



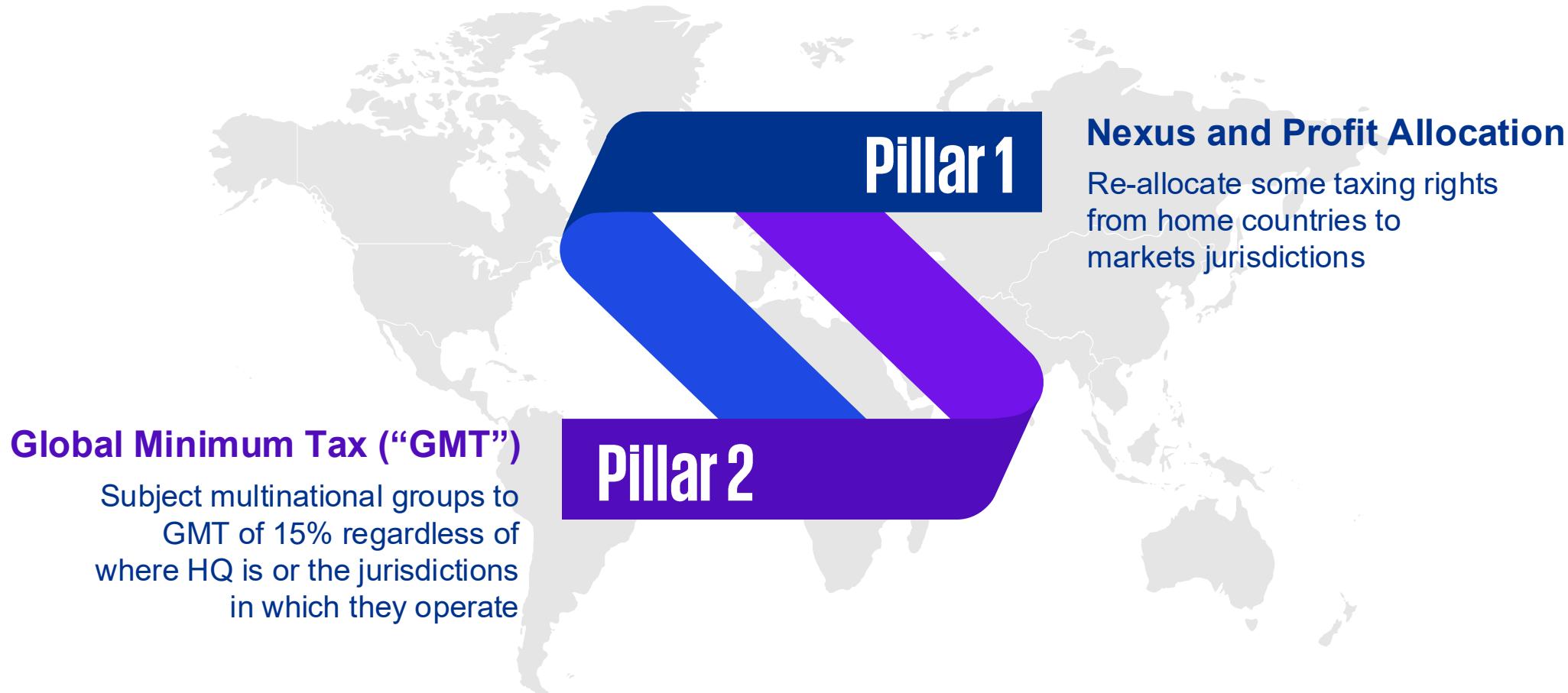
# Global Minimum Tax: Prepare, adapt, comply

