



INLAND REVENUE
AUTHORITY
OF SINGAPORE

IRAS e-Tax Guide

Multinational Enterprise Top-up Tax and Domestic Top-up Tax



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Abbreviations and acronyms

AG	Administrative Guidance issued by the Inclusive Framework on the interpretation or administration of the GloBE Model Rules
BEPS	Base Erosion and Profit Shifting
CbCR	Country-by-Country Reporting
CE	Constituent Entity
CFC	Controlled Foreign Company
CFS	Consolidated Financial Statements
CIT	Corporate Income Tax
DFE	Designated Local DTT Filing Entity
DTT	Domestic Top-up Tax
ECB	European Central Bank
ETR	Effective Tax Rate
FSIE	Foreign-Sourced Income Exemption
FTC	Foreign Tax Credit
FY	Financial Year
FYE	Financial Year End
GFE	Designated Local GIR Filing Entity
GIR	GloBE Information Return
GloBE	Global Anti-Base Erosion
IF	OECD / G20 Inclusive Framework on Base Erosion and Profit Shifting
IIR	Income Inclusion Rule
ITA	Income Tax Act 1947
JV	Joint Venture
LFAS	Local Financial Accounting Standards
LTCE	Low-Taxed Constituent Entity
MNE	Multinational Enterprise
MMT Act	Multinational Enterprise (Minimum Tax) Act 2024
MTT	Multinational Enterprise Top-up Tax
NOA	Notice of Assessment
OECD	Organisation for Economic Co-operation and Development
QDMTT	Qualified Domestic Minimum Top-up Tax
SBIE	Substance-based Income Exclusion
UPE	Ultimate Parent Entity
UTPR	Undertaxed Profits Rule

1. Aim

- 1.1 This e-Tax guide sets out the key parameters of the MTT and DTT which are provided in the MMT Act and subsidiary legislations¹. Further guidance on MTT and DTT, such as on the transition rules and safe harbours, will be released progressively.
- 1.2 This e-Tax guide is relevant to MNE groups with annual revenue of EUR 750 million or more in the CFS of the UPE in at least two of the four preceding FYs, in line with the Pillar Two GloBE rules.

2. At a glance

- 2.1 As announced in the 2024 Budget Statement, Singapore will implement a DTT and the IIR under Pillar Two of the BEPS 2.0 initiative, which will impose a minimum ETR of 15% on businesses' profits from FYs starting on or after 1 January 2025. The MMT Act has been enacted to implement the IIR (which is referred to as the MTT in the Act) and DTT. The MTT and DTT are based on the published GloBE Model Rules, Commentary² and AGs³.
- 2.2 MTT and DTT apply to MNE groups with annual revenue of EUR 750 million or more in the CFS of the UPE in at least two out of the four preceding FYs (also known as in-scope MNE groups).
- 2.3 The UPE of an in-scope MNE group must notify the Comptroller of Income Tax (the "Comptroller") of its liability to be registered under the MMT Act. The Comptroller may register an in-scope MNE group that fails to register.
- 2.4 All registered MNE groups liable for MTT and / or DTT are required to file tax returns on their top-up tax liability in Singapore. All registered MNE groups are also required to file a GIR with Singapore, unless the GIR is filed with another jurisdiction and in such a case, a GloBE notification (if Singapore will receive the GIR through a filing made in another jurisdiction via exchange of information) must be filed with Singapore.

3. Background

- 3.1 In October 2021, the IF agreed on a two-pillar solution (commonly known as BEPS 2.0) to address the tax challenges arising from the digitalisation of the economy. As part of Pillar Two under BEPS 2.0, the GloBE Model Rules and its Commentary were released on 20 December 2021 and 14 March 2022,

¹ This includes upcoming subsidiary legislations to be published.

² The Commentary refers to the Consolidated Commentary to the GloBE Model Rules (2023) as published by the IF on 25 April 2024, which incorporated the various pieces of AGs that were approved and released by the IF from March 2022 to December 2023.

³ Please refer to the link for the mentioned documents - <https://www.oecd.org/en/topics/sub-issues/global-minimum-tax/global-anti-base-erosion-model-rules-pillar-two.html>

respectively. These, together with AGs issued subsequently, are known as the “GloBE rules”.

- 3.2 The GloBE rules comprise the IIR and the UTPR. Broadly, the GloBE rules are designed to ensure that in-scope MNE groups pay a minimum level of tax on the income arising in each jurisdiction where they operate. A top-up tax on excess profits⁴ arising in a jurisdiction will be imposed whenever the ETR of the MNE group, determined on a jurisdictional basis, is below the minimum rate of 15%.
- 3.3 The GloBE rules recognise that jurisdictions may introduce domestic minimum top-up taxes to bring the ETR of LTCEs operating in those jurisdictions to 15%. Where such taxes are regarded as QDMTTs under the GloBE rules, they will reduce the top-up tax that would otherwise arise under IIR or UTPR in respect of such LTCEs.
- 3.4 Singapore will implement MTT and DTT for businesses’ FYs starting on or after 1 January 2025. The MTT and DTT are based on the published GloBE Model Rules, Commentary and AGs. A summary table of provisions in the MMT Act, and (if applicable) the corresponding provisions in the published GloBE Model Rules, Commentary and AGs, is at **Annex B**.

4. Effective date of implementation

- 4.1 MTT and DTT will apply to an MNE group for a FY beginning on or after 1 January 2025. For this purpose, the FY is generally determined based on the accounting period of the UPE’s CFS⁵.
- 4.2 This means that if the CFS of the UPE of an MNE group are prepared for an accounting period from 1 January 2025 to 31 December 2025, MTT and DTT will apply to in-scope entities of that MNE group whose financial results are consolidated into that CFS for the same period i.e. 1 January 2025 to 31 December 2025. This applies even if the FYs of some of the in-scope entities do not begin from 1 January 2025 (e.g. the entities’ FY could be from 1 July 2024 to 30 June 2025 for their individual financial accounts, but they will nonetheless be considered as in-scope entities from 1 January 2025).

5. MNE group to which MTT / DTT applies

- 5.1 MTT and DTT apply to an MNE group that has annual revenue of EUR 750 million or more in the CFS of the UPE in at least two of the four FYs immediately preceding the tested FY (the “revenue threshold”). The following table illustrates how the revenue threshold is to be applied:

⁴ This refers to the amount of net GloBE income for the jurisdiction after SBIE.

⁵ In the case of a CFS as defined in paragraph 2(d) of the First Schedule of the MMT Act (i.e. a deemed consolidation test), the FY will be determined based on a calendar year.

FY ended	Annual revenue in UPE's CFS (EUR)		
	E.g. 1	E.g. 2	E.g. 3
31 December 2021	No CFS (as MNE group did not exist)	550 million	400 million
31 December 2022		800 million ✓	800 million ✓
31 December 2023		300 million	300 million
31 December 2024	600 million	850 million ✓	800 million ✓
31 December 2025	750 million ✓	450 million	900 million ✓
31 December 2026	900 million ✓	500 million	750 million ✓
Whether the MNE group is in-scope for MTT and DTT in the tested FY:			
Tested FY	E.g. 1	E.g. 2	E.g. 3
FY ended 31 December 2025	Not in-scope	In-scope	In-scope
FY ended 31 December 2026	Not in-scope	In-scope	In-scope
FY ended 31 December 2027	In-scope	Not in-scope	In-scope

✓ The annual revenue is EUR 750 million or more for that FY.

- 5.2 When determining whether an MNE group meets the revenue threshold, the annual revenue threshold of EUR 750 million is adjusted proportionally to correspond with the period covered by the relevant FY. For example, if a FY of an MNE group consists of only 9 months, then the applicable annual revenue threshold for that particular FY will be EUR 562.5 million ($\frac{9}{12} \times \text{EUR } 750 \text{ million}$).
- 5.3 Please refer to Article 6.1.1 of the GloBE Model Rules and its accompanying Commentary for further information on rules, which modify the application of the annual revenue threshold of EUR 750 million in merger and demerger cases.

6. Exclusions and safe harbours

- 6.1 Notwithstanding Section 5, certain entities are not subject to the MTT and DTT (i.e. excluded entities). MTT and DTT adopt the same scope of excluded entities as the GloBE rules. This means that:
- Attributes of excluded entities such as their profits, losses, taxes accrued, tangible assets, and payroll expenses are excluded from the various computations under MTT and DTT including the de minimis exclusion.
 - However, the revenue of excluded entities would still be taken into account for the purpose of determining whether the revenue threshold of the MNE group in paragraph 5.1 is met.

- c. Excluded entities do not have any administrative obligations under MTT and DTT, such as the filing of a GIR.
- 6.2 Examples of excluded entities include a governmental entity, an international organisation and a non-profit organisation. Please refer to Article 1.5 of the GloBE Model Rules and its accompanying Commentary for further information.
- 6.3 Besides excluded entities, the MTT and DTT regimes also provide for the following three types of exclusions in accordance with the GloBE rules as stated below. These three types of exclusions affect the computation of the top-up amount under the GloBE rules. They do not affect the determination of whether the revenue threshold of the MNE group is met and the administrative obligations for the MNE group under the MTT and DTT regimes:
 - a. **International Shipping Income Exclusion** (Article 3.3 of the GloBE Model Rules): A CE's international shipping income or qualified ancillary international shipping income is excluded from the computation of its GloBE income or loss if the strategic or commercial management of all ships concerned is effectively carried on within the jurisdiction where the CE is located.
 - b. **SBIE** (Article 5.3 of the GloBE Model Rules): The SBIE provides for a formulaic, substance-based carve-out, based on a percentage of the eligible payroll costs and carrying value of eligible tangible assets of the MNE group. The SBIE seeks to exclude a fixed return for substantive activities within a jurisdiction from the application of the GloBE rules.
 - c. **De Minimis Exclusion** (Article 5.5 of the GloBE Model Rules): MNE groups may make an annual election for the de minimis exclusion. To qualify for a de minimis exclusion for a jurisdiction for a FY, (a) the average GloBE revenue⁶ of CEs (not being stateless entities⁷, investment entities or insurance investment entities⁸) in the jurisdiction for that FY and the two preceding FYs must be less than EUR 10 million and (b) the average GloBE income of those CEs for the same period must be less than EUR 1 million or the CEs must be in a loss position. If so, the top-up amounts for that FY of those CEs are deemed to be nil.
- 6.4 The MTT and DTT regimes also provide for safe harbours that help reduce the MNE groups' compliance burden (e.g. avoiding the need for detailed MTT or DTT calculations). Where a safe harbour is elected by an MNE group for a jurisdiction, the top-up amounts for qualifying entities of the MNE group in the jurisdiction are treated as nil. Currently, the GloBE rules provide for four safe harbours:

⁶ GloBE revenue is the sum of the revenue of all CEs located in the jurisdiction for a FY, after taking into account specified adjustments in Chapter 3 of the GloBE Model Rules.

⁷ As defined in paragraph 10 of the First Schedule of the MMT Act.

⁸ As defined in paragraph 7 of the First Schedule of the MMT Act.

- a. Transitional CbCR Safe Harbour;
- b. Simplified Calculations Safe Harbour⁹;
- c. QDMTT Safe Harbour; and
- d. Transitional UTPR Safe Harbour¹⁰.

Safe harbours (a) to (c) mentioned above will treat the top-up amounts under MTT, DTT or both (as the case may be) as nil, where applicable¹¹. Please refer to Annex A of the Commentary for more information on these safe harbours.

7. Key features of MTT

7.1 MTT applies to a Singapore parent entity's ownership interest in its relevant entities outside Singapore and its stateless entities but does not apply to its ownership interest in its domestic entities. The minimum rate for MTT is 15% and the top-up amount is computed using the ETR that is calculated on a jurisdictional basis for an MNE group.

7.2 Entity chargeable with MTT

7.2.1 An entity is a chargeable entity for MTT if it is a responsible member located in Singapore¹² of an MNE group and holds an ownership interest in a CE located outside Singapore or a stateless entity of the MNE group that has a top-up amount for the FY (called a relevant entity).

7.2.2 A responsible member of an MNE group is any of the following entities located in Singapore or subject to a qualified IIR¹³ in the jurisdiction where it is located:

- a. the UPE of the MNE group;
- b. an intermediate parent entity of the MNE group if no other member of the MNE group that owns a controlling interest in the entity is a responsible member (e.g. the UPE);

⁹ This includes the simplified calculations for non-material constituent entities.

