



PILLAR 2: BUILDING AGILITY INTO PILLAR TWO COMPLIANCE

23 October 2025

Implementation Timeline



ICT Platform for GMT Filing



UPE /
Designated Local Entity

Information Return (GIR)



Hasil International
Data Exchange Facility
(HiDEF)



Every Constituent
Entity of a MNE Group
locate in Malaysia



Top-up Tax Return
(DTT & MTT via e-Filing)



Transitional CbCR Safe Harbour – conditions

Qualified CbC Reports

CbC Report prepared and filed using Qualified Financial Statement

Same Data Source

Consolidated Financial Statement or separate financial statements

Qualified Financial Statement

- Account used to prepare the CFS of the the UPE
- Separate FS prepared in accordance with either an Acceptable Financial Accounting Standard or an Authorised Financial Accounting Standard

General Principal

No adjustment to underlying data of Qualified CbCR / Qualified Financial Statements, unless specifically provided.

Exclusion on Certain Entities

- Stateless Constituent Entities
- Multi-parented MNE Groups
- MNE Group that elected to be subject to Eligible Distribution Tax system under section 191 of ITA 1967

Once Out Always Out Approach

If MNE Group not select for TCSH in the jurisdiction when it is subject to GMT, then it cannot qualify for TCSH in the subsequent year.

Transitional CbCR Safe Harbour – application

No	Scenario	TCSH
1	Management account to populate the data for CbC Report	✗
2	Different data sources for the same calculation at the Entity level (e.g., using PBT from separate financials and SBIE from CFS when performing the routine profits test)	✗
3	Adjustment to its financial accounts to compliant with the applicable CbCR regulation	✓

Transitional Penalty Relief

OECD/G20 Base Erosion and Profit Shifting Project

**Safe Harbours and Penalty Relief:
Global Anti-Base Erosion Rules (Pillar Two)**

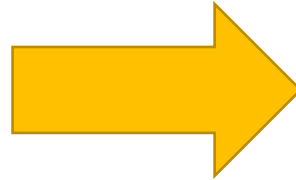
Inclusive Framework on BEPS

- Information furnished in the information return must be complete and correct. Incomplete or incorrect information provided to IRBM may result in a penalty or fine imposed under subsection 226(1) of the ITA, ranging from RM20,000 to RM100,000, or imprisonment for up to six months, or both.
- During the Transition Period, no fines or penalties will be imposed if DGIR considers that the Constituent Entity has taken “reasonable measures” to ensure the correct application of the GMT legislation.
- For IRBM to consider that the Constituent Entity has taken “reasonable measures”, it must demonstrate that it has acted in good faith to understand and comply with the GMT legislation.

Post-filing Adjustment

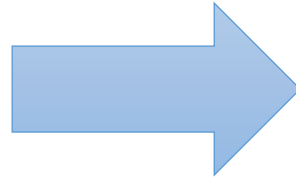
Section 173 of ITA 1967 / Article 4.6 of GloBE Rules

An increase to a Constituent Entity's liability for Covered Taxes for a previous Financial Year recorded in the financial accounts



Adjustment to Covered Taxes in the Financial Year in which the adjustment is made

A decrease to a Constituent Entity's liability for Covered Taxes for a previous Financial Year recorded in the financial accounts



Recalculate the ETR and Top-up Tax for that relevant Financial Year.

