
No. S000**MULTINATIONAL ENTERPRISE (MINIMUM TAX) ACT 2024****MULTINATIONAL ENTERPRISE (MINIMUM TAX)
(TRANSITION RULES) REGULATIONS**

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

Citation and commencement

1. These Regulations are called the Multinational Enterprise (Minimum Tax) (Transition Rules) Regulations 2024 and comes into operation on.

Application to joint ventures and JV subsidiaries

2. These Regulations apply with the necessary modifications in relation to a standalone JV or an entity of a JV group, as they apply in relation to a constituent entity of an MNE group.

“Transition year”

3.—(1) In these Regulations, in determining the adjusted covered taxes of a constituent entity (X) of an MNE group for the purposes of Part 2 of the Act, “transition year” means —

(a) subject to paragraph (b), the first financial year that—

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- (i) X or any other constituent entity of that MNE group located in the same jurisdiction as X comes within the scope of the law of any jurisdiction imposing a qualified IIR or a qualified UTPR; or
 - (ii) a chargeable entity of that MNE group is liable for MTT in relation to X,whichever is earlier; or
 - (b) where X is eligible for the Transitional CbCR Safe Harbour under the Multinational Enterprise (Minimum Tax) (GloBE Safe Harbours) Regulations or its equivalent in any other jurisdiction – the first financial year that X loses its eligibility for it or that an election is not made to apply it for X.
- (2) In these Regulations, in determining the adjusted covered taxes of a constituent entity (X) of an MNE group located in Singapore for the purposes of Part 3 of the Act, “transition year” means —
- (a) subject to paragraph (b), the first financial year —
 - (i) that any constituent entity of the MNE group located in Singapore comes within the scope of the law of any jurisdiction imposing a qualified IIR or a qualified UTPR;
 - (ii) for which the MNE group is liable to be registered under Part 4,whichever is earlier; or
 - (b) where X is eligible for a Transitional CbCR Safe Harbour under the Multinational Enterprise (Minimum Tax) (GloBE Safe Harbours) Regulations or its equivalent in any other jurisdiction — the first financial year that X loses its eligibility for it or that an election is not made to apply it for X.
- (3) In these Regulations, in determining the adjusted covered taxes of a section 29(b) entity (X) of an MNE group for the purposes of Part 3 of the Act, “transition year” means —

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- (a) the first financial year that X 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,

whichever is earlier.

Deferred tax assets and liabilities must be taken into account in constituent entity's adjusted covered taxes

4.—(1) For the purposes of paragraph 1(1)(d) of the First Schedule to the Act, each deferred tax asset or deferred tax liability reflected or disclosed in the financial accounts of a constituent entity of an MNE group as at the beginning of the transition year of the constituent entity, is to be taken into account in determining the adjusted covered tax of the constituent entity for the transition year and each subsequent financial year.

(2) The following apply for the purposes of paragraph (1):

- (a) if the applicable domestic tax rate at which the deferred tax asset is reflected or disclosed in the financial accounts is less than the minimum rate and paragraph (3) does not apply, the deferred tax asset is to be taken into account at that domestic tax rate;
- (b) if the applicable domestic tax rate at which the deferred tax liability is reflected or disclosed in the financial accounts is less than the minimum rate, the deferred tax liability is to be taken into account at that domestic tax rate;
- (c) if the applicable domestic tax rate at which the deferred tax asset or deferred tax liability is reflected or disclosed in the financial accounts is equal to or greater than the minimum rate, the deferred tax asset or deferred tax liability is to be taken into account at the minimum rate;
- (d) when taking into account the deferred tax asset, the impact of any valuation adjustment or accounting recognition adjustment with respect to the deferred tax asset is to be excluded.

(3) Where, in a case mentioned in paragraph (2)(a), the constituent entity is able to demonstrate that, had it been required to determine its GloBE income or loss for any year before the transition year under paragraph 6 of the First Schedule to the Act, the deferred tax asset would be attributable to a loss that is taken into account when determining that GloBE income or loss, then the deferred tax asset is to be taken into account at the minimum rate.

Where deferred tax asset relates to a tax credit

5.—(1) This regulation applies in a case where —

- (a) the deferred tax asset in regulation 4(1) relates to a tax credit; and
- (b) the applicable domestic tax rate at which the deferred tax asset is reflected or disclosed in the financial accounts is equal to or greater than the minimum rate.

(2) Despite regulation 4(2)(c), the amount of the deferred tax asset to be taken into account in a case to which this regulation applies for the purpose of regulation 4(1), is an amount determined by the formula $A \times B$, where—

- (a) A is the amount determined by dividing –
 - (i) the amount of the deferred tax asset as reflected or disclosed in the financial accounts; by
 - (ii) the tax rate at which the deferred tax asset is reflected or disclosed in the financial accounts of the constituent entity in the financial year immediately before the transition year of the constituent entity; and
- (b) B is the minimum rate.

(3) If the tax rate at which a deferred tax asset is reflected or disclosed in the financial accounts of the constituent entity changes in a financial year after its transition year (called in this regulation the re-application year), the formula in paragraph (2) must be re-applied to the outstanding balance of the deferred tax asset reflected or disclosed in the financial accounts at the beginning of the re-application year to determine the amount of the deferred tax asset to

be taken into account in determining the adjusted covered tax of the constituent entity for the re-application year, and each subsequent financial year.

(4) For the purpose of the reapplication of the formula in paragraph (2) under paragraph (3), the tax rate in paragraph (2)(a)(ii) is to be replaced with the tax rate applied in the financial accounts of the constituent entity in the re-application year.

