No. S000

MULTINATIONAL ENTERPRISE (MINIMUM TAX) ACT 2024

MULTINATIONAL ENTERPRISE (MINIMUM TAX) (GLOBE SAFE HARBOURS) REGULATIONS

In exercise of the powers conferred by section 84 of the Multinational Enterprise (Minimum Tax) Act 2024, the Minister for Finance makes the following Regulations:

Citation and commencement

1. These Regulations are called the Multinational Enterprise (Minimum Tax) (GloBE Safe Harbours) Regulations 2024 and comes into operation on.

Application of Parts

2. – (1) Parts 1 and 2 apply for the purposes of determining, for Part 2 of the Act, the top-up amount of a relevant entity of an MNE group.

(2) Part 3 applies for the purposes of determining, for Part 2 of the Act, the top-up amount of a relevant entity of an MNE group but not one that is a joint venture or JV subsidiary connected to the MNE group.

(3) Part 1 applies for the purposes of determining, for Part 3 of the Act, the top-up amount of a constituent entity of an MNE group

located in Singapore or a joint venture or JV subsidiary connected to an MNE group located in Singapore.

(4) Part 3 applies for the purposes of determining, for Part 3 of the Act, the top-up amount of a constituent entity of an MNE group located in Singapore but not a joint venture or JV subsidiary connected to an MNE group located in Singapore.

PART 1

TRANSITIONAL CBCR SAFE HARBOUR

Definitions

3. In this Part—

(*a*) "de minimis test" means the test under regulation 8;

(*b*) "simplified effective tax rate test" means the test under regulation 9; and

(*c*) "routine profits test" means the test under regulation 10.

"Qualifying country-by-country report"

4. –(1) In this Part, "qualifying country-by-country report", in relation to a jurisdiction, means a country-by-country report prepared on the basis of qualified financial statements of an MNE group.

(2) "Country-by-country report" means a country-by-country report in respect of an MNE group that is prepared in accordance with the law of the jurisdiction implementing the OECD guidance on country-by-country reporting.

(3) But where the law of a jurisdiction permits the preparation and filing of a partial country-by country report, such a partial report is not to be regarded as a country-by-country report for the purposes of this Part.

(4) A reference to a country-by-country report in respect of an MNE group that is a multi-parent group is to a report in respect of all of the constituent groups.

(5) "The OECD guidance on country-by-country reporting" means the guidance on country-by-country reporting contained in the Organisation for Economic Co-operation and Development ("OECD") Guidance on Transfer Pricing Documentation and Country-by-Country Reporting, published in September 2014, as amended from time to time.

"Qualified financial statements"

5.—(1) In this Part, "qualified financial statements" of an MNE group means—

(*a*) the financial accounts used to prepare the consolidated financial statements of the ultimate parent entity; or

(*b*) financial statements of constituent entities of the MNE group prepared in accordance with an acceptable financial accounting standard or authorised financial accounting standard, but only if the information in the financial statements is reliable.

(2) Whether information in financial statements is "reliable" is to be determined by reference to the GloBE rules.

(3) Where the assets, liabilities, income, expenses and cash flows of a constituent entity of an MNE group are excluded from the consolidated financial statements of the ultimate parent entity of the MNE group solely due to size or materiality grounds, the financial accounts of that constituent entity that are used for the preparation of the MNE group's qualifying country-by-country report are to be regarded as forming part of the qualified financial statements of the MNE group.

(4) Where purchase price accounting adjustments (called in this regulation PPA adjustments) are included in any financial accounts of a constituent entity used to prepare the consolidated financial statements in paragraph (1)(*a*) or any financial statements of a constituent entity in paragraph (1)(*b*), those financial accounts or financial statements (as the case may be) are not considered

"qualified financial statements", unless the condition in paragraph (5) is met.

(5) The condition mentioned in paragraph (4) is that a qualifying country-by-country report has not been submitted for the MNE group in relation to the jurisdiction concerned for any financial year beginning after 31 December 2022 that was based on the constituent entity's financial accounts or financial statements without PPA adjustments, except in a case where the constituent entity was required by the law of that jurisdiction to change its financial accounts or financial statements to include the PPA adjustments.

Constituent entities eligible for Transitional CbCR Safe Harbour

6. – (1) Subject to paragraphs (2) and (3), every constituent entity of an MNE group located in a jurisdiction is eligible for a GloBE Safe Harbour in this Part (called the Transitional CbCR Safe Harbour) for a financial year if the conditions in regulation 7 are met.