¹⁰ As Singapore has not implemented UTPR, it is not relevant for Singapore to provide a transitional UTPR Safe Harbour at this juncture.

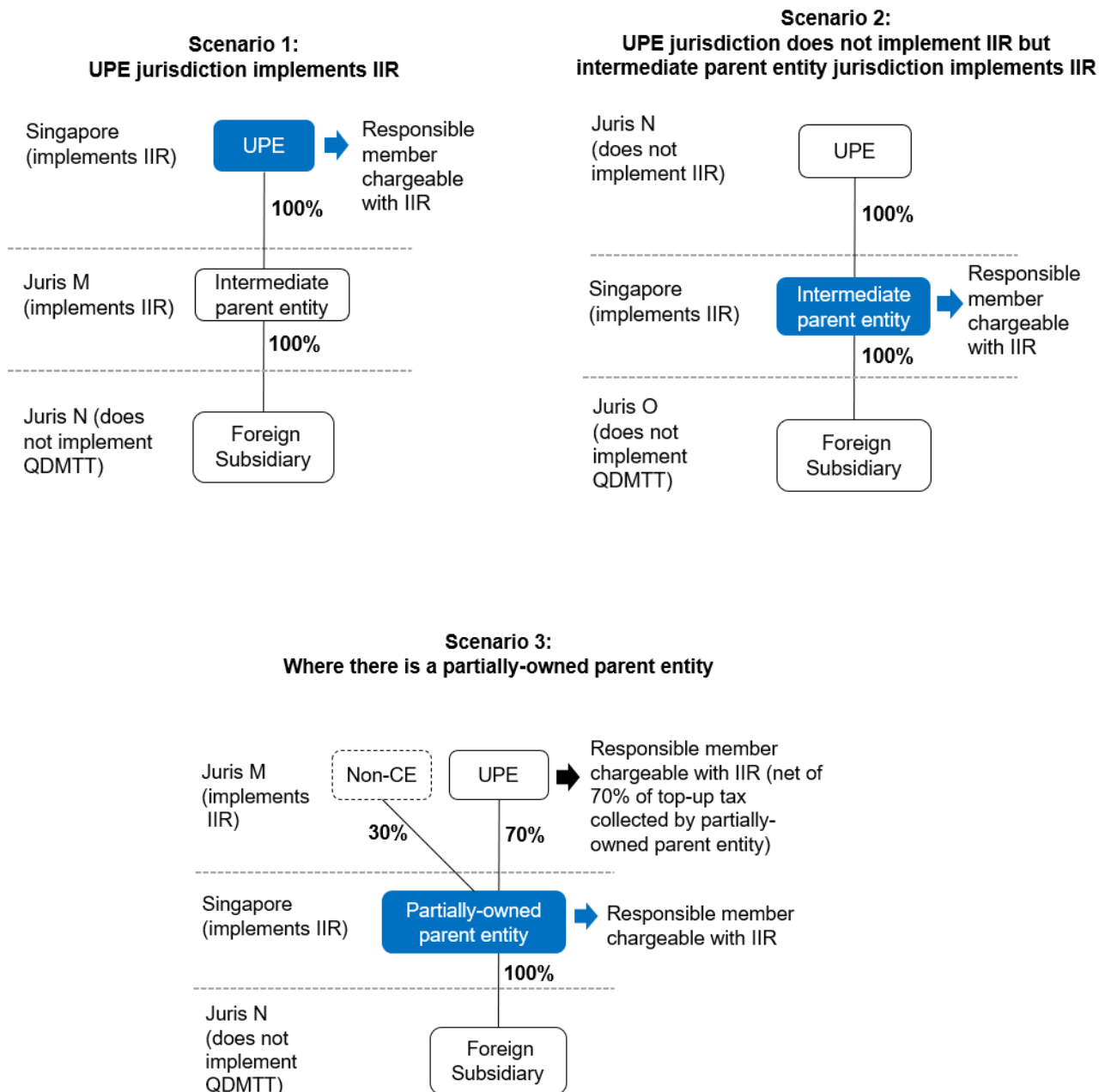
¹¹ Item (c), the QDMTT Safe Harbour, is only applicable to MTT but not relevant for DTT. Where an MNE group (with a parent entity that is a responsible member in Singapore) qualifies and elects to apply the QDMTT Safe Harbour for another jurisdiction, then for the purpose of MTT, the top-up amounts for the CEs in that jurisdiction will be treated as nil. If an MNE group qualifies and elects for the QDMTT Safe Harbour for Singapore, then the top-up amount under a foreign jurisdiction's IIR will be treated as nil.

¹² The rules for determining the location of an entity are defined in Sections 5 and 6 of the MMT Act.

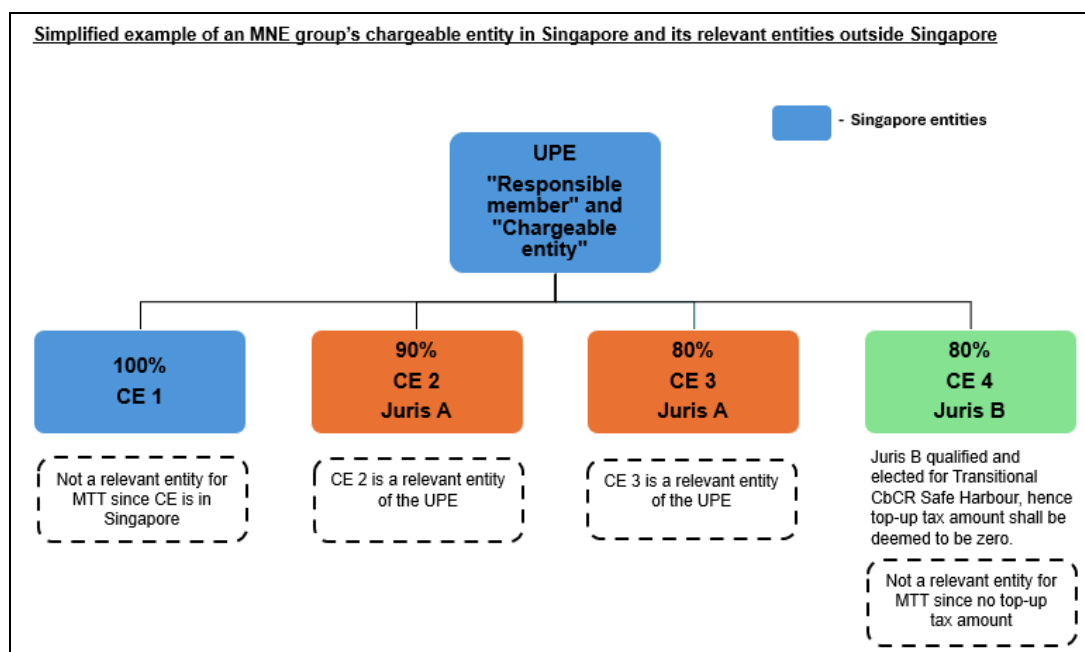
¹³ As defined in Section 2(1) of the MMT Act.

- c. a partially-owned parent entity of the MNE group if it is not wholly-owned by another partially-owned parent entity of the MNE group that is a responsible member.

7.2.3 The following scenarios illustrate the responsible member in each of the MNE groups where the UPE, an intermediate parent entity or a partially-owned parent entity is located in Singapore:



7.2.4 The diagram below shows an MNE group which comprises a UPE in Singapore and CEs in Singapore, Jurisdictions A and B. It provides a simplified example of an MNE group's chargeable entity in Singapore and its relevant entities outside Singapore.



7.3 Amount of MTT chargeable on a chargeable entity

7.3.1 The amount of MTT chargeable on a chargeable entity for a FY is the sum of the top-up tax of each relevant entity of the chargeable entity for the FY.

7.3.2 Where the chargeable entity holds its indirect ownership interest in a relevant entity X through another responsible member of the MNE group, the amount of MTT payable by the chargeable entity is reduced by the proportionate amount of MTT or any qualified IIR payable by that responsible member in respect of the relevant entity X. This situation may arise, for example, when the chargeable entity is a UPE and holds an ownership interest in another responsible member that is a partially-owned parent entity; hence both the chargeable entity and that responsible member would pay respectively MTT or qualified IIR in respect of the same relevant entity.

7.3.3 For a relevant entity (that is not an investment entity or an insurance investment entity) of a chargeable entity, the top-up tax for a FY is computed as follows:

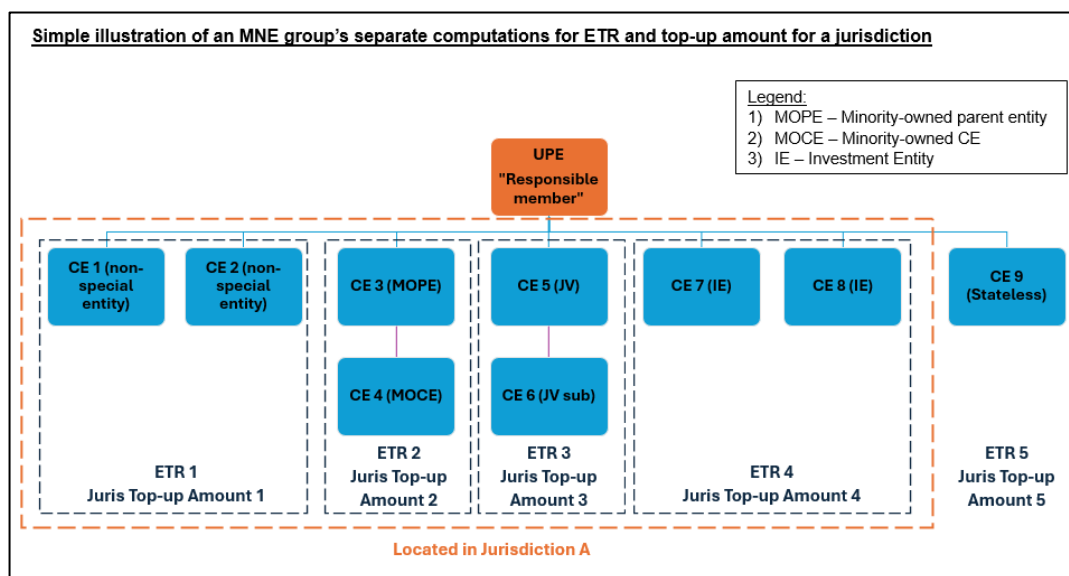
$$\text{Top-up tax} = (\text{Top-up amount of the relevant entity for the FY}) \times (\text{Chargeable entity's inclusion ratio for the relevant entity for the FY})$$

7.3.4 The chargeable entity's inclusion ratio for a relevant entity for a FY is the proportion of the GloBE income of the relevant entity for the FY that is not attributable to entities other than the chargeable entity.

7.3.5 In accordance with the GloBE rules, separate computations of top-up amount are required for each category of entities, or each special entity¹⁴ (as the case may be) as follows:

- a. the top-up amount of the CEs (other than special entities) located outside Singapore;
- b. the top-up amount of any joint venture and JV subsidiary located outside Singapore;
- c. the top-up amount of the minority-owned sub-group and minority-owned CEs located outside Singapore;
- d. the top-up amount of the investment entities and insurance investment entities located outside Singapore; and
- e. the top-up amount of each stateless entity.

7.3.6 The diagram below provides a simple illustration of an MNE group's separate computations for ETR and top-up amount for a jurisdiction.



¹⁴ A special entity refers to a CE of a group that is an investment entity, insurance investment entity, minority-owned CE or stateless entity; and includes a joint venture and a JV subsidiary.