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| KPMG in Malaysia



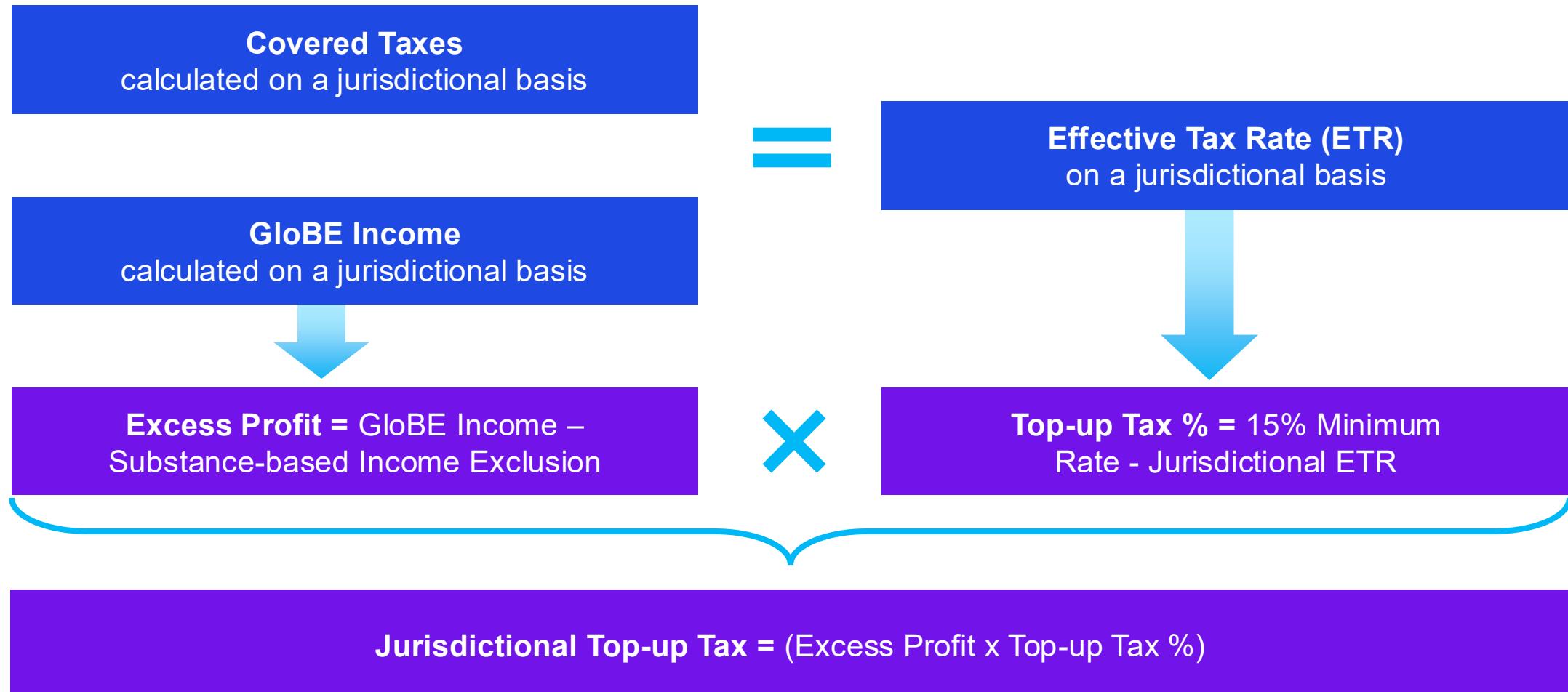
# BEPS 2.0 Two-Pillar Approach



# Overview of Pillar 2 – Global Minimum Tax



# Top-up Tax Calculation



# Substance-based Income Exclusion (SBIE)



# Top-up Tax Calculation- Example

## Fact pattern

- An in-scope MNE Group has 3 wholly owned subsidiaries in Malaysia, A Co, B Co and C Co
- Financial details as follows:-

MNE Group (in Malaysia)	A Co	B Co	C Co	Total
Covered Taxes	2,500	2,500	0	5,000
GloBE Income / Loss	10,000	40,300	-300	50,000
Substance-based Income Exclusion	400	1,000	100	1,500

