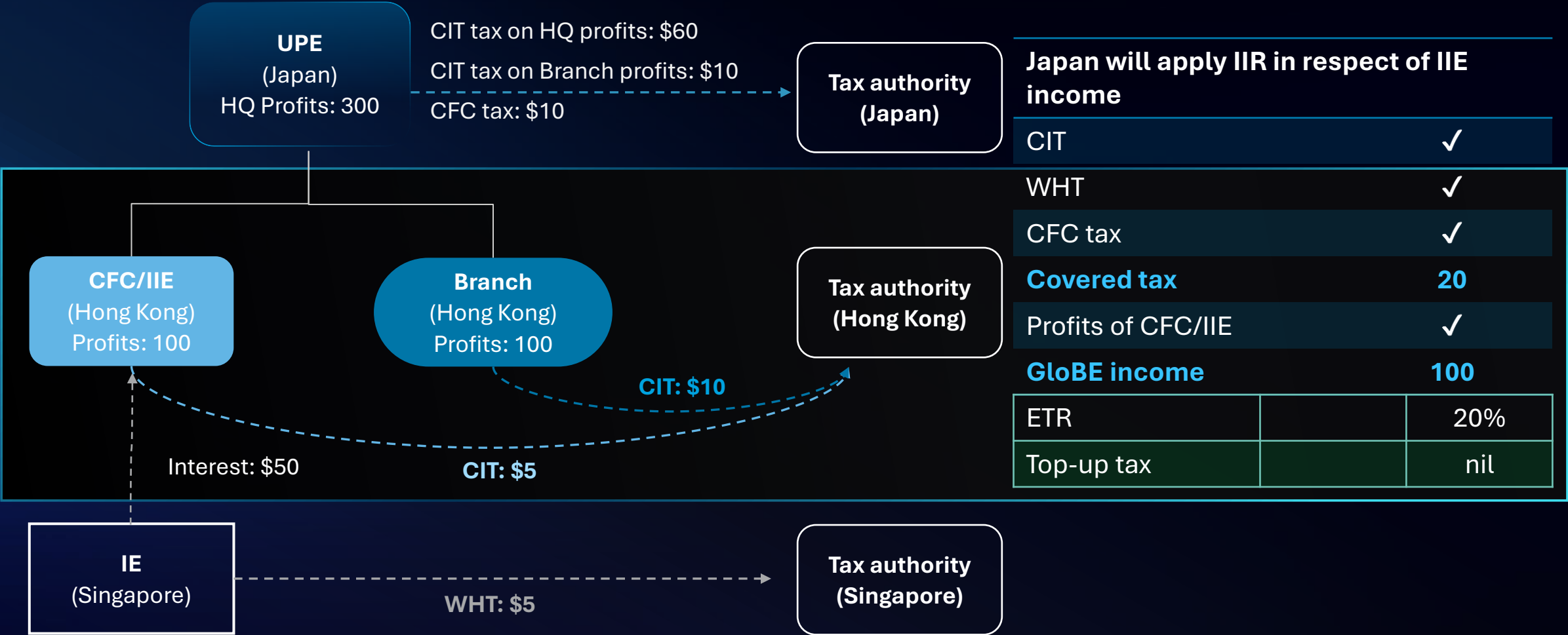
Switch-off rule: QDMTT does not apply to certain entities

QDMTT does not apply to certain entities. For example, in Hong Kong, the QDMTT is not applicable to investment-related entities, such as Investment Entities (IE), Insurance Investment Entities (IIE)



Switch-off rule: QDMTT does not apply to certain entities

QDMTT does not apply to certain entities. For example, in Hong Kong, the QDMTT is not applicable to investment-related entities, such as Investment Entities (IE), Insurance Investment Entities (IIE)



Local accounting standard rules under QDMTT

The local financial accounting standard rule will be used. This mandates the use of the local financial accounting standard where conditions set out below are met.

- a) Each Hong Kong CE of the MNE group has financial accounts (each entity's accounts) prepared in accordance with the local accounting standard;
- b) The accounting period of each entity's accounts is the same as the fiscal year of the consolidated financial statements of the UPE of the MNE group; **and**
- c) For the fiscal year –
 - i. Each Hong Kong CE of the MNE group is required to prepare or use the entity's accounts for determining its liability to tax in Hong Kong or to comply with any other law of Hong Kong; **or**
 - ii. Each entity's accounts are subject to external financial audit.

All met?