7.3.7 The top-up amount of a CE that is not a special entity is determined as follows:

Steps
<p>Step 1: For each CE in the MNE group,</p> <ol style="list-style-type: none"> Determine GloBE income or loss Determine adjusted covered taxes
<p>Step 2: For each jurisdiction,</p> <ol style="list-style-type: none"> Aggregate the GloBE income or loss of all CEs (that are not special entities) located in that jurisdiction Aggregate the adjusted covered taxes of all those CEs Determine ETR for that jurisdiction by dividing (b) by (a)
<p>Step 3: For each of those jurisdictions with ETR below 15% or have an additional current top-up amount¹⁵,</p> <ol style="list-style-type: none"> Determine the jurisdictional top-up amount Determine the top-up amount of each CE (that is not a special entity) by apportioning the jurisdictional top-up amount <p>The jurisdictional top-up amount for the MNE group for a jurisdiction for a FY is determined as follows:</p> $\left(\begin{array}{ c } \hline \text{Top-up tax} \\ \text{percentage} \\ \hline \end{array} \times \begin{array}{ c } \hline \text{Excess} \\ \text{profits} \\ \hline \end{array} \right) + \begin{array}{ c } \hline \text{Additional} \\ \text{current} \\ \text{top-up} \\ \text{amount} \\ \hline \end{array} - \begin{array}{ c } \hline \text{Qualified} \\ \text{domestic} \\ \text{minimum} \\ \text{top-up tax} \\ \hline \end{array}$ <p>The top-up tax percentage for the MNE group for a jurisdiction for a FY is the difference between the minimum rate of 15% and the ETR for the MNE group for the jurisdiction for the FY (if the ETR is less than 15%). The top-up tax percentage is nil if the ETR for the MNE group for the jurisdiction for the FY is 15% or more.</p> <p>The excess profits for the MNE group for a jurisdiction for a FY is the sum of the GloBE income or loss for the FY of the CEs (not being special entities) of the MNE group located in the jurisdiction less the SBIE for the MNE group for the jurisdiction for the FY. The excess profits for the MNE group for the jurisdiction for the FY cannot be less than nil.</p> <p>The jurisdictional top-up amount for the MNE group for a jurisdiction for the FY is apportioned between the CEs (not being special entities) of the MNE group that are located in that jurisdiction. The apportionment is generally based on the GloBE income of the CEs for the FY. For example, if the sum of the GloBE income or loss (including any GloBE losses) of all CEs is a positive amount, the apportionment is based on the proportion of GloBE income (a positive amount) of a CE to the sum of the GloBE income of all CEs located in the jurisdiction.</p>

¹⁵ As defined in Section 21 of the MMT Act. There are specific rules under the GloBE rules which may result in an additional current top-up amount. One example is the requirement to recalculate the ETR and top-up amounts for a prior FY under the five-year recapture rule for deferred tax liabilities. Any incremental top-up amount (if applicable) will be treated as additional current top-up amount in the current FY.

7.3.8 The top-up amount of an entity that is a special entity is determined as follows:

Type of special entity	Treatment
Stateless entity	<ul style="list-style-type: none"> • Top-up amount is determined in a similar manner as paragraph 7.3.7 above and modified accordingly for these respective special entities so that separate ETRs¹⁶ will apply to these special entities.
Minority-owned CE and member of a minority-owned subgroup	
Joint venture and JV subsidiary	
Investment entity and insurance investment entity	<ul style="list-style-type: none"> • Top-up amount is determined in a similar manner as paragraph 7.3.7 above except as specified below. • The ETR of an investment entity or insurance investment entity is calculated separately from any other CEs in the same jurisdiction. If the MNE group owns interests in multiple investment entities or insurance investment entities located in the same jurisdiction, a single ETR is computed for all such entities in the jurisdiction. • GloBE income or loss and adjusted covered taxes are reduced to only the proportionate amount attributable to the UPE's share in the investment entity or insurance investment entity.

Currency

7.3.9 The calculations for MTT are to be carried out in the presentation currency of the UPE's CFS.

7.3.10 The currency used for thresholds in the MMT Act are based on Euros. For the purpose of determining whether relevant threshold amounts in the MMT Act are met, an MNE group whose UPE's CFS presentation currency is not in Euros must translate the relevant amounts in its financial statements to Euros. Such translation is to be based on the average foreign exchange rate for the December month of the calendar year immediately before the relevant FY. The "average foreign exchange rate" is the average foreign exchange rate quoted by the ECB for that month. Where the ECB does not provide such a foreign exchange reference rate for the presentation currency, the average

¹⁶ A separate ETR applies to:

- each stateless entity as if it were the only CE of the MNE group located in a jurisdiction;
- each minority-owned CE (that is not a member of a minority-owned subgroup) or member(s) of a minority-owned subgroup located in a jurisdiction; and
- each standalone joint venture or member(s) of a JV group located in a jurisdiction.

foreign exchange rate would generally be the rate made available by the Monetary Authority of Singapore for that month.

7.3.11 Please refer to the Commentary for further information on “Currency conversion”.

8. Key features of DTT

8.1 DTT is a tax imposed in Singapore on MNE groups that meet the revenue threshold in paragraph 5.1, in addition to CIT.

8.2 Scope of DTT

8.2.1 DTT applies to in-scope entities of an MNE group. It does not apply to a wholly domestic group¹⁷.

8.2.2 In-scope entities for DTT refer to the following categories of entities of or connected to an MNE group:

- a. the members (including partially owned CEs) of the MNE group located in Singapore;
- b. joint ventures and JV subsidiaries located in Singapore;
- c. members of a minority-owned sub-group, and minority-owned CEs located in Singapore; and
- d. reverse hybrid entities¹⁸ which are:
 - i. formed, registered or incorporated in Singapore; and
 - ii. not responsible members.

8.2.3 DTT does not apply to CEs that are located outside Singapore, excluded entities, stateless permanent establishments and tax transparent entities¹⁹ of MNE groups. MTT, qualified IIR or qualified UTPR may apply to these entities instead. For investment entities and insurance investment entities that are located in Singapore, the top-up amount of these entities is treated as nil for DTT purpose.

8.3 DTT is applicable to in-scope entities of the MNE group located in Singapore that are excluded from the UTPR under Article 9.3 of GloBE Model Rules.

¹⁷ A wholly domestic group is a group with all its members located in Singapore and none of its subsidiaries or branches are located outside Singapore.

¹⁸ A flow-through entity is a “reverse hybrid entity” with respect to any of its income, expenditure, profit or loss attributable to its direct owner, if it is not fiscally transparent with respect to that income, expenditure, profit or loss under the law of the jurisdiction in which the owner is located.

¹⁹ Where the CE-owner of a tax transparent entity is an in-scope entity for DTT, it will be subject to DTT (if any) on the GloBE income of the tax transparent entity that is attributable to the CE-owner.

8.4 Design of DTT

- 8.4.1 DTT is designed to meet the conditions of a QDMTT such that the DTT liability will be offset against any IIR / UTPR liabilities in respect of low-taxed profits of in-scope entities located in Singapore that may arise from the application of the GloBE rules in other jurisdictions.
- 8.4.2 DTT is also designed to satisfy the requirements of the QDMTT Safe Harbour. Where the QDMTT Safe Harbour applies under the GloBE rules in other jurisdictions, the application of the GloBE rules in these jurisdictions is turned off by treating any top-up tax payable under the GloBE rules to be nil. In this way, MNE groups only undertake one computation for QDMTT (i.e. DTT in Singapore) without the need to make a further calculation under the GloBE rules in other jurisdictions.
- 8.4.3 The DTT ensures that in-scope entities of an MNE group located in Singapore will be charged a top-up amount (that is, the DTT) if their jurisdictional ETR is below 15% (see **Annex C-1** for example). This will raise the ETR of the MNE group to 15% in Singapore. DTT is calculated in a similar way to MTT with the exceptions highlighted in paragraphs 8.7.1 and 9.1.
- 8.4.4 Where the GloBE rules permit an election, DTT will provide for the same election. An MNE group is required to make the same election(s) under both DTT and the GloBE rules.

8.5 Entity chargeable with DTT

- 8.5.1 A CE in Singapore, known as a DFE, will be chargeable with DTT of an MNE group, unless the MNE group makes an election to allocate a specified amount of the DTT to a qualifying CE. A qualifying CE does not include a:
- a. CE with GloBE loss;
 - b. CE which is a flow-through entity that is not a reverse hybrid entity;
 - c. CE with ETR of 15% or more; and
 - d. CE which is no longer in the MNE group e.g. the CE has left the MNE group or ceased to exist after the reported FY.
- 8.5.2 If the DFE does not pay DTT on-time resulting in DTT in arrears, every CE located in Singapore ("Singapore CE") of an MNE group, joint venture and JV subsidiary located in Singapore which are connected with the MNE group, and reverse hybrid entity of the MNE group (as specified in paragraph 8.2.2) will be jointly and severally liable for the DTT or interest in arrears for the FY that the DTT relates to.

8.6 Amount of DTT payable

- 8.6.1 The top-up amount of the MNE group is the sum of the following:
- a. the top-up amount of the CEs (other than special entities) located in Singapore;
 - b. the top-up amount of any joint venture and JV subsidiary located in Singapore;
 - c. the top-up amount of the members of a minority-owned sub-group and minority owned CEs located in Singapore; and
 - d. the top-up amount of each reverse hybrid entity (not being a responsible member) formed, registered or incorporated in Singapore.
- 8.6.2 Similar to MTT, separate computation of top-up amount for each category of entities, or each special entity (as the case may be) is required.

8.7 Computation of DTT

- 8.7.1 The tax payable under DTT is the whole jurisdictional top-up amount, regardless of the level of ownership interest of the parent entity in the in-scope entities.
- 8.7.2 The jurisdictional top-up amount is computed based on the following formula:
- $$(\text{Top-up tax percentage} \times \text{Excess profits}) + \text{Additional current top-up amount}$$
- 8.7.3 The **top-up tax percentage** is the difference between the 15% minimum rate and the ETR of the MNE group in Singapore, while the **excess profits** is the difference between the sum of the GloBE income or loss of the entities located in Singapore less the **SBIE** for those entities.
- 8.7.4 The computation of DTT is in accordance with the GloBE rules and the conditions for QDMTT and QDMTT Safe Harbour. In particular, for the purpose of computing ETR in Singapore, DTT does not take into account the allocation of cross-border taxes such as CFC taxes incurred by a parent entity or taxes incurred by a foreign main entity with respect to profits attributable to its permanent establishment in Singapore.
- 8.7.5 The DTT computations are based on the financial statements prepared in accordance with the LFAS rule subject to the conditions therein.

LFAS rule

- a. The local financial accounting standards refer to:
 - Singapore Financial Reporting Standards (International) (SFRS(I));
 - Singapore Financial Reporting Standards (SFRS); or

- Singapore Financial Reporting Standards for Small Entities (SFRS for SE)
- b. DTT computation will be determined based on LFAS if all the CEs of the MNE group located in Singapore have financial statements prepared in accordance with the accounting standards made or formulated under Part 3 of Singapore’s Accounting Standards Act 2007 and:
- the CEs are required to keep or use such accounts under any written law in Singapore; or
 - such financial statements are audited by an external financial auditor.
- c. Where not all CEs located in Singapore meet the above requirements or the FY of their financial statements is different from the FY of the CFS of the UPE, the DTT computations shall be computed based on the financial accounting standard used in the preparation of the CFS of the UPE.

8.7.6 Please refer to **Annexes C-1 and C-2** for examples of DTT computations.

9. Key differences between MTT and DTT

9.1 The table below summarises the key differences between MTT and DTT.

	MTT	DTT
Incidence of tax	Parent entity that is a responsible member located in Singapore	DFE and / or qualifying entity referred to in paragraph 8.5.1 (if any)
Income on which tax is imposed	Imposed on the low-taxed income of CEs, joint ventures and JV subsidiaries located outside Singapore and stateless CEs	Imposed on the low-taxed income of CEs, joint ventures and JV subsidiaries located in Singapore, and reverse hybrid entities formed, registered or incorporated in Singapore which are not responsible members
Financial Accounting Standard	UPE’s Financial Accounting Standard in line with Articles 3.1.2 and 3.1.3 of the GloBE Model Rules	LFAS, but if conditions of the LFAS rule are not met, then UPE’s Financial Accounting Standard (in line with Articles 3.1.2 and 3.1.3 of the GloBE Model Rules)
Currency computation for	Based on the presentation currency per UPE’s CFS	Based on Singapore dollar (S\$) where the DTT is determined in accordance with the LFAS and all CEs in Singapore are using Singapore dollar as their functional currency in their financial statements. Otherwise, the DTT computations must be made in a single currency i.e. either

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

	MTT	DTT
		the presentation currency of the UPE's CFS or Singapore dollar under a five-year election.
Applicable to Investment Entities / Insurance Investment Entities?	Applies to investment entities and insurance investment entities	The top-up amount of investment entities and insurance investment entities is treated as nil.
Allocation of covered tax from one CE to another CE	Allocation of – <ul style="list-style-type: none"> - tax reflected in main entity's financial accounts, to permanent establishment; - tax on CE-owner under CFC regime, to the CE, subject to a restriction in respect of passive income; - tax on CE-owner of a hybrid entity²⁰, to the hybrid entity, subject to a restriction in respect of passive income; and / or - tax on direct CE-owner on distribution, to the distributing CE. 	No allocation of tax is made to – <ul style="list-style-type: none"> - permanent establishment located in Singapore; - CE, being a CFC located in Singapore; - Hybrid entity located in Singapore while CE owner is located outside Singapore; or - Distributing CE located in Singapore (the non-allocation rule does not apply to the withholding tax imposed by Singapore, which is allocated to distributing CE in Singapore). In a case where a foreign hybrid entity has a Singapore CE-owner, <u>to include</u> tax imposed in Singapore on that CE-owner on passive income of the foreign hybrid entity in excess of the restriction under Article 4.3.3 of the GloBE Model Rules as adjusted covered tax of that CE-owner for DTT purpose.
Inclusion ratio (to adjust for ownership interest not held by the MNE group)	Parent entity inclusion ratio	100% in all cases

²⁰ An entity that is treated as a separate taxable person for income tax purposes in the jurisdiction where it is located is a "hybrid entity" with respect to its income, expenditure, profit or loss to the extent that it is fiscally transparent in the jurisdiction in which its owner is located.