## What is the jurisdictional top-up tax in Malaysia ?

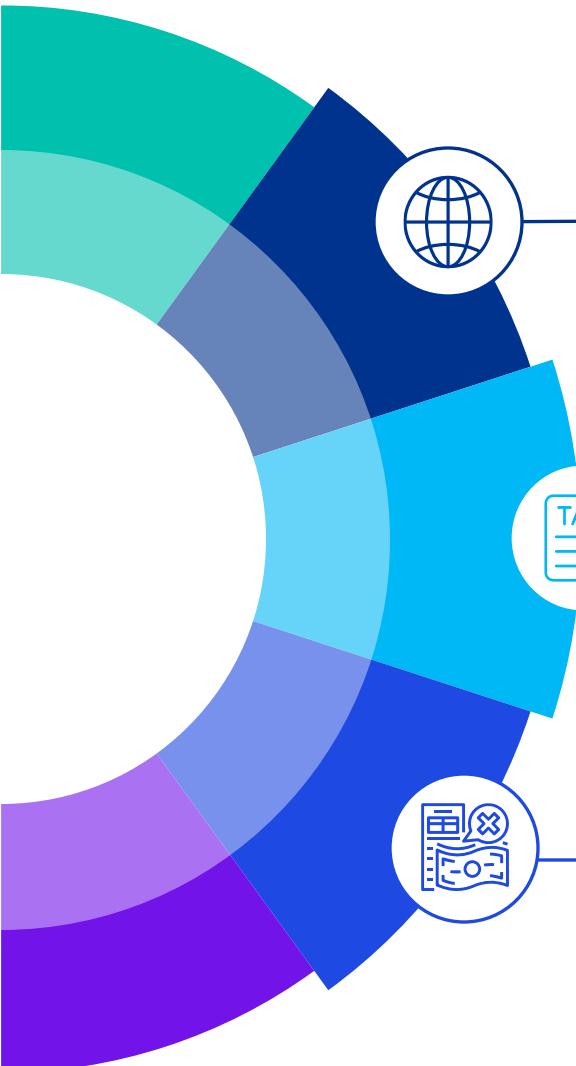
GloBE calculations		
	Formula	
Effective Tax Rate	5,000 / 50,000	10%
Top-up tax %	15% - 10%	5%
Excess Profit	50,000 – 1,500	48,500
Top-up Tax	48,500 x 5%	2,425

## Top-up tax allocation to each Constituent Entity (i.e. in-scope entity) in a jurisdiction

Top-up Tax for a jurisdiction	x	GloBE Income of a CE
		Aggregate GloBE Income of all CEs
	GloBE Income / Loss	Top-up Tax of CE
A Co	10,000	<b>482.11</b> (10,000 / 50,300 x 2,425)
B Co	40,300	<b>1,942.89</b> (40,300 / 50,300 x 2,425)
C Co	-300	0
<b>Total</b>	<b>50,000</b>	<b>2,425.00</b>

# Overview of Pillar 2 in Malaysia

Enacted in Malaysia by virtue of gazette of Finance (No. 2) Act on 29 December 2023



## Multinational Top-up Tax (MTT)

Income Inclusion Rule (IIR) equivalent – Top-up Tax (TuT) collection mechanism for Malaysian parent entities on low-taxed entities outside Malaysia.

## Domestic Top-up Tax (DTT)

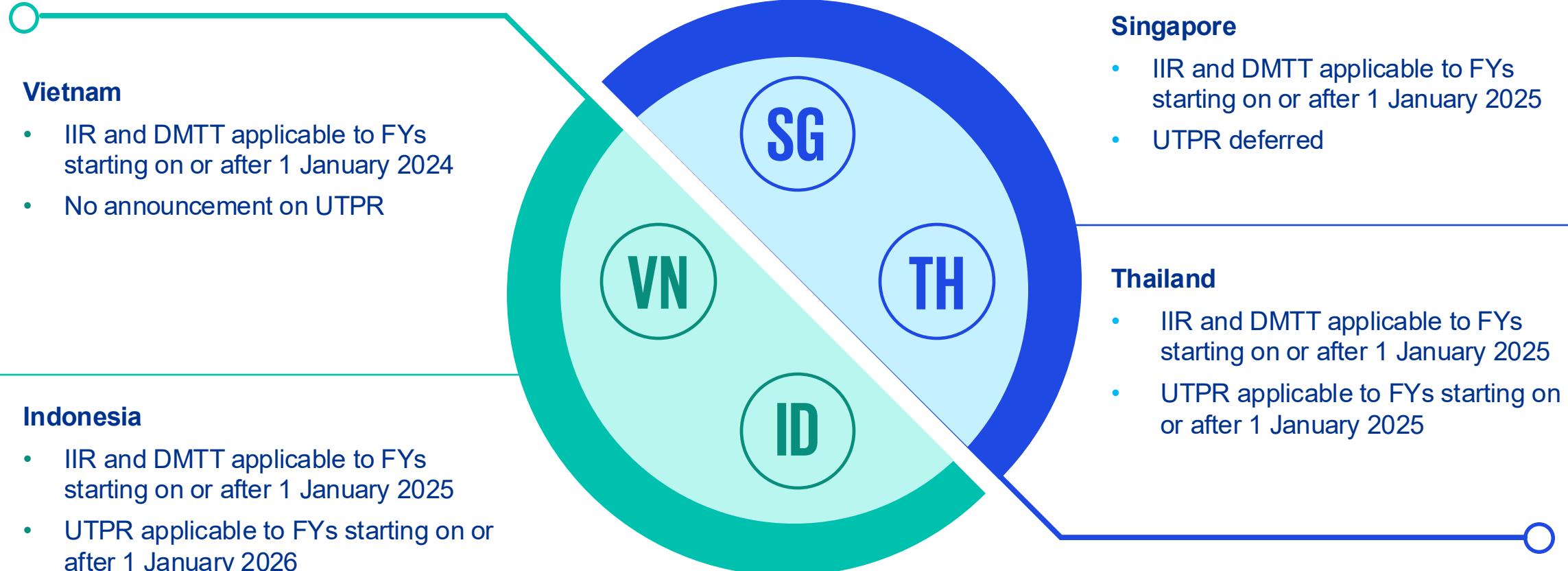
Qualified Domestic Top-up Tax (QDMTT) equivalent – TuT collection mechanism for low-taxed entities in Malaysia.