Yes

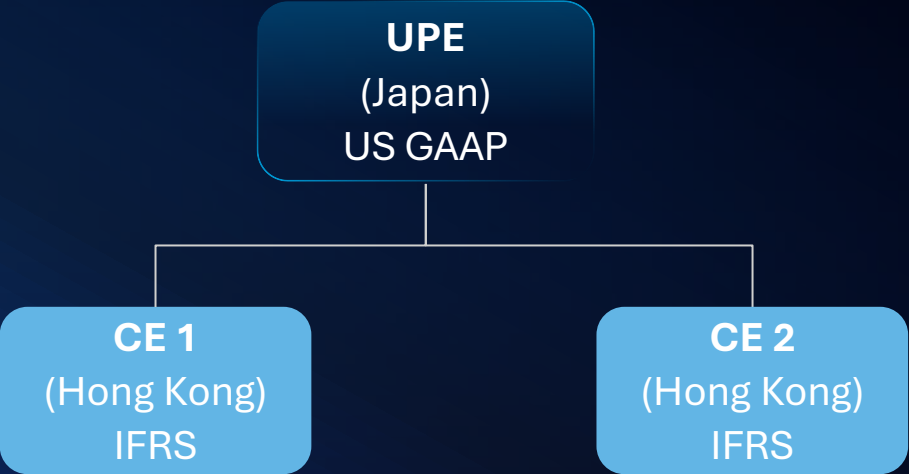
A local accounting standard (IFRS or HKFRS)

No

The accounting standard used to prepare the consolidated accounts of the ultimate parent entity

Local accounting standard rules under QDMTT

Scenario 1



Use of accounting standard

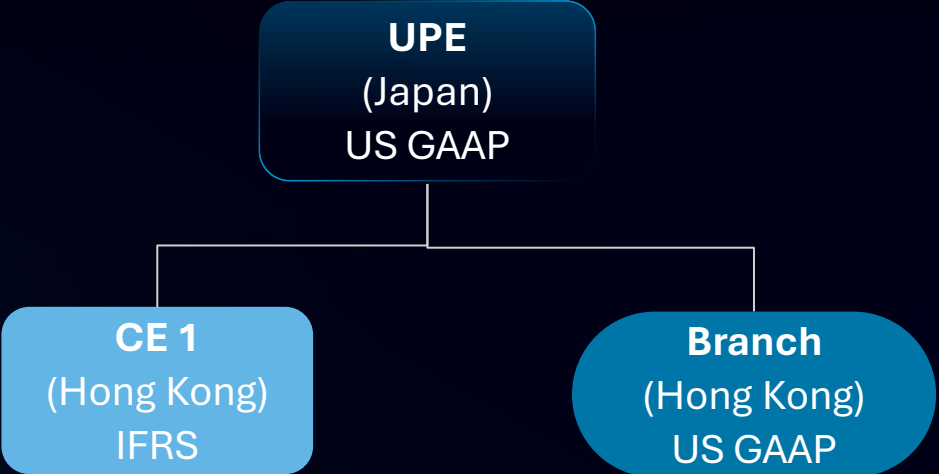
GloBE rules

US GAAP

QDMTT

IFRS

Scenario 2



Use of accounting standard

GloBE rules

US GAAP

QDMTT

US GAAP



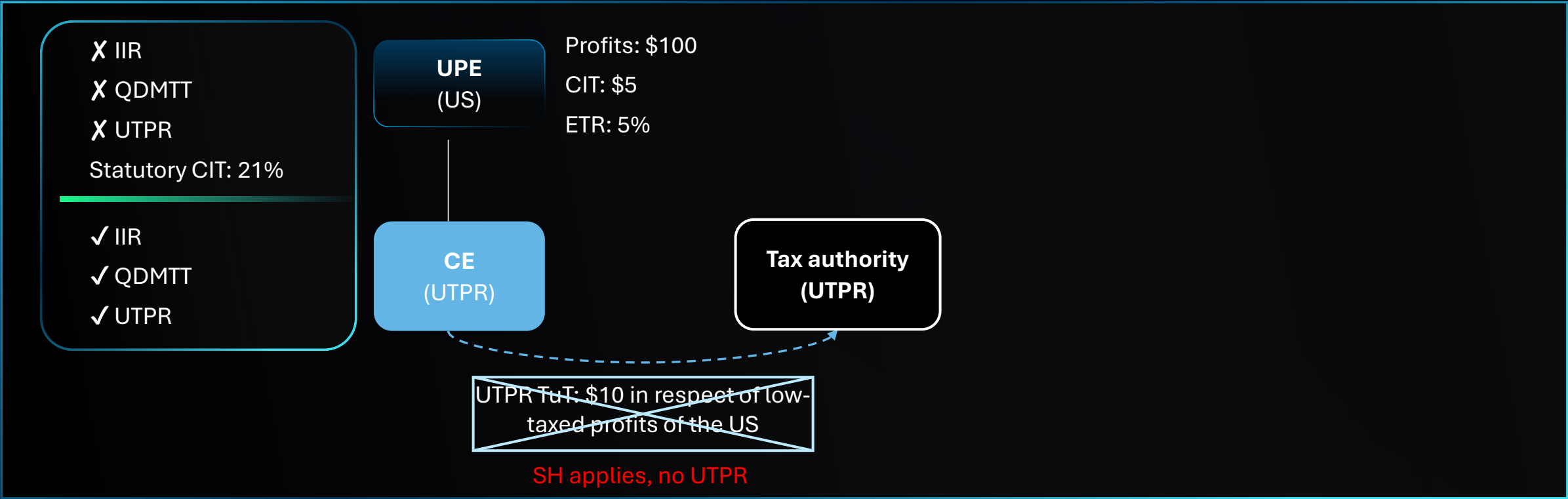
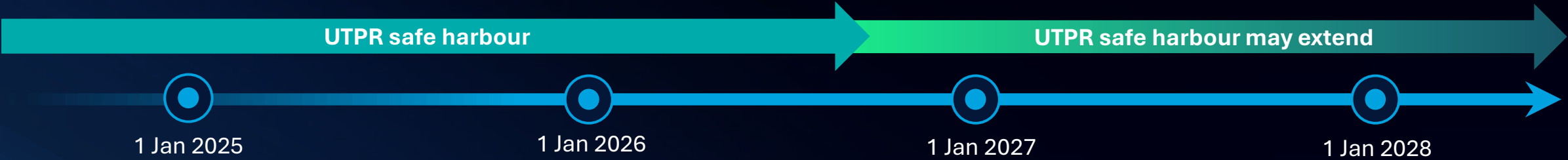
Global developments