10. Administrative requirements

Assessment system

- 10.1 MTT and DTT are administered under a self-assessment system in Singapore. This means that the filing process for MTT and DTT will be treated as complete without a need for IRAS to assess the tax and issue a notice of assessment.
- 10.2 IRAS may select MTT and DTT returns filed by taxpayers for audit as part of IRAS' regular compliance reviews. If IRAS is of the view that the MTT or DTT declared is inaccurate, IRAS may issue a notice of assessment to revise the tax payable. If the MNE group disagrees with IRAS' assessment, it can object to the assessment within two months of the service of the notice of assessment.

Registration obligations

- 10.3 The UPE of an MNE group that has a CE or a JV located in Singapore or a reverse hybrid entity formed, registered or incorporated in Singapore (not being a responsible member) must notify the Comptroller of the MNE group's liability to be registered under the MMT Act. The registration is a one-time process, and the registration form will be available digitally. The registration must be made within six months after the first FYE of the UPE where MTT or DTT, or both, applies to the MNE group (or such extended time as the Comptroller may allow).
- 10.4 The Comptroller may register an MNE group that fails to register.

Appointment of DFE / GFE

- 10.5 The MNE group will be required to designate a single Singapore CE to be the DFE and GFE to fulfil tax obligations in Singapore. The same CE will be designated as the DFE and GFE. The rules in determining the DFE and GFE of an MNE group are set out below:
- a. Where the UPE is a legal entity located in Singapore, and is not an excluded entity, the UPE is the DFE/GFE.
 - b. Otherwise, an intermediate parent entity that is a legal entity located in Singapore, is the parent entity of all other Singapore CEs and is not an excluded entity, is the DFE/GFE.
 - c. If there is no such UPE / IPE, any CE in Singapore can be designated as the DFE/GFE if the designated CE is a legal entity located in Singapore, or if no such legal entity exists, a permanent establishment located in Singapore (including a branch of a foreign company registered in Singapore).

- 10.6 Where the MNE group does not have a CE that meets the above requirements, the Comptroller must deem a CE of the MNE group located in Singapore, a joint venture or JV subsidiary located in Singapore and connected to the MNE group or a reverse hybrid entity of the MNE group, to be the DFE / GFE.
- 10.7 The appointment of the DFE / GFE must be made within six months after the first FYE of the UPE where MTT or DTT, or both, applies to the MNE group (or such extended time as the Comptroller may allow). The first appointment of the DFE / GFE is made together with the registration of the MNE group at paragraph 10.3.
- 10.8 If the DFE / GFE no longer exists or no longer belongs to the group, the UPE must inform the Comptroller of the new DFE / GFE no later than a month after the DFE / GFE ceases to be a part of the group or such extended time as the Comptroller may allow.
- 10.9 The MNE group will be required to designate another Singapore CE as the new DFE / GFE. The newly appointed DFE / GFE will be required to carry out any duty of the previous DFE / GFE that has yet to be fulfilled as at the date of new appointment.

Key timelines for MTT and DTT

- 10.10 The table below sets out the key timelines for MTT and DTT, and the entity responsible for fulfilling the respective obligations:

Obligations	Entity responsible for fulfilling the obligations	Due date	Example (Assume UPE's FY ends on 31 December 2025)
Registration of MNE group within the scope of the MTT / DTT, including the designation of a CE as a DFE and GFE	<ul style="list-style-type: none"> UPE – registration of MNE group and designation of DFE Any Singapore CE of the MNE group - designation of GFE 	No later than 6 months from the UPE's first FYE.	By 30 June 2026.
Filing of a. MTT return	a. Parent entity that is a responsible member located in Singapore	No later than 15 months from the UPE's FYE (18 months if it is the transition year) ²¹ .	By 31 March 2027 (30 June 2027 if it is the transition year).

²¹ The due date would not be before 30 June 2026, as per the transitional relief for GIR provided in paragraph 32 of the Commentary to Article 9.4 of the GloBE Model Rules.

Obligations	Entity responsible for fulfilling the obligations	Due date	Example (Assume UPE's FY ends on 31 December 2025)
b. DTT return c. GIR / GloBE notification	b. DFE c. GFE		
Payment of a. MTT b. DTT	a. Parent entity that is a responsible member located in Singapore b. DFE	No later than 1 month from the filing due date.	By 30 April 2027 (31 July 2027 if it is the transition year).
Objections to assessments²² a. MTT b. DTT	a. Parent entity that is a responsible member located in Singapore b. DFE	No later than 2 months from the service of the notice of assessment.	If IRAS issues a notice of assessment dated 30 June 2027, any objection to the assessment must be made by 31 August 2027.

Please also refer to **Annex D** for an illustration of the timelines for DTT, MTT and GIR.

Submission of MTT / DTT returns and GIR / GloBE notification filing

- 10.11 All registered MNE groups liable for MTT and / or DTT are required to file tax returns on their top-up tax liability in Singapore. The filing of tax returns for MTT and DTT will be available in digital service.
- 10.12 The GIR is a standardised information return required under the GloBE rules. By default, every Singapore CE of an MNE group will have an obligation to file a GIR with IRAS, regardless of where the MNE group is headquartered. The GFE of a registered MNE group in Singapore is required to file the GIR

²² No notice of assessment will be issued on the amount of MTT / DTT declared in the tax return as the tax is to be self-assessed by the MNE group. Acknowledgement page on filing details will be shown upon submission of tax return via digital service.

annually with IRAS on behalf of its represented entities²³ in Singapore. The format and requirements of the GIR will be based on the document titled “Tax Challenges Arising from the Digitalisation of the Economy – GloBE Information Return” issued by the IF on 17 July 2023.

- 10.13 A foreign CE, such as the UPE of a foreign MNE group, may file a GIR centrally in a foreign jurisdiction. Where a GIR has been filed in another jurisdiction outside Singapore and Singapore has an information exchange agreement with that foreign jurisdiction to receive the GIR²⁴, the GFE in Singapore will not be required to file a GIR with IRAS. However, the GFE will still be required to file a GloBE notification annually with IRAS. The notification will inform IRAS of the identity of the filing CE (e.g. the foreign UPE) and where the GIR is filed. This is to facilitate the transmission of the GIR to IRAS via automatic exchange of information.
- 10.14 The parent entity that is a responsible member located in Singapore, the DFE and the GFE are responsible for submitting the MTT return, DTT return and GIR / GloBE notification respectively.
- 10.15 The due date for submission of the MTT and DTT returns and the GIR / GloBE notification will be 15 months after the end of each FY (or 18 months if the FY is a transition year)²⁵. If the MTT or DTT returns are not submitted by the filing due date, IRAS may estimate the MTT or DTT payable and issue a notice of assessment.

Dissemination of information in the GIR

- 10.16 If an MNE group chooses to file its GIR centrally in an implementing jurisdiction according to Article 8.1.2 of the GloBE Model Rules, the information in the GIR will be disseminated to other implementing jurisdictions where the MNE group is operating in based on an approach that has been agreed by the IF. The IF has adopted the following targeted dissemination approach for sharing the GIR of each MNE group, whereby:
- The jurisdiction of the UPE is provided with the GIR as a whole;
 - Jurisdictions with taxing rights under the GloBE rules are provided with the sections of the GIR that relate to the ETR and top-up tax computation, allocation and attribution for those jurisdictions in respect of which they

²³ Represented entities refer to:

- a. all the CEs located in Singapore of the MNE group;
- b. all joint ventures and JV subsidiaries located in Singapore and connected to the MNE group; and
- c. all entities of the MNE group that are
 - i. flow-through entities established, formed, incorporated or registered under the laws of Singapore;
 - ii. are not responsible members; and
 - iii. are reverse hybrid entities with respect to any of its income, expenditure, profit or loss.

²⁴ The list of jurisdictions will be published when available.

²⁵ The due date would not be before 30 June 2026, as per the transitional relief for GIR provided in paragraph 32 of the Commentary to Article 9.4 of the GloBE Model Rules.

have taxing rights (including the taxing rights under QDMTT for jurisdictions imposing the QDMTT); and

- All implementing jurisdictions where CEs of the MNE group are located are provided with general information and the corporate structure, which covers all the data points necessary to verify whether they have any taxing rights over any other jurisdiction under the GloBE rules.

Please refer to **Annex E** for an illustration of the dissemination approach.

- 10.17 The IF may also consider developing further guidance on the role of the central filing tax administration and how the dissemination of GloBE information shall be performed.

Record keeping

- 10.18 The record-keeping periods for MTT and DTT are as follows:

	MTT	DTT
Record-keeping period	Until 31 December of the <u>5th year after the year in which the MTT tax return is due</u>	Until 31 December of the <u>5th year after the FY to which the DTT relates</u>
Examples	E.g. 1: FYE of MNE group A is 30 September 2026 (i.e. not a transition year for MNE group A)	
	Records must be kept till 31 December 2032 (MTT tax return is due on 31 December 2027).	Records must be kept till 31 December 2031.
	E.g. 2: FYE of MNE group B is 30 September 2026 (i.e. a transition year for MNE group B)	
	Records must be kept till 31 December 2033 (MTT tax return is due on 31 March 2028).	Records must be kept till 31 December 2031.

- 10.19 The records to be kept for MTT and DTT purposes are generally aligned with the records to be kept for CIT or accounting purposes. Examples of records are general ledgers, invoices, accounting records and schedules, bank statements and pre-consolidated accounts.

- 10.20 An extended record-keeping period is applicable to supporting documents substantiating the calculation of the provisions in the GloBE rules that require looking back at the MNE group’s past years’ figures. In such cases, the supporting documents are to be kept for up to ten years (i.e. beyond the general record keeping period of five years). The extended record keeping period is required for IRAS to verify the accuracy of the computations done by the MNE group.

10.21 Some of the provisions in the GloBE Model Rules which require looking back at the MNE group's past years' figures are:

- Article 3.2.6 – Election to recognise asset gains over the look-back period

Under Article 3.2.6 of the GloBE Model Rules, when there is a net gain from disposal of local tangible assets by all CEs located in a jurisdiction, a filing CE may make an annual election for that jurisdiction to adjust GloBE income or loss with respect to each previous FY in the look-back period (i.e. the election year and four prior years) and to spread any remaining asset gain over the look-back period. The ETR and top-up tax, if any, for any previous FY must be re-calculated.

Examples of supporting documents are records relating to the disposed tangible assets, and the MTT / DTT computations for the relevant FYs.

- Article 4.4.4 – Recapturing of deferred tax liabilities that do not reverse within five FYs.

Examples of supporting documents are deferred tax accounting computation, tracking schedule of deferred tax liabilities subject to recapture, and the MTT / DTT computations for the relevant FYs.

- Article 4.6.1 – Re-computation of ETR and top-up amount for FY to which a post-filing tax adjustment results in the decrease in adjusted covered taxes (unless immaterial).

Examples of supporting documents are records relating to the tax adjustment and the MTT / DTT computations for the relevant FYs.

- Article 7.3.5 – Re-computation of ETR and top-up amount for FY if there is outstanding balance of Deemed Distribution Tax Recapture Account (relevant for MTT only).

Examples of supporting documents are records relating to distribution tax recapture account and the MTT computations for the relevant FYs.

Further details on the extended record keeping period will be released in due course.