## Scope and Effective Date

- Applicable to MNE Groups with annual revenue exceeding EUR 750 million threshold.
- Effective from Financial Year (FY) beginning on or after 1 January 2025

## No announcement on Undertaxed Profits Rule (UTPR)

# Other Players in ASEAN



# G7 Statement on Global Minimum Taxes

## G7 Statement

On 28 June 2025, the G7 (comprising Canada, France, Germany, Italy, Japan, the United Kingdom and the United States) released a statement which outlines a shared understanding of a “side-by-side” solution to US concerns on Pillar 2



# Pillar 2 compliance

# A Glimpse at Pillar 2 Compliance

Form / Return	Frequency	Number of filings	Due date
<b>Registration Form</b>	One time	Once per jurisdiction that has implemented Pillar 2	To be determined depending on each jurisdiction's requirements
<b>GloBE Information Return (GIR)</b>	Annual	One central filing (elective), generally filed by UPE, but can be filed by designated filing entity.  In Malaysia, local CEs to file Notification if GIR is filed by UPE / designated filing entity of jurisdiction with QCAA with Malaysia.	15-18 months after close of fiscal year
<b>Top-up Tax (TuT) Returns</b>	Annual	To be determined, but expected to have some filing in each jurisdiction with Pillar 2. E.g. In Malaysia, each and every CE has to file a TuT return (certain jurisdictions allows filing on behalf of other CEs)	To be determined depending on each jurisdiction's requirements, but likely between local filing deadlines and when the GIR is due. E.g. In Vietnam, TuT due within 12 months as opposed to usual 15-18 months.
<b>Notification of Filing</b>	Annual	Filed annually per jurisdiction	To be determined, but likely with local GloBE filing requirements

# Sections of GIR

## 3 GloBE Computations

**GloBE Computations – Jurisdictional schedules**

The Filing Constituent Entity shall complete Section 3 on a jurisdictional basis, for each jurisdiction (or subgroup, where relevant) where exceptions to the GloBE computation do not apply.

<b>3.1 Characteristics of the jurisdiction</b>			
1. Name of the jurisdiction	2. Type of subgroup (if any)	3. Identification of subgroup (if any) for the ETR and Top-up Tax computation	
<b>3.2 ETR computation</b>			
<b>3.2.1 ETR</b>			
a. Financial Accounting Net Income or Loss	b. Net GloBE income or Loss	c. Income tax expense	d. Adjusted Cover
	[A]		

## 2 Jurisdictional Safe Harbours and Exclusions

**Jurisdictional safe harbours and Exclusions**

The Filing Constituent Entity shall complete Section 2 on a jurisdictional basis, for each jurisdiction (or subgroup, where relevant) where exceptions to the GloBE computation do not apply.