(2) An investment entity or insurance investment entity (X) of the MNE group located in the jurisdiction is eligible for the Transitional CbCR Safe Harbour for a financial year only if –

(*a*) all the constituent entities of the MNE group with direct ownership interests in X are located in that jurisdiction; and

(*b*) no election has been made in respect of X under [*Regulation number for Art 7.5 and 7.6 election*] for that financial year.

(3) A constituent entity of the MNE group located in the same jurisdiction as the ultimate parent entity (Y) of the MNE group that is a flow-through entity, is not eligible for the Transitional CbCR Safe Harbour for a financial year unless, were Y's GloBE income or loss determined for that financial year in accordance with paragraph 6 of the First Schedule to the Act –

(*a*) Y's GloBE income or loss would be nil as a result of the application of paragraph 6(12) of the First Schedule to the Act; and

(*b*) no amount of FANIL or loss of any permanent establishment would be allocated, as a result of Regulation 19 of the Multinational Enterprise (Minimum Tax) Regulations 2025, to Y.

Conditions for application of Transitional CbCR Safe Harbour

7. Constituent entities of an MNE group located in a jurisdiction (jurisdiction Z) and specified in regulation 6, are eligible for the Transitional CbCR Safe Harbour for a financial year if, and only if, the following conditions are met:

(*a*) the financial year commences on or after 1 January 2025 and ends on or before 30 June 2028;

(*b*) a qualifying country-by-country report has been prepared for the MNE group in relation to jurisdiction Z for the financial year;

(*c*) for each preceding financial year --

(i) that the MNE group came within the scope of the law of any jurisdiction imposing a qualified IIR or a qualified UTPR; or

(ii) for which the MNE group was liable to be registered under Part 4 of the Act,

if any, an election was made to apply for that financial year the Transitional CbCR Safe Harbour or its equivalent under the law of any other jurisdiction (as the case may be), to constituent entities of the MNE group located in jurisdiction Z;

(*d*) an election described in regulation 39(1) of the Multinational Enterprise (Minimum Tax) Regulations 2025 was not made for that financial year with respect to any constituent entity located in jurisdiction Z;

(*e*) at least one of the following tests is met for jurisdiction Z in the financial year:

(i) the de minimis test;

(ii) the simplified effective tax rate test;

(iii) the routine profits test.

De minimis test

8.— (1) The de minimis test is met for a jurisdiction in a financial year if—

(*a*) the total revenue of the constituent entities of the MNE group in that jurisdiction for that financial year as reported on its qualifying country-by-country report is less than EUR 10 million; and

(*b*) the total profit or loss before income tax of the constituent entities of the MNE group in that jurisdiction for that financial year, as reported on its qualifying country-by-country report, is less than EUR 1 million.

(2) Where the constituent entities of an MNE Group in a jurisdiction include an entity held for sale and the revenue of that entity is not otherwise included in the amount determined for the purposes of sub-paragraph (1)(*a*), that revenue is to be so included.

Simplified effective tax rate test

9.— (1) The simplified effective tax rate test is met for a jurisdiction in a financial year if the simplified effective tax rate of the constituent entities of an MNE group in that jurisdiction is —

(*a*) in the case of a financial year beginning in 2025, at least 16%; or

(*b*) in the case of a financial year beginning on or after 1 January 2026, at least 17%.

(2) The simplified effective tax rate of the constituent entities of an MNE group in a jurisdiction in a financial year is the amount (expressed as a percentage) given by dividing—

(*a*) the total simplified income tax expense of those constituent entities of the MNE group in that jurisdiction for that financial year; by

(*b*) the total profit or loss before income tax of those constituent entities of the MNE group in that jurisdiction for that financial year as reported on its qualifying country-by-country report.

Routine profits test

10. – (1) The routine profits test is met for a jurisdiction in a financial year if—

(*a*) the qualified substance-based income exclusion amount of the MNE group for that jurisdiction for that financial year is equal to or greater than the profit or loss before income tax for that financial year of the constituent entities of the MNE group located in that jurisdiction as reported in its qualifying country-by-country report; or

(*b*) the profit or loss before income tax of those constituent entities for that financial year as reported in its qualifying country-by-country report is nil or reflects an overall loss.