Statutory time limit to raise assessment

10.22 The statutory time limits to raise an assessment for MTT and DTT are as follows:

	Statutory time limit	Example
MTT	31 December of the <u>5th year after the year in which the MTT tax return is due</u>	For an MNE group with FYE of 31 December 2025 (and for which the MTT tax return is due on 31 March 2027), the statutory time limit will be until 31 December 2032
DTT	31 December of the <u>5th year after the FY to which the DTT relates</u>	For an MNE group with FYE of 31 December 2025, the statutory time limit will be until 31 December 2030

Incidence of tax / Payment of MTT and DTT

10.23 The parent entity that is a responsible member located in Singapore and the DFE are responsible for the payment of MTT and DTT respectively.

10.24 For DTT purpose, the DFE can elect under section 45 of the MMT Act to have a qualifying entity in the group (X) to be allocated a share of the MNE group's DTT liability (\$Y). Please refer to paragraph 8.5.1 for the CEs which do not qualify for the election. An MNE group can elect up to 30 CEs for any FY.

10.25 If the election is made, X will be responsible for payment of \$Y to IRAS and the DFE will be liable to pay the remaining MNE group's DTT. The election can be made on a yearly basis at the point of filing the DTT return and is irrevocable for that FY.

10.26 The due date for payment of MTT and DTT is no later than one month after the filing due date of the MTT and DTT return respectively. Where the Comptroller issues a notice of assessment, the due date for payment of the MTT or DTT is within one month after the service of the notice.

Currency

10.27 Where MTT or DTT has been computed in a currency other than Singapore dollars, the tax payable in foreign currency needs to be converted into Singapore dollars for payment to IRAS. The exchange rate to be used is:

- a. the average exchange rate, as made available by the Monetary Authority of Singapore, calculated on the basis of the rate of exchange at the end of each month for that FY; or

- b. where no such average rate of exchange is made available by the Monetary Authority of Singapore, such rate of exchange as the Comptroller may determine.

Repayment and claiming of relief for error or mistake in tax assessment

- 10.28 The time periods for the repayment of MTT and DTT and the claiming of relief for error or mistake in respect of an MTT and DTT return, are aligned with the statutory time limits for MTT and DTT assessments respectively.
- 10.29 A claim for repayment, or an application for relief, must be made no later than:

	Time limit	Example
MTT	31 December of the <u>5th year after the year in which the MTT return is due</u>	For an MNE group with FYE of 31 December 2025 (and for which the MTT return is due on 31 March 2027), the time limit will be until 31 December 2032.
DTT	31 December of the <u>5th year after the FY to which the DTT relates</u>	For an MNE group with FYE of 31 December 2025, the time limit will be until 31 December 2030.

Obligation to inform Comptroller if certain events take place

- 10.30 The UPE of a registered MNE group must inform the Comptroller of the following events:
 - a. When there is a change of appointment of DFE and / or GFE.
 - b. Any changes to the information provided for registration of the MNE group.
 - c. Change in the MNE group’s FYE.
 - d. When a new transition year is applied for DTT (i.e. when the GloBE rules come into effect after DTT).
- 10.31 The UPE of the MNE group is required to inform the Comptroller within six months after the end of the FY in which any of the above events occurred or such extended time as the Comptroller may allow.

Penalties

- 10.32 Penalties (including composition amounts or fines) and / or surcharges may be imposed under the MMT Act where an in-scope MNE group fails to meet its obligations for MTT and DTT. Some of the key obligations have been highlighted in paragraph 10.10.
- 10.33 As MTT and DTT rules are new, MNEs will require time to familiarise themselves with the rules. In view that some MNEs have given feedback that such rules are complex, IRAS will adopt a light touch approach for the first 3

FYs from FY 2025 (i.e. FY 2025-FY 2027), if an MNE group can demonstrate that it has taken reasonable measures to ensure the correct application of the rules.

11. Income tax treatment of taxes imposed by Singapore and other jurisdictions under GloBE rules

Non-deductibility of MTT and DTT for CIT purposes

- 11.1 MTT and DTT are taxes charged on the income of an MNE group. They are not incurred in the production of income. Thus, they are not deductible for CIT purposes in Singapore, under section 15(1)(g) of the ITA.

Non-deductibility of IIR, UTPR and QDMTT imposed by other jurisdictions for CIT purposes

- 11.2 Any qualified IIR, qualified UTPR and QDMTT or taxes substantially similar²⁶ to these taxes are not allowed for tax deduction for CIT purposes in Singapore.
- 11.3 Qualified IIR, qualified UTPR and QDMTT refer to taxes imposed by the law of another jurisdiction that are prescribed by the Minister in the regulations as being equivalent in effect as the MTT, tax imposed by the UTPR in the GloBE rules, and DTT respectively.
- 11.4 In terms of rule order, qualified IIR and qualified UTPR (or substantially similar taxes) imposed by other jurisdictions (“foreign GloBE taxes”) are to be imposed after the application of CIT in Singapore. Allowing a deduction for foreign GloBE taxes for CIT purposes would thus create circularity in the charging of CIT under the ITA. Tax deduction is therefore not allowed on such amounts.
- 11.5 A QDMTT is a form of tax on income, as the tax base in the computation of QDMTT is premised on the entity’s accounting profits (i.e. income). Hence, similar to DTT, QDMTT (or substantially similar taxes) imposed by other jurisdictions, are disallowed for tax deduction for CIT purposes in Singapore.

Granting FTC on QDMTT (or substantially similar taxes) imposed by other jurisdictions (“foreign DMTT”)

- 11.6 For CIT purposes in Singapore, FTC may be allowed on foreign DMTT paid or payable on:
- a. Income of a foreign permanent establishment whose main entity is a Singapore CE; or

²⁶ Substantially similar taxes refer to taxes that are designed with the intent to be aligned with the qualified IIR, qualified UTPR or QDMTT (respectively) under the GloBE rules but did not pass the peer review / self-assessment process (e.g. due to omissions of legislative provisions, etc.).

- b. Income of a foreign dividend-paying company, out of which dividend is paid to entities resident in Singapore.
- 11.7 For the Singapore CE to qualify for FTC claims in Singapore on foreign DMTT paid or payable, the following conditions must be met:
- a. Either:
 - i. The foreign DMTT is tax paid or payable in respect of income (i.e. income tax) or tax covered under a tax treaty with Singapore; or
 - ii. The foreign DMTT is a tax paid or payable in respect of income derived from the foreign jurisdiction under the law of that jurisdiction;
 - b. The Singapore CE entitled to the income (on which the amount of foreign DMTT is paid or payable) is a tax resident of Singapore; and
 - c. The income is subject to taxation in Singapore (i.e. there is tax paid or payable in respect of that income in Singapore).
- 11.8 For dividend income derived by the Singapore CE, the FTC will take into account the underlying tax paid by the dividend-paying company in the foreign jurisdiction.
- 11.9 For the purpose of granting the FTC, the portion of foreign DMTT in respect of which FTC may be allowed must be clearly attributed to the remitted (or deemed remitted) income. If there is no clear attribution of the taxes to the remitted (or deemed remitted) income, no FTC will be allowed. Where the foreign DMTT relates to the underlying tax, it must be clearly attributed to the profits out of which the dividend is paid to the Singapore CE.
- 11.10 Since the foreign DMTT is intended to be aligned with the GloBE rules, it will be expected that the allocation of the foreign DMTT to the foreign entity is in accordance with Article 5.2.4 of the GloBE Model Rules.
- 11.11 The amount of FTC granted to the Singapore CE will be the lower of the total Singapore tax payable on the foreign income remitted (or deemed remitted) and the foreign DMTT and other income tax paid or payable by the Singapore CE on such income.
- 11.12 Where a foreign jurisdiction imposing the foreign DMTT does not provide for an allocation of the tax to the CEs of the MNE group located in that jurisdiction, FTC cannot be claimed on that foreign DMTT by the Singapore CE as the conditions in paragraph 11.7(a) would not be met.

Granting FTC for foreign GloBE taxes

- 11.13 FTC will not be allowed for foreign GloBE taxes for CIT purposes in Singapore. In terms of rule order, foreign GloBE taxes are to be imposed after the application of income tax. Providing FTC in Singapore for foreign GloBE taxes creates circularity, since the foreign GloBE taxes are determined after taking

into account the income tax payable (net of FTC) of the Singapore CE. In addition, the foreign GloBE taxes are payable by a parent entity and not by the entity who derives the income.

Whether foreign GloBE taxes and foreign DMTT are taken into account in FSIE and FTC pooling system conditions, under sections 13(9) and 50C of the ITA

- 11.14 Under the FSIE scheme, foreign-sourced dividends, foreign branch profits and foreign sourced service income received by resident taxpayers in Singapore are exempt from tax if all the following conditions (“FSIE conditions”) are met²⁷:
- a. “subject to tax” condition;
 - b. “foreign headline tax rate of at least 15%” condition; and
 - c. “beneficial tax exemption” condition.
- 11.15 Under the FTC pooling system, resident taxpayers in Singapore may elect for FTC pooling if all the following conditions (“FTC pooling system conditions”) are met²⁸:
- a. “subject to tax” condition;
 - b. “foreign headline tax rate of at least 15%” condition; and
 - c. the taxpayer is entitled to claim for FTC under the ITA.
- 11.16 When determining whether the “subject to tax” condition is met under FSIE and FTC pooling system:
- a. Foreign DMTT paid in a foreign jurisdiction in respect of specified foreign income) will be considered as meeting the “subject to tax” condition, in alignment with the position taken to treat foreign DMTT as a tax paid or payable in respect of income; and
 - b. Foreign GloBE taxes will not be considered to meet the “subject to tax” condition, as these taxes are not eligible for FTC as mentioned in paragraph 11.13 above.
- 11.17 If the highest corporate tax rate of a foreign jurisdiction of source in the year the foreign income is remitted (or deemed remitted to Singapore) from that foreign jurisdiction is at least 15%, the “foreign headline tax rate of at least 15%” condition for FSIE and FTC pooling system is considered to be met.

²⁷ For more information on the FSIE conditions, please refer to the e-tax guide “[Tax Exemption for Foreign-Sourced Income](#)”. The conditions are also applicable to tax exemption granted under section 13(12) of the ITA.

²⁸ For more information on the FTC pooling system conditions, please refer to the e-tax guide “[Foreign Tax Credit Pooling](#)”.

- 11.18 Foreign DMTT imposed in the foreign jurisdiction will not be considered when determining the highest corporate tax rate of a foreign jurisdiction under FSIE and FTC pooling system. The “foreign headline tax rate of at least 15%” should also not take into account foreign GloBE taxes to preserve the rule order among the GloBE taxes and domestic income tax.
- 11.19 There is no change to how the condition in paragraph 11.14(c) is applied under FSIE, where the taxes concerned are foreign DMTT and foreign GloBE taxes.

12. Contact information

- 12.1 Any request for clarification on the e-Tax guide can be sent to IRAS_Pillar_Two@iras.gov.sg.

Annex A: Frequently asked questions

GloBE rules

Q1: If the MNE group has several CEs in Singapore and some of the Singapore CEs have accounting periods that are different from that of its UPE, which accounting period should the DTT calculations be based on? Which accounting standard should the DTT calculations be based on?

A1: As defined in the MMT Act, FY refers to an accounting period for which the UPE of the MNE group prepares its CFS. All the Singapore CEs of the MNE group will be subject to DTT based on the UPE's CFS period notwithstanding that individual Singapore CEs may have different accounting periods for their financial accounts.

For example, a foreign UPE's CFS is from 1 January 2025 to 31 December 2025. The UPE's CFS is prepared based on generally accepted accounting principles ("GAAP") of that foreign jurisdiction. The Singapore entity of the foreign MNE group's accounting period for its separate financial accounts is 1 April 2024 to 31 March 2025 and its financial accounts are prepared based on SFRS.

Notwithstanding that the Singapore entity's accounting period is different from the UPE's, the Singapore entity is subject to DTT based on UPE's CFS period of 1 January 2025 to 31 December 2025.

In addition, as the Singapore entity's accounting period is different from the UPE's CFS period, the LFAS rule will not be applicable for DTT. In this example, the DTT will be computed based on UPE's Financial Accounting Standard in line with Articles 3.1.2 and 3.1.3 of the GloBE Model Rules (i.e. GAAP).

Q2: The Singapore CE has a Branch in Jurisdiction X, which is in loss position. Should the losses of the Branch in Jurisdiction X be included in the DTT computation of the Singapore entity?