### 2.1 Characteristics of the jurisdiction

1. Name of the jurisdiction
2. Type of subgroup (if any)
3. Identification of subgroup (if any)

## 1 MNE Group Information

### 1.1 Identification of the Filing Constituent Entity

1. UPE is the Filing Constituent Entity	2. Name of the Filing Constituent Entity	3. Tax identification number	4. Role	5. Jurisdiction where the Filing CE is located	6. Recipient Jurisdictions for Exchange of Information (if relevant)
Yes/No					

### 1.2 MNE Group General Information

#### 1.2.1 MNE Group and Reporting Fiscal Year

1. Name of the MNE Group	2. Start date of the Reporting Fiscal Year	3. End date of the Reporting Fiscal Year	4. Amended Return
			Yes/No

#### 1.2.2 MNE General accounting information

1. Consolidated Financial Statements of the UPE (type)	2. Financial Accounting standard used for the CFS of the UPE	3. Presentation currency used for the CFS of the UPE (ISO code)

# Sample TuT Returns (Belgium)

ONTWERP		
5 Berekening van de binnenlandse bijheffing / 5 Calcul de l'impôt national complémentaire		
Eén subgroep per tabblad / Un sous-groupe par onglet		
5.1 Kenmerken van de jurisdictie / 5.1 Caractéristiques de la juridiction		
5.1.1 Naam van de jurisdictie / 5.1.1 Dénomination de la juridiction	BE	
5.1.2 Type van de subgroep / 5.1.2 Type de sous-groupe		
5.1.3 Identificatie van de subgroep / 5.1.3 Identification du sous-groupe		
5.2 Berekening van het binnenlandse bijheffingsbelastingtarief / 5.2		
5.2.1 Binnenlandse bijheffingsbelastingtarief / 5.2.1 Taux d'impôt national complémentaire		
Eén subgroep per tabblad / Un sous-groupe par onglet		
5.1 Kenmerken van de jurisdictie / 5.1 Caractéristiques de la juridiction		
5.2.1.a Netto-inkomen of -verlies uit de financiële verslaglegging / 5.2.1.a Résultat net comptable	BE	
5.2.1.b Netto kwalificerend inkomen of verlies / 5.2.1.b Bénéfice admissible net ou perte admissible nette		
5.2.1.c Belasting uit de financiële verslaglegging / 5.2.1.c Charge d'impôt exigible comptabilisée dans le résultat net comptable		
5.2.1.d Aangepaste betrokken belastingen (art. 15, §1, W P2) / 5.2.1.d Montant ajusté des impôts concernés (art. 15, §1, L P2)		
5.2.1.e Aan in België gevestigde groepsentiteiten toegekende bedrage voorheffing / 5.2.1.e Montants accordés aux entités constitutives éligibles		
5.2.1.f Het bedrag van aangepaste betrokken binnenlandse belasting / 5.2.1.f Montant ajusté des impôts nationaux concernés		
5.2.1.g Het binnenlandse bijheffingsbelastingtarief / 5.2.1.g Taux d'impôt national complémentaire		
5.2 Berekening van de binnenlandse bijheffing / 5.2 Calcul du taux d'impôt national complémentaire		
5.2.1 Binnenlandse bijheffingsbelastingtarief / 5.2.1 Taux d'impôt national complémentaire		
Eén subgroep per tabblad / Un sous-groupe par onglet		
5.1 Kenmerken van de jurisdictie / 5.1 Caractéristiques de la juridiction		
5.2.1.a Netto-inkomen of -verlies uit de financiële verslaglegging / 5.2.1.a Résultat net comptable	BE	