Deferred tax asset not to be taken into account in certain circumstances

6. Despite regulation 4, a deferred tax asset reflected or disclosed in the financial accounts of a constituent entity is not to be taken into account in determining the adjusted covered taxes of the constituent entity of an MNE group if it arises –

- (a) as a result of a transaction entered into after 30 November 2021 and in a financial year that is before the commencement of the transition year of the constituent entity; and
- (b) in respect of an item that would not be taken into account in computing the GloBE income or loss of the constituent entity in that financial year, had the constituent entity been required to determine GloBE income or loss for that financial year under paragraph 6 of the First Schedule to the Act.

Value of deferred tax asset or liability in case of transfer of assets between constituent entities before transition year

7.—(1) For the purposes of regulation 4(1), the value of the deferred tax asset or deferred tax liability arising from a transfer of assets (not being inventory) after 30 November 2021 between constituent entities of an MNE group and before the commencement of the transition year of the transferor entity, is to be based on the transferor entity's carrying value of the transferred assets upon the transfer.

(2) In paragraph (1), a reference to a transfer of assets between constituent entities of an MNE group includes —

(a) a transaction between constituent entities of an MNE group;
and

(b) a transaction within the same constituent entity,

that does not result in a change in the ownership of the assets, if it has a similar effect for accounting purposes to a change in ownership, and in the case of paragraph (b), the constituent entity is treated as the transferor entity for the purposes of this regulation.

(3) For the purpose of paragraph (1), where either or both of the following apply:

(a) covered tax in relation to the transfer of assets has been paid in any jurisdiction in relation to the transfer of assets;

(b) any loss of the transferor arising in or at the beginning of the financial year in which the transfer took place is offset against any of its taxable gains arising from the transfer, and a deferred tax asset attributable to the loss would have been taken into account for the purposes of regulation 4(1) but for the offset,

then the sum of the covered tax in paragraph (a) and the value of the deferred tax asset attributable to the loss in paragraph (b), up to the amount computed by –

(c) working out the difference between the carrying value of the asset and the value of the asset on which the transferee entity based its computation of the covered tax; and

(d) multiplying the difference by 15%,

is treated as the value of the deferred tax asset.

(4) Where the transition year of the transferee entity begins after the date of the transfer of assets, the value of the deferred tax asset for the purpose of paragraph (1) or (3) must be adjusted to take into account —

(a) any subsequent capitalised expenditure incurred in respect of the assets; and

- (b) amortisation and depreciation of the assets that would have been recognised by the transferor entity had the transfer not occurred.

Adjustments for DTT computation where there is new transition year

8.—(1) This regulation applies where —

- (a) an MNE group of which a constituent entity (including a section 29(b) entity) (called X) is a member, a standalone JV or an entity of a JV group (also each called X) is connected, becomes liable to be registered under Part 4 of the Act; and
- (b) any constituent entity of the MNE group located in Singapore, any section 29(b) entity, any standalone JV located in Singapore or any entity of a JV group located in Singapore connected to the MNE group then comes within the scope of the law of any jurisdiction imposing a qualified IIR or a qualified UTPR.

(2) In this regulation —

“new transition year”, in relation to an entity specified in the first column, means the first financial year that the entity or an entity specified opposite in the second column comes within the scope of the law of any jurisdiction imposing a qualified IIR or a qualified UTPR:

<i>First column</i>	<i>Second column</i>
a constituent of an MNE group located in Singapore	any constituent entity of the MNE group located in Singapore
a section 29(b) entity	the section 29(b) entity
a standalone JV located in Singapore	the standalone JV

an entity of a JV group located in Singapore	any entity of the JV group located in Singapore
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; and

“DTT computation”, for a financial year, means determining the amount of adjusted covered taxes of X in order to determine X’s effective tax rate for the purpose of determining the amount of DTT to which X is subject for that year.

(3) For DTT computation for the new transition year, any excess negative tax carried forward for X under section 17(4) or 21(2) of the Act at the beginning of the new transition year must be eliminated.

(4) Regulation 37(2) (Recaptured deferred tax liabilities) of the Multinational Enterprise (Minimum Tax) Regulations 2025 —

(a) does not apply to any deferred tax liability —

(i) that was taken into account for DTT computation for a financial year prior to the new transition year; and

(ii) that was not recaptured prior to the new transition year; but

(b) applies to any deferred tax liability that is taken into account for DTT computation for the new transition year or a subsequent financial year.

(5) For DTT computation for the new transition year, any amount treated as a special loss deferred tax asset under regulation 38(3)(b) of the Multinational Enterprise (Minimum Tax) Regulations 2025 for a financial year preceding the new transition year must be eliminated; but the filing entity of the MNE group of which X is a part may make a new election in accordance with regulation 38(1) of those Regulations for the new transition year.

(6) For DTT computation for the new transition year, any deferred tax asset or deferred tax liability taken into account for DTT computation for any financial year before the new transition year must be eliminated; and the deferred tax assets and deferred tax liabilities must be determined afresh in accordance with regulations 4

to 6 (whichever is applicable) at the beginning of the new transition year.

(7) For DTT computation for the new transition year, any deferred tax asset —

- (a) reflected or disclosed in X's financial accounts as a result of a transaction entered into after 30 November 2021 and before the beginning of the new transition year; and
- (b) in respect of an item that would not be taken into account in computing X's GloBE income or loss in that financial year, had X been required to determine GloBE income or loss for that financial year under paragraph 6 of the First Schedule to the Act,

is not to be taken into account in determining X's adjusted covered taxes.

(8) Paragraph (7) does not apply to any deferred tax asset —

- (a) that is attributable to a tax loss that gave rise to an additional current top-up amount mentioned in under section 21(2) of the Act; and
- (b) that arises from a transaction in respect of which DTT is payable in Singapore.

Made on 2024.

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Ministry of Finance,
Singapore.*