A2: Based on Article 1.3.1 of the GloBE Model Rules, a branch (which is a permanent establishment) is a CE of the MNE group and a separate CE from its main entity. As such, the Branch in Jurisdiction X is a separate CE from its Singapore main entity.

DTT is applicable to in-scope MNE groups that are operating in Singapore i.e. CEs that are located in Singapore. Hence, Singapore DTT is not applicable to the Branch in Jurisdiction X. For Singapore DTT purposes, the losses of the Branch in Jurisdiction X should be excluded from the DTT computation.

Q3: In the event where the blended ETR of a jurisdiction is above the minimum tax rate of 15% and some entities in that jurisdiction are loss-making, will there be any avenue to carry forward the losses to subsequent years where the blended ETR is below 15% to offset the top-up taxes in those years?

A3: No, the losses cannot be carried forward to future years in this instance. However, the blended ETR of a jurisdiction would take into account any negative amount of

deferred tax expense arising from the utilisation of losses that are carried forward under the CIT regime in the jurisdiction and attributable to GloBE losses.

Q4: An MNE group has two CEs, Entity A and Entity B in Singapore. The UPE's ownership interest in Entity A and Entity B is 70% and 100% respectively. Would the ownership interest affect the determination of DTT?

A4: Based on paragraph 118.10 of the Commentary on QDMTT definition (page 259), the jurisdictional top-up amount that is subject to QDMTT is based on the whole of the top-up amount computed under Article 5.2.3 of the GloBE Model Rules, irrespective of any parent entity's ownership interest held in the CE. In the above scenario, although the UPE's ownership interest in Entity A is only 70%, the DTT will be computed based on the whole of the top-up amount computed under Article 5.2.3 of the GloBE Model Rules, irrespective of the UPE's ownership interest held in Entity A.

Q5: What is meant by transition year for purposes of filing the MTT and DTT returns? How does an MNE group determine if FY 2025 is the transition year for such purposes?

A5: Based on section 2(1) of the MMT Act, "transition year", in relation to an MNE group, refers to the first FY:

- (a) the MNE group comes within the scope of the law of any jurisdiction imposing a qualified IIR or a qualified UTPR; or
- (b) for which the MNE group is liable to be registered under Part 4 of the MMT Act, whichever is earlier.

For example, an MNE group's UPE is in Jurisdiction Y where the GloBE rules were implemented in FY 2024. The Group has two CEs in Singapore. The MNE group's FYE is 31 December.

Since the MNE group comes within scope of a qualified IIR in Jurisdiction Y for FY 2024, for purposes of filing MTT and DTT returns in Singapore, FY 2024 is the transition year for the MNE group and FY 2025 will not be considered as the transition year.

Tax administration

Q6: Why is the UPE the entity liable to register the MNE group for MTT, DTT and GIR? The UPE could be a foreign entity that is not based in Singapore.

A6: The UPE is in the best position to determine whether the MNE group is liable to be registered under Part 4 of the MMT Act, as it will have all the relevant information on the CEs in the MNE group.

Q7: Can the payment for MTT and DTT be made in instalments?

A7: This will be considered on a case-by-case basis, in particular for cases where the entities in the MNE group are in financial difficulty.

Others

Q8: What is a qualified IIR / UTPR / DMTT?

A8: A qualified IIR / UTPR / DMTT²⁹ is an IIR / UTPR / DMTT that has received qualified status. The IF will rely on a peer review process to determine whether a jurisdiction's IIR, UTPR and DMTT can be accorded the qualified status.

This process starts with a transitional qualification mechanism, which is a simplified procedure for an initial qualification mechanism, that allows the swift recognition of the qualified status of implementing jurisdictions' legislation on a temporary basis. The confirmation of qualified status under the transitional qualification mechanism will be uploaded on OECD's website in a timely manner, after the transitional qualification process for a jurisdiction's legislation has concluded. For more information on the IF's peer review process / transitional qualification mechanism, please refer to OECD's website³⁰.

Q9: What is the tax treatment for on-charging / recharging of IIR / UTPR / DTT?

A9: The tax treatment of on-charging or recharging of top-up taxes under IIR / UTPR / DTT will follow the general CIT treatment. For example, if a UPE of a Singapore-headquartered MNE group is subject to top-up taxes under MTT in Singapore and wishes to recharge the top-up taxes to another Singapore CE, the top-up taxes paid by that CE will not be deductible and accordingly, the tax recovered by the UPE in Singapore will not be taxable.

For GloBE purposes, some adjustments may need to be made depending on how taxes recharged are recognised.

For example, a Singapore UPE is imposed with top-up tax under MTT and it recharged \$100 of the top-up tax to another CE. If the amount of tax recharged is offset against the tax expense accrued in the Singapore UPE's accounts, the net tax expenses to be added back to the UPE's financial accounting net income or loss ("FANIL") under Article 3.2.1(a) of the GloBE Model Rules would be \$0.

However, if the tax recharge of \$100 is accrued as an income, separate from the tax expense accrued in the Singapore UPE's accounts, the amount of tax expense to be added back to the CE's FANIL under Article 3.2.1(a) is \$100. The tax recharge income of \$100 will be included in the GloBE income.

²⁹ Refer to definitions in Section 2(1) of the MMT Act.

³⁰ <https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/global-minimum-tax/qualified-status-under-the-global-minimum-tax-questions-and-answers.pdf>

Annex B: Summary table of provisions in the MMT Act

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
Part 1 – Preliminary					
1	Definitions of various terms used in the legislation	Sections 2 to 4, First Schedule – paragraphs 2 to 5, 7 to 10	✓	✓	GloBE Model Rules - Articles 1.2 to 1.5, 10.1, 10.2 Chapter 1 of February 2023 AG - sections 1.2, 1.4, 1.5 and 1.6
2	Provision that makes clear that any undefined term used in the legislation that is defined in the GloBE rules, has the meaning given to it in the GloBE rules, as explained or modified in regulations made under section 84.	Section 2(8)	✓	✓	-
3	Location of entity or permanent establishment Sections 5 and 6 set out the rules to determine whether an entity or a permanent establishment is located in a jurisdiction.	Sections 5 and 6	✓	✓	GloBE Model Rules - Article 10.3
4	“GloBE income or loss” and “financial accounting net income or loss” (or “FANIL”) Paragraph 6 of the First Schedule provides that the GloBE income or loss of a CE of an MNE group for a FY is its financial	First Schedule – paragraph 6	✓	✓	Chapter 3 of December 2023 AG - section 3.2

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
	<p>accounting net income or loss after making the adjustments prescribed in regulations.</p> <p>Generally, the financial accounting net income or loss of:</p> <ul style="list-style-type: none"> a. a CE is the net income or loss of the entity before making any consolidation adjustments that is used to prepare the CFS of the UPE of the MNE group, and excludes the financial accounting net income or loss of a permanent establishment of the entity; b. a permanent establishment is the profits or loss of the permanent establishment reflected in the accounts for the permanent establishment; and c. a flow-through entity (not being UPE) is allocated to the owners who are not group entities, followed by a permanent establishment of the flow-through entity, and the owner located in a jurisdiction that treats the flow-through entity as fiscally transparent. Where the group entity owner of the flow-through entity is located in a jurisdiction that does not treat the flow-through entity as fiscally transparent (i.e. reverse hybrid entity), the financial accounting net income or loss is allocated to the reverse hybrid entity. 				
5	<p>"Adjusted covered taxes" and "covered taxes"</p> <p>Paragraph 1 of the First Schedule provides that the adjusted covered taxes of a CE of an MNE group for a FY is the qualifying current tax expense and qualifying deferred tax expense of the entity after making the adjustments prescribed in regulations.</p>	First Schedule – paragraph 1	✓	✓	GloBE Model Rules - Chapter 4 (in relation to definition of "disqualified refundable imputation tax",

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
	<p>The qualifying current tax expense and qualifying deferred tax expense of a CE is the current tax expense and deferred tax expense reflected in its financial accounting net income or loss that relates to covered taxes (as defined), and excludes the qualifying current tax expense and qualifying deferred tax expense of a permanent establishment of the entity.</p> <p>Where the financial accounting net income or loss of a flow-through entity is allocated to another CE of the same MNE group, the qualifying current tax expense and qualifying deferred tax expense is also allocated to that other CE in the same proportion.</p>				“eligible distribution tax system”, “qualified imputation tax”)
6	<p>Minimum rate</p> <p>Section 7 provides that the minimum rate for the purposes of MTT and DTT is 15%.</p>	Section 7	✓	✓	<p>GloBE Model Rules - Article 10.1</p> <p>Chapter 5 of February 2023 AG – section 5.1.3</p>
7	<p>MNE group to which the Act applies</p> <p>Section 8 provides that MTT and DTT apply to MNE groups that have consolidated group revenue of EUR 750 million or more for at least 2 of the 4 preceding FYs.</p>	Section 8	✓	✓	GloBE Model Rules - Article 1.1

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
8	<p>Currency</p> <p>Section 9 provides that, unless modified in regulations made under section 84, calculations under the Act are to be carried out in the currency used to prepare the CFS for the FY concerned of the UPE; or where no such statements were prepared, the currency in which such statements would have been prepared in accordance with paragraph 2(d) of the First Schedule.</p> <p>However, for the purpose of DTT, where all the CEs of an MNE group located in Singapore have the same FY as the UPE, prepare their financial statements for that FY in accordance with the Accounting Standards made or formulated under Part 3 of the Accounting Standards Act 2007 and use Singapore dollar as their functional currency in preparing those financial statements, then the calculations under the Act are to be carried out in the Singapore dollar. This also applies to standalone JV or entities of a JV group located in Singapore.</p>	Section 9	✓	✓	Chapters 1, 4 and 5 of July 2023 AG
9	<p>Act to be construed as one with ITA</p> <p>Section 10 provides that the MMT Act is to be construed as one with the ITA.</p>	Section 10	✓	✓	-
Part 2 – MTT					
10	<p>Purpose of Part - to impose top-up tax under IIR</p> <p>Section 11 sets out the purpose for MTT to implement the GloBE rules relating to the top-up tax under the IIR.</p>	Section 11	✓	-	GloBE Model Rules - Article 2.1

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
11	<p>Entity chargeable with MTT</p> <p>Sections 12 and 13 set out the group entity(ies) of an MNE group which is chargeable with MTT.</p>	Sections 12 and 13	✓	-	GloBE Model Rules - Article 2.1
12	<p>Amount of MTT chargeable on chargeable entity</p> <p>Section 14 provides that the amount of MTT chargeable on a chargeable entity for a FY is the sum of the top-up tax of each relevant entity of the chargeable entity for the FY.</p>	Section 14	✓	-	GloBE Model Rules - Articles 2.2 and 2.3
13	<p>Top-up tax and top-up amount for an entity that is not a special entity</p> <p>Section 15 sets out the determination of the top-up tax for a relevant entity of a chargeable entity that is not an investment entity or an insurance investment entity.</p> <p>Sections 16 to 18 and 21 provide the rules for computing the jurisdictional top-up amount for CEs located in a jurisdiction and the top-up amount of an entity that is not a special entity. Section 21 also explains when an additional current top-up amount applies.</p>	Sections 15 to 18, Section 21	✓	Sections 16 to 18, Section 21, with modifications	<p>GloBE Model Rules - Articles 2.2, 2.3, 4.1.5, 5.1, 5.2, 5.3, 5.4</p> <p>Chapters 2 and 5 of February 2023 AG – sections 2.7.3, 5.1.3</p> <p>Chapters 4 and 5 of July 2023 AG</p>
14	<p>Top-up amount for special entities and multi-parent groups</p> <p>Sections 22 to 25 set out how the top-up amount is computed for relevant entities that are the following special entities:</p> <ul style="list-style-type: none"> - stateless entities - minority-owned CEs 	Sections 22 to 26	✓	✓ with modifications	GloBE Model Rules - Articles 5.6, 6.4, 6.5, 7.4, 7.5, 7.6

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
	<ul style="list-style-type: none"> - investment entities and insurance investment entities - joint ventures and JV subsidiaries <p>Section 26 enables regulations to be made in accordance with the GloBE rules to prescribe how Part 2 applies in relation to a multi-parent group.</p>				Chapter 5 of February 2023 AG – section 5.1.3
15	<p>De minimis exclusion GloBE Safe Harbours Sections 19 and 20 set out the de minimis exclusion and GloBE Safe Harbours, where an election may be made in accordance with the GloBE rules for an amount of top-up tax for a jurisdiction to be treated as nil, subject to conditions.</p>	Sections 19 and 20	✓	✓	GloBE Model Rules - Articles 5.5 and 8.2
Part 3 – DTT					
16	<p>Purpose of Part</p> <p>Section 27 sets out the purpose to implement the DTT as a QDMTT within the meaning of GloBE rules.</p>	Section 27	-	✓	-
17	<p>DTT payable in respect of MNE group and amount of DTT Section 28 sets out when DTT is applicable to an MNE group, and that the amount of DTT payable is the top-up amount for the MNE group for the FY.</p>	Section 28	-	✓	-