5.2.1.b Netto kwalificerend inkomen of verlies / 5.2.1.b Bénéfice admissible net ou perte admissible nette		
5.2.1.c Belasting uit de financiële verslaglegging / 5.2.1.c Charge d'impôt exigible comptabilisée dans le résultat net comptable		
5.2.1.d Aangepaste betrokken belastingen (art. 15, §1, W P2) / 5.2.1.d Montant ajusté des impôts concernés (art. 15, §1, L P2)		
5.2.1.e Aan in België gevestigde groepsentiteiten toegekende bedrage voorheffing / 5.2.1.e Montants accordés aux entités constitutives éligibles		
5.2.1.f Het bedrag van aangepaste betrokken binnenlandse belastingen (art. 27, 1 <sup>o</sup> , W P2) / 5.2.1.f Montant des impôts nationaux concernés ajustés (art. 27, 1 <sup>o</sup> , L P2)		
5.2.1.g Het binnenlandse bijheffingsbelastingtarief / 5.2.1.g Taux d'impôt national complémentaire		
5.3 Berekening van het bedrag van aangepaste betrokken binnenlandse bijheffing / 5.3 Calcul de l'impôt national complémentaire		
5.3.1 Binnenlandse bijheffing / 5.3.1 Impôt national complémentaire		
Eén subgroep per tabblad / Un sous-groupe par onglet		
5.3.1.a Percentage van de bijheffing (15% - binnenlandse bijheffingsbelastingtarief) / 5.3.1.a Pourcentage de l'impôt complémentaire (15% - taux d'impôt national complémentaire)		
5.3.1.b Op basis van substance uitgesloten inkomen / 5.3.1.b Exclusion de bénéfices liée à la substance	[E]=15% - [D]	
5.3.1.c Overwinst / 5.3.1.c Bénéfice excédentaire	[F]	
5.3.1.d Bijkomende binnenlandse bijheffing / 5.3.1.d Impôt national complémentaire supplémentaire	[G]=[A]-[F]	
5.3.1.e Binnenlandse bijheffing in presentatieevaluuta / 5.3.1.e Impôt national complémentaire dans la devise de présentation	[H]	
5.3.1.f Binnenlandse bijheffing in euro / 5.3.1.f Impôt national complémentaire en euros	[I]=[E][x][G]+[H] [I]=[I] in euro / [I]=[I] en euros	
5.4 Detail van het bedrag van aangepaste betrokken binnenlandse belastingen / 5.4 Détail du montant des impôts nationaux concernés ajustés		
Eén subgroep per tabblad / Un sous-groupe par onglet		
5.4.1 Aan in België gevestigde groepsentiteiten toegekende bedrage conformément à l'art. 19, §1, L P2		[1]
5.4.2 Aan in België gevestigde groepsentiteiten toegekende bedrage conformément à l'art. 19, §3, L P2		[2]
5.4.3 Aan in België gevestigde groepsentiteiten toegekende bedrage conformément à l'art. 19, §4, L P2		[3]
5.4.4 Aan in België gevestigde groepsentiteiten toegekende bedrage groepsentiteit die is gevestigd in België / 5.4.4 Montants accordés aux entités constitutives établies en Belgique		[4]
5.4.5 Aan in België gevestigde groepsentiteiten toegekende bedrage voorheffing (art. 27, 1 <sup>o</sup> , W P2) / 5.4.5 Montants accordés aux entités mobilier belge éligible (art. 27, 1 <sup>o</sup> , L P2)		[5]
5.4.6 Aan in België gevestigde groepsentiteiten toegekende bedragen overeenkomstig art. 19, §1, W P2 / 5.4.6 Montants accordés aux entités constitutives établies en Belgique conformément à l'art. 19, §1, L P2		[6]=[1]+[2]+[3]+[4]-[5]