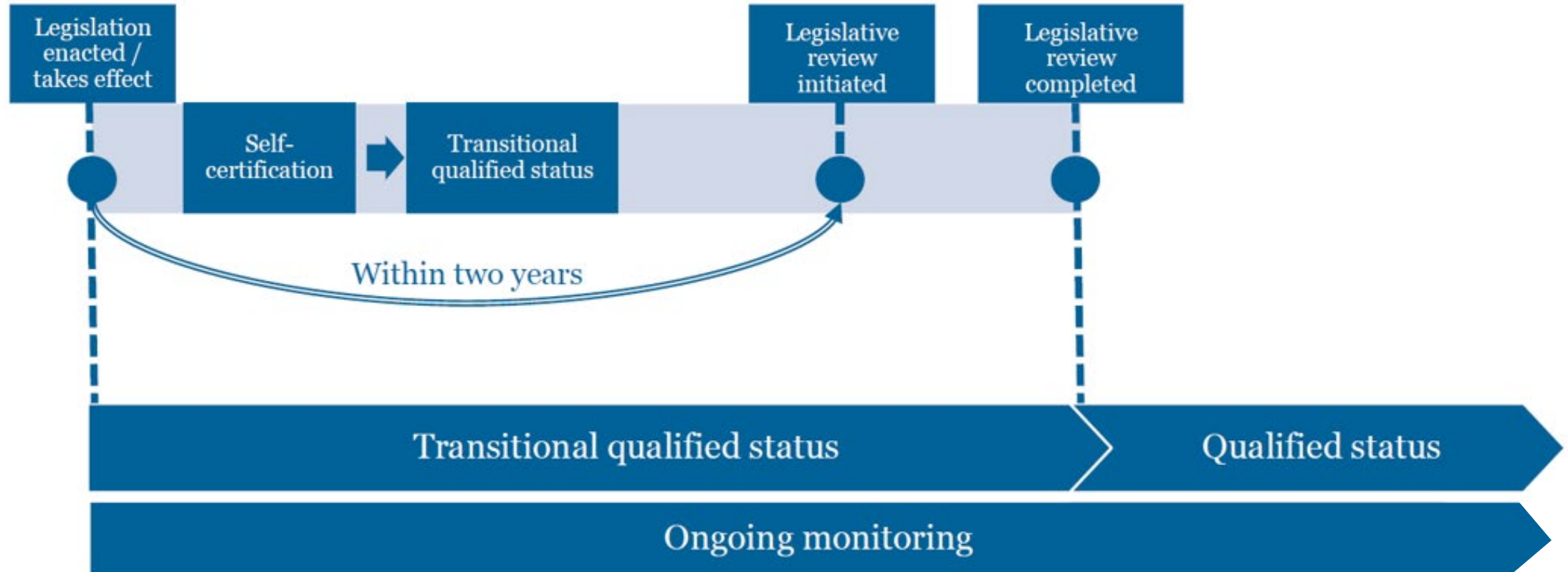
Filing Entity can make an annual election in the GIR to treat an immaterial decrease (less than EUR 1 million) in Covered Taxes as an adjustment to Covered Taxes in the Financial Year in which the adjustment is made.

Qualified Status



- GMT applies based on the agreed rule order:
 - i. QDMTT
 - ii. IIR
 - iii. UTPR
- Effective coordination among the rules depends on each implementing jurisdiction's recognition of “qualified status”.
- A jurisdiction must undergo a peer review process to obtain “qualified status” for its DTT, IIR, or UTPR framework.

Peer Review Process



GMT GUIDANCE – IRBM'S WEBSITE



[About HASiL](#) ▾ [Service](#) ▾ [International](#) ▾ [Legislation](#) ▾ [Forms](#) ▾ [Career](#) [Contact Us](#)

[English](#) ▾

Global Minimum Tax (GMT)

International

Global Minimum Tax (GMT)

- [To whom the GMT apply to?](#)
- [What is an MNE group?](#)
- [What is Top-up Tax?](#)
- [How to calculate the top-up tax?](#)
- [What is QDMTT?](#)
- [What is Malaysia's position on GMT?](#)
- [Implementation Timeline of GMT in Malaysia](#)
- [Flowchart – The application of GMT](#)
- [GMT Guidelines](#)
- [Frequently Asked Questions \(FAQ\) on GMT](#)

Introduction

On 8 October 2021, 136 members of the OECD/G20 Inclusive Framework on Base Erosion Profit Shifting (BEPS) have joined the Statement on the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy. The Two-Pillar Solution is comprised of Pillar One and Pillar Two. Pillar One aims to ensure a fairer distribution of profits and taxing rights among countries with respect to the largest multinational enterprises (MNEs). Meanwhile, Pillar Two puts a floor on tax competition on corporate income tax through the introduction of a global minimum corporate tax rate that countries can use to protect their tax bases. The Global Anti-Base Erosion (GloBE) Rules are the main Pillar Two Rules which set out the scope and mechanism of the new global minimum effective tax rate (ETR) of 15%. A top-up tax will be charged when the group's ETR in a jurisdiction falls below the 15% level.

A – MAIN REFERENCE MATERIALS

- [Model GloBE Rules](#)
(Published 20/12/2021)
- [Commentary to the GloBE Rules](#) :
 - [First Edition](#)
(Published 14/03/2022)
 - [Consolidated Commentary \(2023\)](#) (Published 25/04/2024)
- [Agreed Administrative Guidance \(AAG\)](#):

FOR RELATED GMT ISSUES, PLEASE CONTACT US :

tf2p@hasil.gov.my