Policy direction and what it means

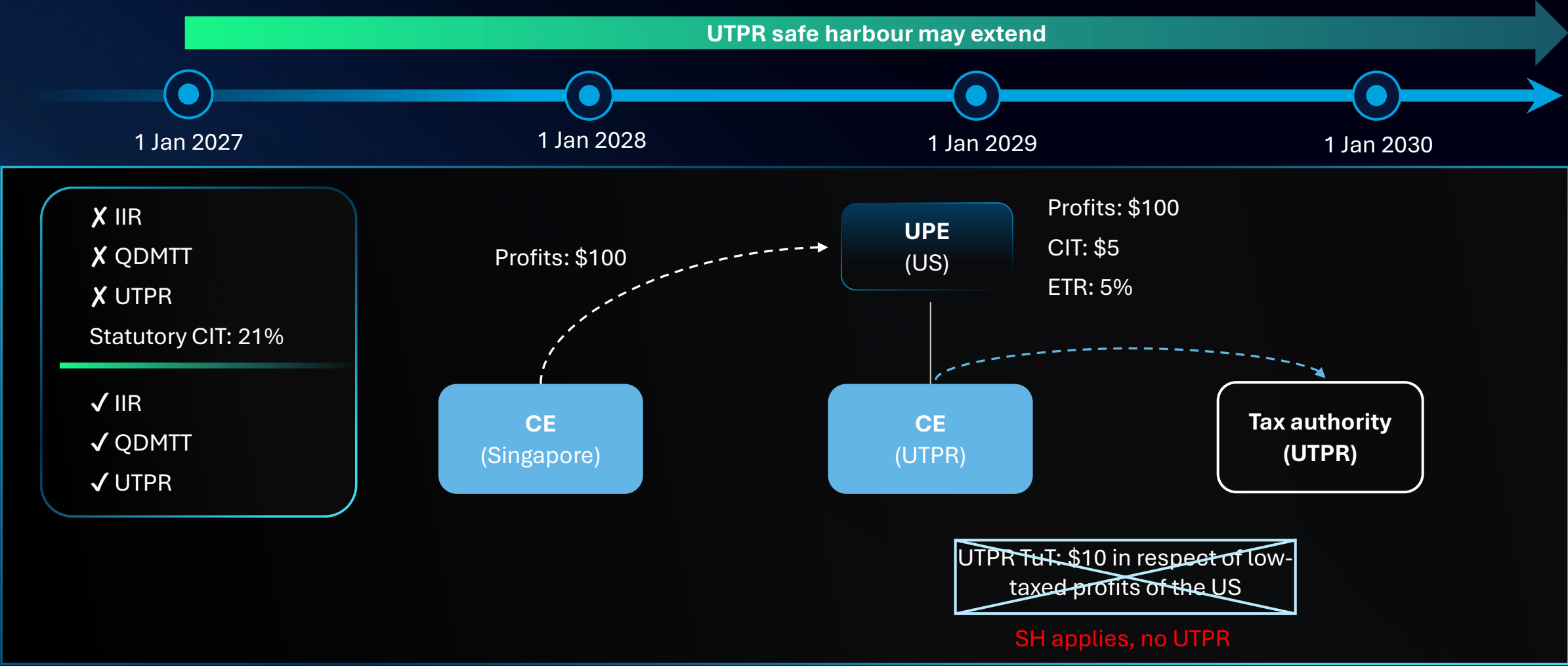
Extension of the UTPR safe harbour

Deems the UTPR Top-up Tax amount for a UPE Jurisdiction to be **zero** if the UPE Jurisdiction has a **CIT rate of at least 20%**

UTPR Top-up Tax applies if the UPE jurisdiction has an ETR of less than 15%.



Extension of the UTPR safe harbour



Anti-abuse direction in APAC, GloBE and OECD listed transactions





Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our people deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society, and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 457,000 people worldwide make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its memberfirms, and their related entities, are legally separate and independent entities.