(2) The "qualified substance-based income exclusion amount" of an MNE group for a jurisdiction for a financial year is the substance-based income exclusion for the constituent entities located in that jurisdiction of the MNE group for that financial year as determined by section 18 of the Act (or that section as applied by section 23 or 24(12) of the Act, in the case of a constituent entity that is a minority-owned constituent entity, or an investment entity or insurance investment entity), ignoring any payroll carve-out amount or tangible asset carve-out amount of any constituent entity of the MNE group in that jurisdiction —

(*a*) that is not regarded as a constituent entity of the MNE group for the purposes of the MNE group's qualifying country-by-country report; or

(*b*) that is not regarded as located in that jurisdiction for the purposes of that report.

(3) In paragraph (2), "payroll carve-out amount" and "tangible asset carve-out amount" have the meanings given respectively by section 18(2) and (3) of the Act.

Basis for determining whether de minimis test, etc. met

11. –(1) Subject to any adjustment required under regulations 12 and 13, the basis for the purpose of determining whether the de minimis test, the simplified effective tax rate test or the routine profits test is met is information derived from one of the documents mentioned in paragraph (2) of the MNE group as to –

(*a*) revenue;

(*b*) profit or loss before income tax;

(*c*) simplified income tax expense;

(*d*) payroll costs; or

(*e*) the carrying value of assets.

(2) The document is whichever of the following was used to prepare the qualifying country-by-country report in relation to the jurisdiction:

(*a*) qualified financial statements falling within regulation 5(1)(*a*), along with any financial accounts treated as forming part of the qualified financial statements under regulation 5(3).

(*b*) qualified financial statements falling within regulation 5(1)(*b*), along with any financial accounts treated as forming part of the qualified financial statements under regulation 5(3).

(3) Where the information described in paragraph (1) in respect of a jurisdiction is not available in qualified financial statements of an MNE group, no election may be made in respect of that jurisdiction.

(4) In this regulation, "simplified income tax expense" means income tax expense as reported in the qualified financial statements of an MNE group that is adjusted to exclude –

(*a*) any amount that does not relate to covered taxes; and

(*b*) any amount that relates to an uncertain tax position.

Adjustments

12. – (1) This regulation sets out adjustments that must be made to the information in regulation 11(1) for the purpose mentioned in that provision.

(2) Where –

(*a*) the constituent entities of an MNE group in a jurisdiction have a net unrealised fair value loss for a financial year; and

(*b*) that loss exceeds 50 million euros,

that loss is to be excluded from the profit or loss before income tax of those constituent entities.

(3) For the purpose of paragraph (2), the constituent entities of an MNE group in a jurisdiction have a net unrealised fair value loss for a financial year to the extent their losses that arise from changes in fair value of relevant ownership interests exceed gains arising from changes in fair value of relevant ownership interests.

(4) For the purpose of paragraph (3), an ownership interest in an entity is "relevant" unless, at the end of the financial year, the direct ownership interests in that entity that are held by one or more constituent entities of the MNE group carry in total rights to less than 10% of the profits, capital, reserves or voting rights of that entity.

(5) For the purpose of applying the de minimis test, the simplified effective tax rate test or the routine profits test –

(*a*) the profit or loss before income tax;

(*b*) the revenue; and

(*c*) the income tax expense,

that is attributable to an investment entity or insurance investment entity (X) of the MNE group must only be included in the profit or loss before income tax, revenue and income tax expense (respectively) of the constituent entity or entities of that MNE group

that has or have direct ownership interests in X, and the amounts so included must be in proportion to its or their ownership interests in X.

(6) In a case described in regulation 5(4) that meets the condition in regulation 5(5), any amount recorded as a reduction in income in a constituent entity's financial accounts that is attributable to an impairment of goodwill related to transactions entered into after 30 November 2021, must be added to its profit or loss before income tax, for the purpose of—

(*a*) determining if the simplified effective tax rate test is met, but only if its financial accounts do not also have a reversal of a deferred tax liability, or a recognition or increase of a deferred tax asset, in respect of the impairment; and

(*b*) determining if the routine profits test is met.

Further adjustments for certain arrangements

13.—(1) This regulation sets out further adjustments that must be made to the information in regulation 11(1) with respect to any of the following arrangements entered into after 15 December 2022:

(*a*) a deduction/non-inclusion arrangement;

(*b*) a duplicate loss arrangement;

(*c*) a duplicate tax recognition arrangement.