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
18	<p>Top-up amount of MNE group</p> <p>Section 29 provides that the top-up amount for an MNE group is the sum of the top-up amounts of the different entity types stated in that section.</p>	Section 29	-	✓	-
19	<p>Top-up amounts of CEs</p> <p>Section 30 modifies the provisions applicable to the computation of the MTT in sections 16 to 23 and 25 for the purpose of computing the DTT as a QDMTT within the meaning of the GloBE rules.</p>	Section 30	-	✓	<p>GloBE Model Rules - Articles 4.1.5, 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 6.4, 8.2</p> <p>Chapters 2 and 5 of February 2023 AG - sections 2.7.3 and 5.1.3</p> <p>Chapter 4 of July 2023 AG - QDMTT guidance specifically the guidance on Joint Ventures, JV Subsidiaries and Minority-owned CEs, Stateless CEs</p>

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
					Chapter 5 of July 2023 AG - QDMTT safe harbour and switch off rule for Investment Entities, Joint ventures and JV subsidiaries
Parts 4, 5, 6, 7 – Administration, etc.					
20	<p>Registration and cancellation or suspension of registration of MNE group</p> <p>Sections 31 and 32 provide for the registration of an MNE group that has a CE or a JV located in Singapore or a reverse hybrid entity formed, registered or incorporated in Singapore (not being a responsible member). The UPE of such an MNE group has the liability to register the MNE group; failing which, the Comptroller may register the MNE group.</p> <p>Section 35 provides that the UPE of a registered MNE group must inform the Comptroller on the occurrence of prescribed events.</p> <p>Section 36 provides that a surcharge may be imposed on the UPE if it fails to register the MNE group.</p> <p>Section 38 provides for the cancellation or suspension of registration of an MNE group if it is not one to which the MMT Act applies.</p>	Sections 31, 32, 35, 36 and 38	✓	✓	-

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
21	<p>GFE and DFE</p> <p>Sections 33 and 34 provide that a Singapore CE of a registered MNE group must be designated as the GFE and DFE of the MNE group. Otherwise, an entity may be deemed as the GFE and DFE by the Comptroller.</p>	Sections 33 and 34	✓ (Section 33)	✓ (Section 34)	-
22	<p>Record keeping</p> <p>Section 37 sets out the record keeping obligations of prescribed entities of an MNE group.</p>	Section 37	✓	✓	-
23	<p>Returns deemed furnished by due authority</p> <p>Section 39 establishes a presumption that a return, statement or form presented as from an entity is considered to have been furnished by that entity, unless proven otherwise. The person signing such a document is deemed to be aware of its content.</p>	Section 39	✓	✓	-
24	<p>GloBE information return</p> <p>Section 40 provides for the obligation of a GFE to file a GIR, or where such a return has been filed in another jurisdiction pursuant to a qualifying competent authority agreement, to notify the Comptroller of the particulars of the filing CE and the jurisdiction where it is located instead.</p>	Section 40	✓	-	GloBE Model Rules - Article 8.1

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
25	<p>Returns and payment of MTT</p> <p>Section 41 provides for the filing of returns stating the liability for MTT and where applicable, the amount of top-up tax in respect of each relevant entity.</p> <p>Section 42 sets out the obligation to pay any MTT payable no later than one month after the due date to furnish a MTT return.</p>	Sections 41 and 42	✓	-	-
26	<p>Returns and payment of DTT (including election to pay amount attributable to an entity separately)</p> <p>Section 43 provides for the filing of returns stating the liability for DTT of the MNE group, and where an election is made for an amount to be paid separately by an entity, the identity of the entity and the amount to be paid by that entity.</p> <p>Section 44 sets out the obligation to pay any DTT payable no later than one month after the due date to furnish a DTT return.</p> <p>Section 45 provides for the election mentioned in section 43 to pay amount attributable to an entity separately.</p>	Sections 43 to 45	-	✓	-
27	<p>Information gathering powers of Comptroller, powers of arrest and disposal of items furnished or seized</p> <p>Sections 46 and 47 provide that the Comptroller may exercise the specified powers under the ITA to obtain information or evidence, or to arrest, for the purpose of administering or enforcing the MMT Act.</p>	Sections 46 to 48	✓	✓	-

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
	<p>Section 48 provides that the Comptroller may use information obtained under the Goods and Services Tax Act 1993, the Property Tax Act 1960 or the Stamp Duties Act 1929, for the purpose of administering and enforcing the MMT Act.</p>				
28	<p>Assessments, objections and appeals</p> <p>Sections 49, 50 and 51 provide that the Comptroller may make an assessment of MTT or DTT on a chargeable entity of an MNE group in certain circumstances, for example if a return is not furnished by the due date, if the MNE group was not registered but should have been registered by the due date, or when fraud or wilful default has been committed.</p> <p>Section 52 provides that an assessment or other proceeding purporting to be made in accordance with the MMT Act is not affected by any mistake, defect or omission therein, if it is in substance and effect in conformity with the intent and meaning of the legislation.</p> <p>Section 53 sets out the objection process if a chargeable entity disputes an assessment of MTT or DTT payable by it for a FY.</p> <p>Section 54 provides that the Board of Review established under the ITA may hear appeals against assessments made under the MMT Act. The decision of the Board may be appealed against to the General Division of the High Court as provided under Sections 55 and 56.</p>	Sections 49 to 57	✓	✓	-

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
	Section 57 provides that if no valid notice of appeal is lodged within the prescribed time against an assessment or if the assessment has been determined on appeal, the assessment is final and conclusive.				
29	Recovery of unpaid MTT, interest and penalty Section 58 provides that various provisions of the ITA relating to collection and recovery of unpaid income tax also apply to the collection and recovery of MTT (including any interest imposed) with specified modifications.	Section 58	✓	-	-
30	Repayment of MTT and DTT Section 60 provides that an entity that has paid excess MTT or DTT may claim a repayment of the excess amount. Section 63 provides that an entity that had paid excess MTT or DTT on the basis of an erroneous return may apply to the Comptroller for relief.	Sections 60 and 63	✓	✓	-
31	Collection and recovery of DTT (including right of contribution) Section 59 provides that entities of or connected to an MNE group are jointly and severally liable to pay the DTT in arrears and interest in arrears. It also provides that various provisions of the ITA relating to collection and recovery of unpaid income tax also apply to the	Sections 59, 61 and 62	-	✓	-

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
	<p>collection and recovery of DTT (including any interest imposed) with specified modifications.</p> <p>Section 61 provides for a right to contribution or indemnity of an entity of or connected to an MNE group who has made payment to the Comptroller of any part of DTT, from another liable entity of that MNE group.</p> <p>Section 62 provides that where a joint venture or JV subsidiary is connected to more than one MNE group and DTT is payable in respect of both MNE groups for a FY, the DFE of either MNE group may apply to the Comptroller for relief against double-counting of DTT.</p>				
Part 8 – Offences					
32	<p>Offences</p> <p>Sections 64 to 75 provide for the penalties and consequences for:</p> <ul style="list-style-type: none"> - failure to make return - failure to keep proper records - failure to file GIR and GloBE notification - mistakes in GIR that are known to be false or misleading - incorrect MTT and DTT return - serious fraudulent tax evasion - offences by authorised and unauthorised persons - offence for obstructing Comptroller or officers, etc. 	Sections 64 to 75	✓	✓	-

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
Part 9 – Miscellaneous					
33	<p>Miscellaneous</p> <p>Sections 76 to 83 provide for:</p> <ul style="list-style-type: none"> - authorisation of officers - liability of managers of entities - duty of liquidator etc. on winding up of entity - provisions relating to interest and penalty - saving for criminal proceedings - admissibility of certain statements and documents as evidence - protection of informers - application of other ITA provisions 	Sections 76 to 83	✓	✓	-
34	<p>Regulations</p> <p>Section 84 provides the Minister with regulation making powers for the matters listed therein.</p>	Section 84	✓	✓	-
35	<p>Related amendments to Income Tax Act 1947</p> <p>Section 85 provides for related amendments to be made to the ITA.</p>	Section 85	-	-	-
36	<p>Related amendments to Inland Revenue Authority of Singapore Tax Act 1992</p> <p>Section 86 provides for related amendments to be made to the Inland Revenue Authority of Singapore Tax Act 1992.</p>	Section 86	-	-	-

Multinational Enterprise Top-up Tax and Domestic Top-up Tax

S/N	Description of provisions	Section in MMT Act	Section applicable to MTT	Section applicable to DTT	Reference to GloBE Model Rules / AGs
Second Schedule					
37	This schedule provides the relevant percentages to be applied for the purpose of applying the substance-based income exclusion in sections 18(2) and 18(3) for a FY beginning in 2023 and subsequent years.	Second Schedule	✓	✓	GloBE Model Rules - Article 9.2

Annex C-1: Example of a DTT computation with and without election made in paragraph 8.5.1

An MNE group is in-scope for DTT for the FYE 31 December 2025. Other relevant facts include:

- The LFAS rule is applied.
- The MNE group has SBIE of S\$30.
- The MNE group has no additional current top-up amount.
- The MNE group has four Singapore CEs that are not special entities, NSE 1 to NSE 4.
- The DTT is computed based on the GloBE income or loss and adjusted covered taxes shown in the table below:

	GloBE income / loss	Adjusted covered taxes
NSE 1	S\$100	S\$10
NSE 2	S\$200	S\$15
NSE 3	- S\$80 (loss)	S\$0*
NSE 4	S\$80	S\$11
Sum of GloBE income or loss and adjusted covered taxes of NSE 1 to NSE 4	S\$300	S\$36
Jurisdictional ETR of the MNE group in Singapore = S\$36 / S\$300 = 12%		
Top-up tax percentage = 15% – 12% = 3%		
Amount of excess profits = S\$300 – S\$30 = S\$270		
Top-up amount (i.e. DTT) = 3% x S\$270 = S\$8.10		

*Assume that the deferred tax benefit in relation to the tax loss did not qualify as adjusted covered taxes.

Scenario 1 - No election is made under paragraph 8.5.1

- The DFE will be chargeable with the DTT of S\$8.10.

Scenario 2 - An election in paragraph 8.5.1 is made by NSE 2

- The amounts of DTT chargeable on the DFE and NSE 2 will be:

	DTT chargeable
NSE 2	
Allocation based on section 45(4) of the MMT Act = S\$200 / (S\$100 + S\$200 + S\$80) x S\$8.10 <i>(GloBE loss is not included in the allocation base)</i>	S\$4.26
DFE = S\$8.10 – S\$4.26	S\$3.84
Total DTT chargeable on the MNE group in Singapore	S\$8.10

Annex C-2: Example of a DTT computation with special entities

An MNE group is in-scope for DTT for the FYE 31 December 2025. Other relevant facts include:

- The LFAS rule is applied.
- The MNE group has no SBIE and no additional current top-up amount.
- The MNE group has four Singapore CEs that are not special entities (NSE 1 to NSE 4), and two special entities which are minority-owned CEs of the same minority-owned subgroup (SE 1 and SE 2).
- The DTT is computed based on the GloBE income or loss and adjusted covered taxes shown in the table below:
 - When computing the DTT, the jurisdictional ETR and top-up amount must be computed separately for (a) CEs that are not special entities, and (b) CEs that are special entities. The rules in paragraph 8.6 refer.
 - In addition, the DTT chargeable will be at 100% notwithstanding that the UPE of the MNE group may have less than 100% ownership interests in any of the CEs.