## Snapshots of Belgium's draft QDMTT returns (in Dutch and in French)

- Eleven (11) pages in total
- Information requested amongst others:
  - Details on designated local entity;
  - Identification of MNE Group;
  - Corporate structure;
  - Details on UPE;
  - Details on JVs / entity type;
  - Safe harbour;
  - Elections;
  - Calculation of QDMTT



# Safe harbour

# Transitional CbCR Safe Harbour

## Safe harbor tests

### 01 De minimis test

CbCR Revenue of less than €10 million and Simplified GloBE Income of less than €1 million for the Fiscal Year

### 02 Simplified ETR test

Simplified ETR calculation for a jurisdiction by referring to the Simplified Covered Taxes divided by the Simplified GloBE Income. The applicable minimum rates are **15%** (2023 and 2024), **16%** (2025) and **17%** for fiscal years beginning in 2026.

### 03 Routine profits test

The amount of the Substance-based Income Exclusion is greater than the Simplified GloBE Income.



## Definitions

### *Qualified CbC Report*

CbC Report filed using the Consolidated Financial Statements of the UPE or separate financial statements of each Constituent Entity provided, in broad terms, they are prepared under an authorized accounting standard and are reliable (Qualified Financial Statement).

### *Simplified GloBE Income*

Profit (Loss) before Income Tax from the MNE's Qualified CbC Report.

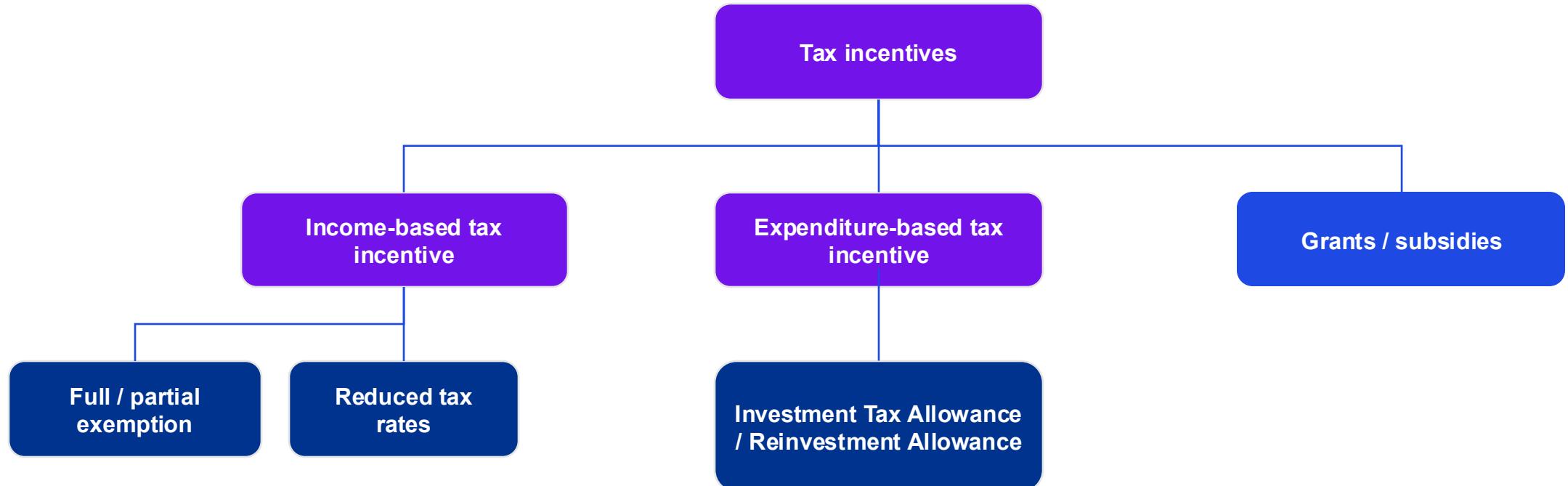
### *Simplified Covered Taxes*

Income Tax Expense from the MNE's Qualified Financial Statements subject to certain adjustments to exclude taxes that are not Covered Taxes as defined in the Model Rules and uncertain tax positions.



# Future of incentives

# To what extent an incentive may contribute to Top-up Tax?



# Malaysia's State of Play for Incentives

## Survey form

### Investment Promotion Agencies (“IPAs”)

A Global Minimum Tax Survey Form has been shared by IPAs in Q1 2024, completed by Q4, 2024.

The survey form has three (3) parts, i.e.:-

- General survey;
- Group information; and
- Company information.

**Main objective:** to assess the impact of Global Minimum Tax and the survey form will serve as a basis for renegotiation of incentives with taxpayers

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#### GMT GENERAL SURVEY FORM

1. How well do you understand the implementation of the GloBE Rules?

1	2	3	4	5
(Not understand)				(Fully Understand)
<input type="checkbox"/>				

2. Is your company/group within the scope of GloBE Rules?

**Yes** Please fill in GMT Group Form and/or GMT Company Form  
 **No**

3. The Government of Malaysia through the National Budget 2024 has announced the implementation of GMT in 2025. How well has your company/group prepared for GMT?