(2) Any expense or loss arising as a result of a deduction/non-inclusion arrangement or duplicate loss arrangement entered into after 15 December 2022 must be excluded from the profit or loss before income tax.

(3) However where, in the case of a duplicate loss arrangement arising under paragraph (9)(*a*), the constituent entities that include in their financial statements the expense or loss resulting from the arrangement are located in the same jurisdiction, the adjustment described in paragraph (2) need not be made to the profit or loss before income tax of one of those constituent entities.

(4) Any income tax expense arising as a result of a duplicate tax recognition arrangement entered into after 15 December 2022 must be excluded from the simplified income tax expense.

(5) In this regulation, an arrangement is considered as having been entered into after 15 December 2022 if, after that date –

(*a*) the arrangement is amended or transferred to another party;

(*b*) the performance of any right or obligation under the arrangement differs from the performance thereof before that date (including where payments are reduced or ceased with the effect of increasing the balance of a liability); or

(*c*) there is a change in the accounting treatment with respect to the arrangement.

(6) In this regulation, a "deduction/non-inclusion arrangement" is an arrangement under which one constituent entity (A) directly or indirectly provides credit or otherwise makes an investment in another constituent entity (B) that results in an expense or loss in the financial statements of A to the extent that –

(*a*) there is no commensurate increase in the revenue or gain in the financial statements of B; or

(*b*) B is not reasonably expected over the life of the arrangement to have a commensurate increase in its taxable income.

(7) However, an arrangement is not a "deduction/non-inclusion arrangement" to the extent that the relevant expense or loss is solely with respect to any additional tier one capital.

(8) In paragraph (6)(*b*), B is not considered to have a commensurate increase in its taxable income to the extent that –

(*a*) the amount included in taxable income is offset by a tax attribute (such as a loss carry forward or an unused interest carry forward) with respect to which a valuation adjustment or accounting recognition adjustment has been made or would have been made if the adjustment determination were made without regard to B's ability to use the tax attribute with respect to a deduction/non-inclusion arrangement, a

duplicate loss arrangement, or a duplicate tax recognition arrangement, entered into after 15 December 2022; or

(*b*) the payment that gives rise to the expense or loss also gives rises to a taxable deduction or loss of a constituent entity located in the same jurisdiction as B without being included as an expense or loss in determining the profit or loss before income tax for that jurisdiction (including as a result of being an expense or loss in the financial statements of a flow-through entity owned by a constituent entity located in the same jurisdiction as B).

(9) In this regulation, a "duplicate loss arrangement" is an arrangement that results in an expense or loss being included in the financial statements of a constituent entity (A) to the extent that –

(*a*) the expense or loss is also included as an expense or loss in the financial statements of another constituent entity (B1); or

(*b*) the arrangement also gives rise to a duplicate amount that is deductible for the purpose of determining the taxable income of another constituent entity (B2) under the law of another jurisdiction.

(10) However—

(*a*) an arrangement is not a "duplicate loss arrangement" under paragraph (9)(*a*) to the extent that the amount of the relevant expense is offset against revenue which is included in the financial statements of both A and B1; and

(*b*) an arrangement is not a "duplicate loss arrangement" under paragraph (9)(*b*) to the extent that the amount of the relevant expense is offset against revenue or income which is included in both—

(i) the financial statements of A; and

(ii) the taxable income of B2.

(11) In this regulation, a "duplicate tax recognition arrangement" is an arrangement that results in more than one constituent entity of

the MNE group including part or all of the same income tax expense in its –

(*a*) adjusted covered taxes; or

(*b*) simplified effective tax rate as described in regulation 9 for the purposes of meeting the simplified effective tax rate test,

unless such arrangement also results in the income on which the tax is payable is included in the relevant financial statements of each such constituent entity.

(12) However, an arrangement is not a "duplicate tax recognition arrangement" if it arises solely because the simplified effective tax rate described in paragraph (11)(*b*) of a constituent entity (A) does not require adjustments for income tax expenses which would be allocated to another constituent entity in determining A's adjusted covered taxes.

Application of Part to joint ventures and JV subsidiaries

14.—(1) This Part applies to joint ventures and JV subsidiaries connected to an MNE group and located in a jurisdiction as it applies to constituent entities of an MNE group located in a jurisdiction.