	GloBE income / loss	Adjusted covered taxes
NSE 1	S\$100	S\$10
NSE 2	S\$200	S\$15
NSE 3	- S\$50 (loss)	S\$0*
NSE 4	S\$80	S\$11
Sum of GloBE income or loss and adjusted covered taxes of NSE 1 to NSE 4	S\$330	S\$36
<p><i>*Assume that the deferred tax benefit in relation to the tax loss did not qualify as adjusted covered taxes.</i></p> <p>Jurisdictional ETR for CEs that are not special entities = $S\\$36 / S\\330 $= 10.9091\%^{31}$</p> <p>Top-up tax percentage = $15\% - 10.9091\% = 4.0909\%$</p> <p>Amount of excess profits = $S\\$330 - S\\$0 = S\\$330$ Top-up amount for NSE 1 to NSE 4 = $4.0909\% \times S\\$330 = S\\13.50</p>		
SE 1	S\$30	S\$5
SE 2	S\$80	S\$8
Sum of GloBE income or loss and adjusted covered taxes of SE1 and SE 2	S\$110	S\$13

³¹ Per Commentary on Article 5.1.1 – The jurisdictional ETR is to be expressed as a percentage rounded to the fourth decimal place.

Jurisdictional **ETR** for CEs that are minority owned CEs = S\$13 / S\$110
= 11.8182%

Top-up tax percentage = 15% – 11.8182% = 3.1818%

Amount of **excess profits** = S\$110 – S\$0 = S\$110

Top-up amount for SE 1 and SE 2 = 3.1818% x S\$110 = **S\$3.50**

Total top-up amount (i.e. DTT) = S\$13.50 + S\$3.50 = **S\$17**

Scenario 1 - No election is made under paragraph 8.5.1

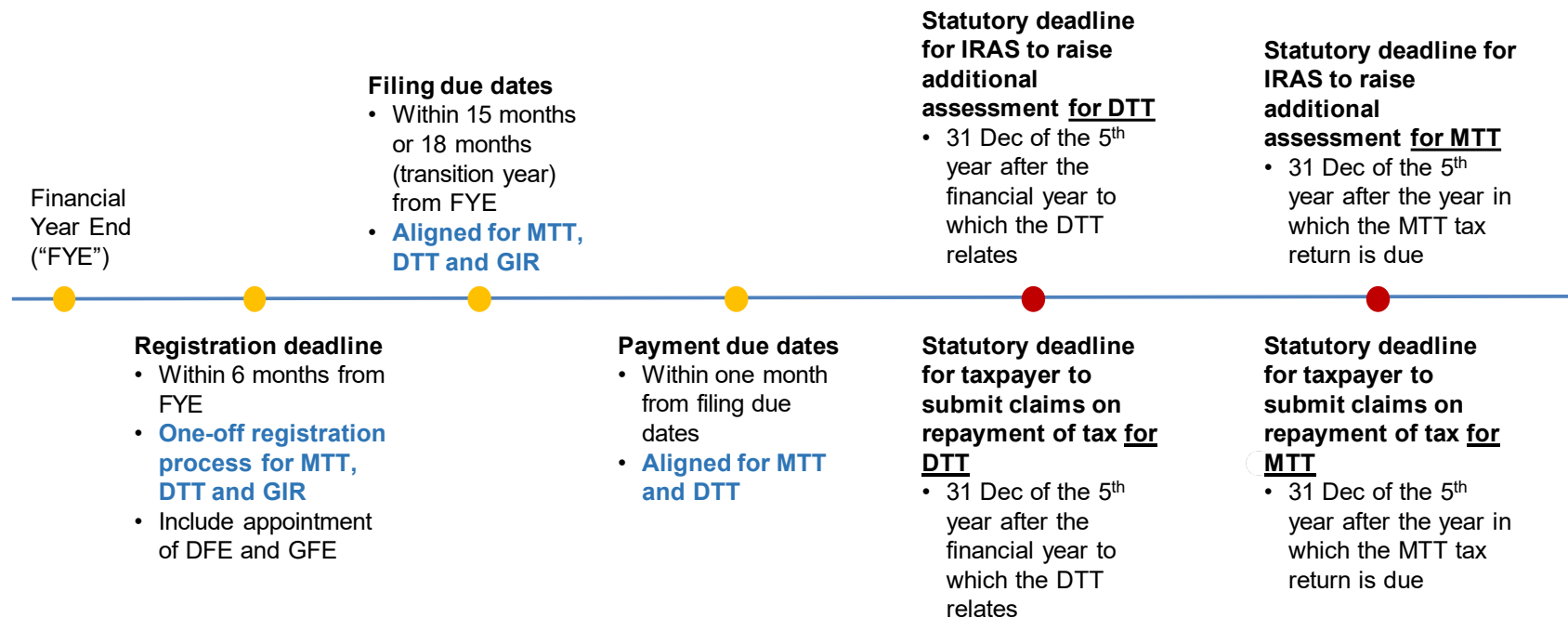
- The DFE will be chargeable with the DTT of S\$17.

Scenario 2 - An election in paragraph 8.5.1 is made by a CE

- If an election in paragraph 8.5.1 is made by any of the CEs, the DTT chargeable to each of the CEs will be computed based on the allocation in section 45(4) of the MMT Act. The DFE will then be chargeable on the remaining amount of DTT not allocated to the CEs. Please also refer to **Annex C-1** on how the allocation in section 45(4) of the MMT Act is applied.

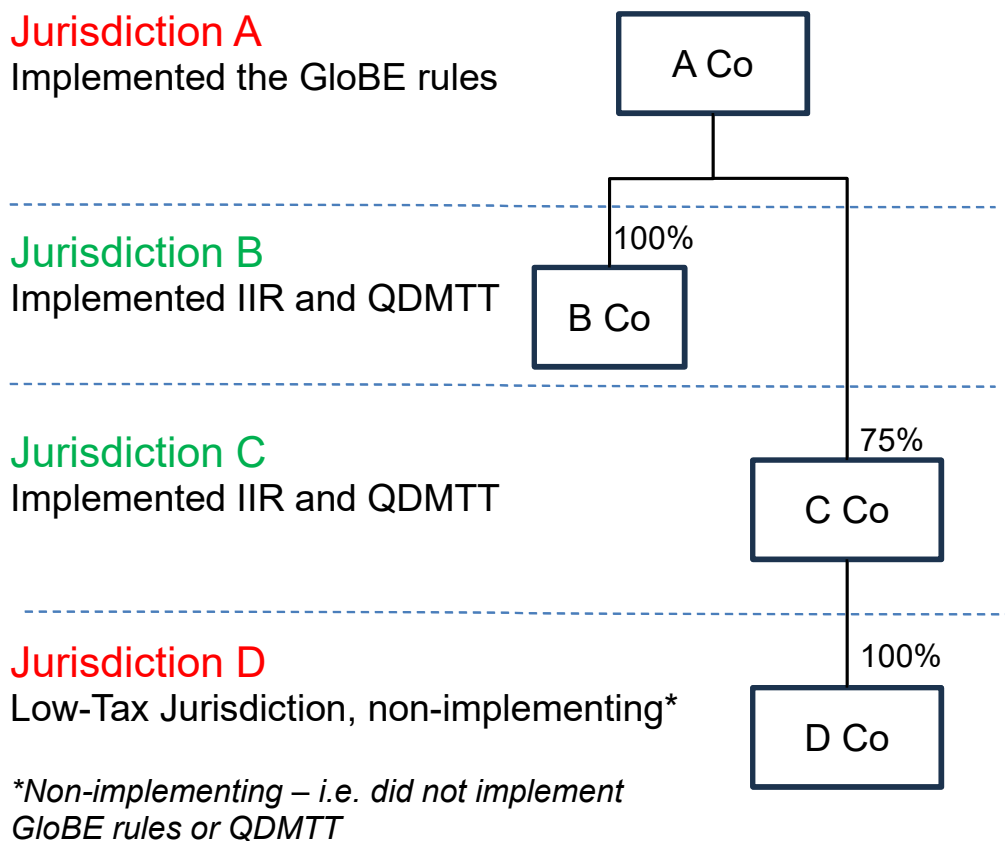
Annex D: Illustration of the timelines for MTT, DTT and GIR

Administrative process for MTT and DTT

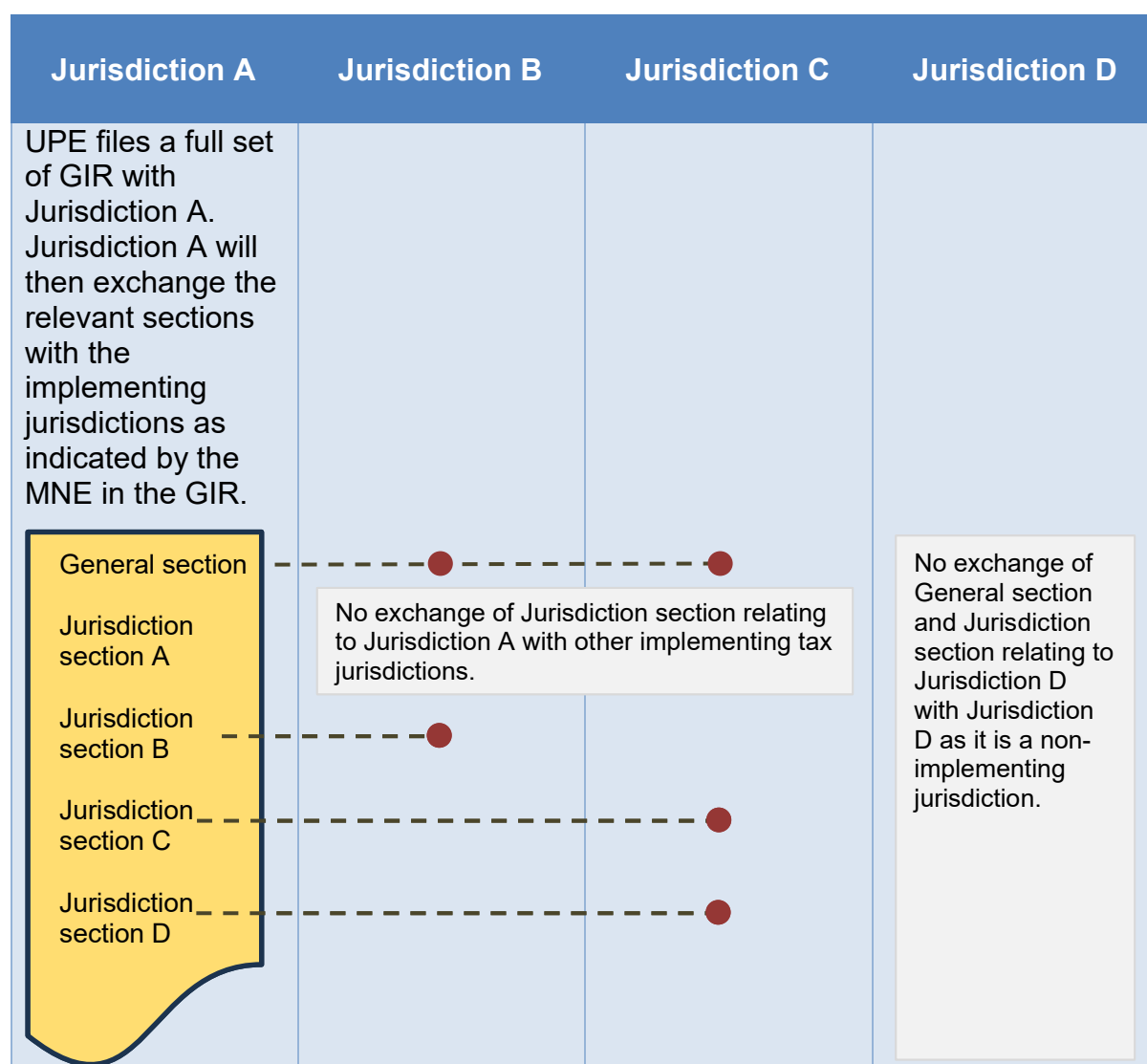


Annex E: Illustration of the dissemination approach for GIR (under central filing)

Consider an MNE group with the following structure and operations in various jurisdictions:



The dissemination approach for the GIR will be as follows:



Assume Jurisdiction A has a qualifying competent authority agreement with all the other jurisdictions,

- Jurisdiction A will exchange the 'General section' with Jurisdictions B and C since they are both implementing jurisdictions.
- Jurisdiction A will exchange the 'Jurisdiction section' of Jurisdiction B with Jurisdiction B since it has taxing rights in respect of itself under a QDMTT.
- Jurisdiction A will exchange the 'Jurisdiction section' of Jurisdiction C with Jurisdiction C since it has taxing rights in respect of itself under a QDMTT. Jurisdiction C will also receive the 'Jurisdiction section' of Jurisdiction D because C Co is a partially-owned parent entity that has taxing rights in respect of D Co.