(2) For the purpose of paragraph (1) –

(*a*) paragraph (*b*) of regulation 7 is omitted;

(*b*) the reference in Regulation 5(3) to "the financial accounts of that constituent entity that are used for the preparation of the MNE group's qualifying country-by-country report" are to the financial accounts that would be used if a qualifying country-by-country report had been prepared in respect of the standalone JV, or the JV group of which the joint venture or JV subsidiary is a part, as the case may be;

(*c*) the "qualified substance-based income exclusion amount" of an MNE group for a jurisdiction for a financial year in regulation 10(1) is the substance-based income exclusion determined for the joint ventures or JV subsidiaries located in the jurisdiction for the financial year in accordance with

section 18 of the Act (as applied by section 25 of the Act); and

(*d*) separate elections under regulation 7(*c*) must be made for applying the Transitional CbCR Safe Harbour for that jurisdiction for each standalone JV, or entities of each JV group, from the election made for constituent entities of the MNE group.

PART 2

QDMTT SAFE HARBOUR

Constituent entities eligible for QDMTT Safe Harbour

15. – (1) Every constituent entity of an MNE group (not being an entity mentioned in paragraph (3) or (4)) located in a jurisdiction is eligible for a GloBE Safe Harbour in this Part (called the Qualified Domestic Minimum Top-Up Tax Safe Harbour or QDMTT Safe Harbour) for a financial year if –

(*a*) the MNE group comes within the scope of the law of the jurisdiction that imposes a qualified domestic minimum top-up tax for that financial year;

(*b*) the qualified domestic minimum top-up tax is described in the regulations prescribing it as being equivalent in effect as DTT, as one to which this regulation applies; and

(*c*) none of the disqualifying conditions in regulation 17 apply for that financial year.

(2) Every joint venture or JV subsidiary connected to an MNE group located in a jurisdiction is eligible for the QDMTT Safe Harbour for a financial year if –

(*a*) the condition in paragraph (1)(*a*) is satisfied; and

(*b*) none of the disqualifying conditions in regulation 18 apply for that financial year.

(3) Every constituent entity of an MNE group that is an investment entity or insurance investment entity located in a jurisdiction is eligible for the QDMTT Safe Harbour if --

(*a*) the condition in paragraph (1)(*a*) is satisfied; and

(*b*) none of the disqualifying conditions in regulation 19 apply for that financial year.

(4) Every constituent entity of an MNE group that is a minority-owned constituent entity located in a jurisdiction is eligible for the QDMTT Safe Harbour if --

(*a*) the condition in paragraph (1)(*a*) is satisfied; and

(*b*) none of the disqualifying conditions in regulation 20 apply for that financial year.

Elections for QDMTT Safe Harbour

16. Separate elections must be made by a filing entity of an MNE group for the application of the QDMTT Safe Harbour for—

(*a*) the entities of the MNE group in regulation 15(1);

(*b*) the entities connected to the MNE group in regulation 15(2);

(*c*) the entities of the MNE group in regulation 15(3); and

(*d*) the entities of the MNE group in regulation 15(4).

Disqualifying conditions for constituent entities other than special entities

17.—(1) Conditions A, B and C are disqualifying conditions for the purposes of Regulation 15(1)(*b*) in relation to an MNE group and a jurisdiction.

(2) Condition A is that –

(*a*) the MNE group has a responsible member located in the jurisdiction that is —

(i) not the ultimate parent entity of the MNE group; and

(ii) a flow-through entity; and

(*b*) the law of that jurisdiction imposing a qualified domestic minimum top-up tax does not impose a charge on a responsible member of an MNE group that is a flow-through entity in any circumstance.

(3) Condition B is that –

(*a*) the law of that jurisdiction imposing a qualified domestic minimum top-up tax provides that it does not apply to an MNE group in the initial phase of the group's international activity;

(*b*) that provision is not limited in application to circumstances where the constituent entities of an MNE group in the jurisdiction are not within the scope of a law of the jurisdiction imposing a qualified IIR; and (*c*) that provision applies to the MNE group.

(4) Condition C is that the enforceability of an amount of qualified domestic minimum top-up tax accruing to a constituent entity of the MNE group in the jurisdiction is in question.

(5) For the purpose of paragraph (4), the enforceability of an amount of qualified domestic minimum top-up tax accruing to a constituent entity is in question if that amount is —

(*a*) contested in any judicial or administrative proceedings in that jurisdiction; or

(*b*) determined by the tax authority of that jurisdiction that the tax is not assessable or collectible,

on constitutional or similar grounds in that jurisdiction or any specific agreement with the government of that jurisdiction limiting the tax liability of the constituent entity.

Disqualifying conditions for joint ventures and JV subsidiaries

18.—(1) Conditions B and C in regulation 17 (as modified by paragraph (2)), and Condition D, are disqualifying conditions for the purposes of Regulation 15(2)(*b*) in relation to an MNE group and a jurisdiction.

(2) Conditions B and C in regulation 17 are modified as follows:

(*a*) a reference to the MNE group is to the joint venture (if it is a standalone JV) or the JV group of which the joint venture or JV subsidiary is a part, as the case may be;

(*b*) a reference to a constituent entity of the MNE group is to the joint venture or JV subsidiary.

(3) Condition D is that the law of that jurisdiction imposing a qualified domestic minimum top-up tax does not impose such tax on the joint venture or JV subsidiary.

Disqualifying conditions for investment entities or insurance investment entities

19.—(1) Conditions A, B and C in regulation 17 (as modified by paragraph (2)), and Condition D, are disqualifying conditions for the purposes of Regulation 15(3)(*b*) in relation to an MNE group and a jurisdiction.

(2) Conditions A, B and C in regulation 17 are modified by replacing any reference to a constituent entity of the MNE group with an investment entity or an insurance investment entity of the MNE group.

(3) Condition D is that investment entities or insurance investment entities of an MNE group do not come within the scope of the law of that jurisdiction imposing a qualified domestic minimum top-up tax.

Disqualifying conditions for minority-owned constituent entities

20.—(1) Conditions A, B and C are disqualifying conditions for the purposes of Regulation 15(4)(*b*) in relation to an MNE group and a jurisdiction.

(2) Conditions A, B and C are modified by replacing any reference to a constituent entity of the MNE group with a minority-owned constituent entity.

PART 3

SIMPLIFIED CALCULATIONS SAFE HARBOUR

"Non-material constituent entity" or NMCE"

21. —(1) In this Part, "non-material constituent entity" or "NMCE" means a constituent entity of an MNE group (other than one consisting solely of an main entity and its permanent establishment) —

(*a*) whose assets, liabilities, income, expenses and cash flows are excluded from the consolidated financial statements of the ultimate parent entity solely on size or materiality grounds; and

(*b*) that meets the conditions A, B and C.

(2) Condition A is that the consolidated financial statements have been prepared in accordance with an acceptable financial accounting standard or, if not prepared in accordance with such standard, have been prepared with adjustments to prevent any material competitive distortions.

(3) Condition B is that the consolidated financial statements are externally audited and the external auditor certified that the entity satisfies the requirement in paragraph (1)(*a*).

(4) Condition C is that, if the entity's revenue exceed EUR 50 million for the financial year in question, its financial accounts for that financial year that are used to prepare country-by-country report (as defined in regulation 4(2)), are prepared in accordance with an acceptable financial accounting standard or an authorised financial accounting standard.

(5) A permanent establishment is an NMCE only if its main entity is itself an NMCE.

Conditions for application of Simplified Calculations Safe Harbour

22.— (1) Every constituent entity of an MNE group within a sub-group that is located in a jurisdiction is eligible for a GloBE Safe Harbour in this Part (called the Simplified Calculations Safe Harbour) for a financial year if –

(*a*) at least one entity of the sub-group in that jurisdiction is an NMCE for which an election is made under regulation 23(1); and

(*b*) at least one of the following tests are met by that sub-group for that jurisdiction in that financial year:

(i) if the sub-group is sub-group 1, 2 or 3 – the routine profits test;

(ii) if the sub-group is sub-group 4 – the de minimis test;

(iii) if the sub-group is subgroup 1, 2 or 3 – the effective tax rate test.

(2) The routine profit test is met by a sub-group for a jurisdiction in a financial year if the substance-based income exclusion amount (as determined by section 18 of the Act) for the entities of the sub-group located in that jurisdiction for that financial year is equal to or greater than the GloBE income or loss for that financial year of those entities.

(3) The de minimis test is met by a sub-group for a jurisdiction in a financial year (FY) if –

(*a*) the average of the following sums is less than EUR 10 million or its equivalent in other currency as determined under [*to specify the regulation number when available*]:

(i) the sum of the adjusted revenues of those entities for FY;

(ii) the sum of the adjusted revenues of the entities of that sub-group in the preceding financial year (FY-1), for FY-1;

(iii) the sum of the adjusted revenues of the entities of that sub-group in the financial year preceding FY-1 (FY-2), for FY-2; and

(*b*) the average of the following sums is less than EUR 1 million or its equivalent in other currency as determined under [*to specify regulation number when ready*]:

(i) the sum of the GloBE income or loss of the entities in sub-paragraph (*a*)(i) for FY;

(ii) the sum of the GloBE income or loss of the entities of that sub-group in FY-1, for FY-1;

(iii) the sum of the GloBE income or loss of the entities of that sub-group in FY-2, for FY-2.

(4) In paragraph (3), if —

(*a*) none of the entities mentioned in paragraph (3)(*a*)(ii) and (*b*)(ii); or

(*b*) none of the entities mentioned in paragraph (3)(*a*)(iii) and (*b*)(iii),

had any adjusted revenue or GloBE income or loss for FY-1 or FY-2 (as the case may be), that financial year is disregarded in computing the average of the sums in paragraph (3)(*a*) and (*b*).

(5) For the purposes of paragraph (3), if any financial year in that paragraph is longer or shorter than a year, then —

(*a*) the sum of the adjusted revenues; or

(*b*) the sum of the GloBE income or loss,

of the entities for that financial year is the amount arrived at by multiplying that sum by the amount given by dividing 365 by the number of days in that financial year.

(6) The effective tax rate test is met by a sub-group for a jurisdiction in a financial year if the effective tax rate (as determined in accordance with section 17(1) of the Act) for the entities of that sub-group is at least 15%.

(7) Paragraphs (2), (3) and (4) are subject to regulation 23.

(8) In this paragraph —

"adjusted revenue", in relation to an entity for a financial year, means the revenue of the constituent entity that is taken into account in its FANIL for the financial year after making the adjustments prescribed in [*to specify regulation number when available*];

"sub-group", in relation to an MNE group, means sub-group 1, sub-group 2, sub-group 3 or sub-group 4 of the MNE group;

"sub-group 1", in relation to an MNE group, means every constituent entity (not being a special entity) of the MNE group;

"sub-group 2", in relation to an MNE group, means every minority-owned constituent entity (not being an investment entity or an insurance investment entity) of the MNE group;

"sub-group 3", in relation to an MNE group, means every investment entity or insurance investment entity of the MNE group;

"sub-group 4", in relation to an MNE group, means every constituent entity (not being an investment entity or an insurance investment entity) of the MNE group.

Simplified calculations for NMCE

23.—(1) For the purposes of the tests in regulation 22(2), (3) and (6), the filing entity of the MNE group may elect for the following:

(*a*) the GloBE income or loss of an NMCE of the MNE group using total revenue as determined in accordance with the relevant CbC Regulations;

(*b*) the adjusted revenue of such NMCE using total revenue as determined in accordance with the relevant CbC Regulations;

(*c*) the adjusted covered taxes in the calculation of the effective tax rate of such NMCE using accrued current tax expense as determined in accordance with the relevant CbC Regulations.

(2) The election must be made in the GloBE information return for the financial year.

(3) Separate elections must be made for each NMCE.

(4) In this regulation, "relevant CbC regulations" means—

(*a*) the law of the jurisdiction in which the ultimate parent entity of the MNE group is located, implementing the guidance on country-by-country reporting contained in the OECD Guidance on Transfer Pricing Documentation and Country-by-Country Reporting, published in September 2014 as amended from time to time;

(*b*) if a country-by-country report is not filed in the jurisdiction mentioned in paragraph (*a*) -- the law of the jurisdiction in which its surrogate parent entity (as defined in the OECD BEPS Action 13 Final Report published in October 2015) is located that implements the guidance mentioned in that paragraph; or

(*c*) if the jurisdiction mentioned in paragraph (*a*) does not have any law as described in that paragraph, and the MNE group is not required to file a country-by-country report in any jurisdiction – the OECD BEPS Action 13 Final Report published in October 2015, and the OECD Guidance on the Implementation of Country-by-Country Reporting published in May 2024.

(5) In this regulation, "country-by-country report" has the meaning given by regulation 4(2).

Made on 2024.

TAN CHING YEE
Permanent Secretary,
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