Background			
Name of Ultimate Parent Entity (UPE)	:		
Country of UPE	:		
Name of Companies within the same group operating in Malaysia	:	Name of company	No. ROC & Tax Reference No
			Tax Incentive status (Y/N) *If yes, please indicate type
*Each Company that has been granted tax incentives to fill in Form GMT Company Form			
Is the company required to	:	Yes / No	

# Incentives around the region



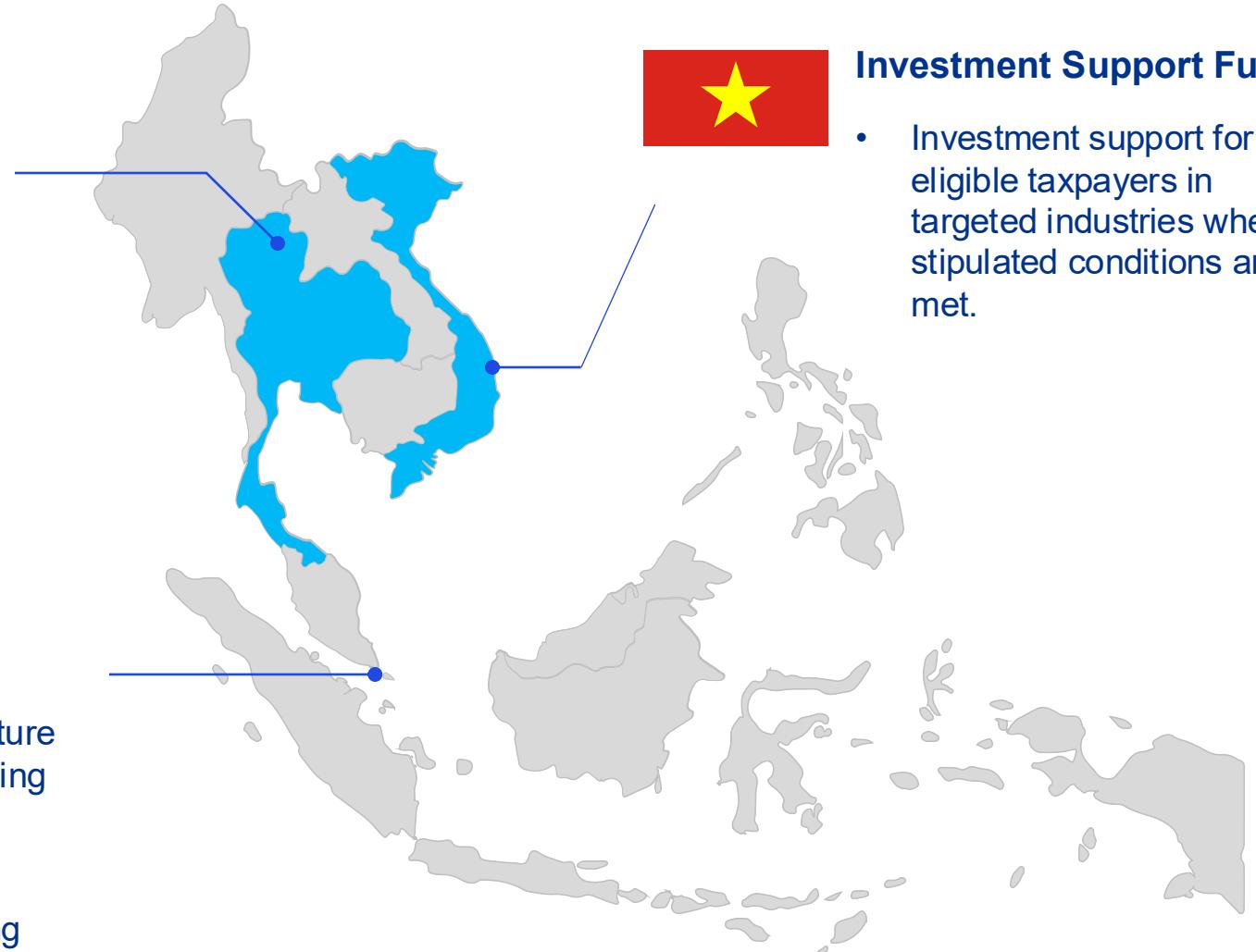
## National Competitiveness Enhancement for Targeted Industries Act

- Board of Investment (BOI)-promoted companies subject to Pillar 2 will be entitled to tax credits 30-50% for qualifying expenditure
- BOI-promoted companies can use the tax credits to offset their tax liabilities.



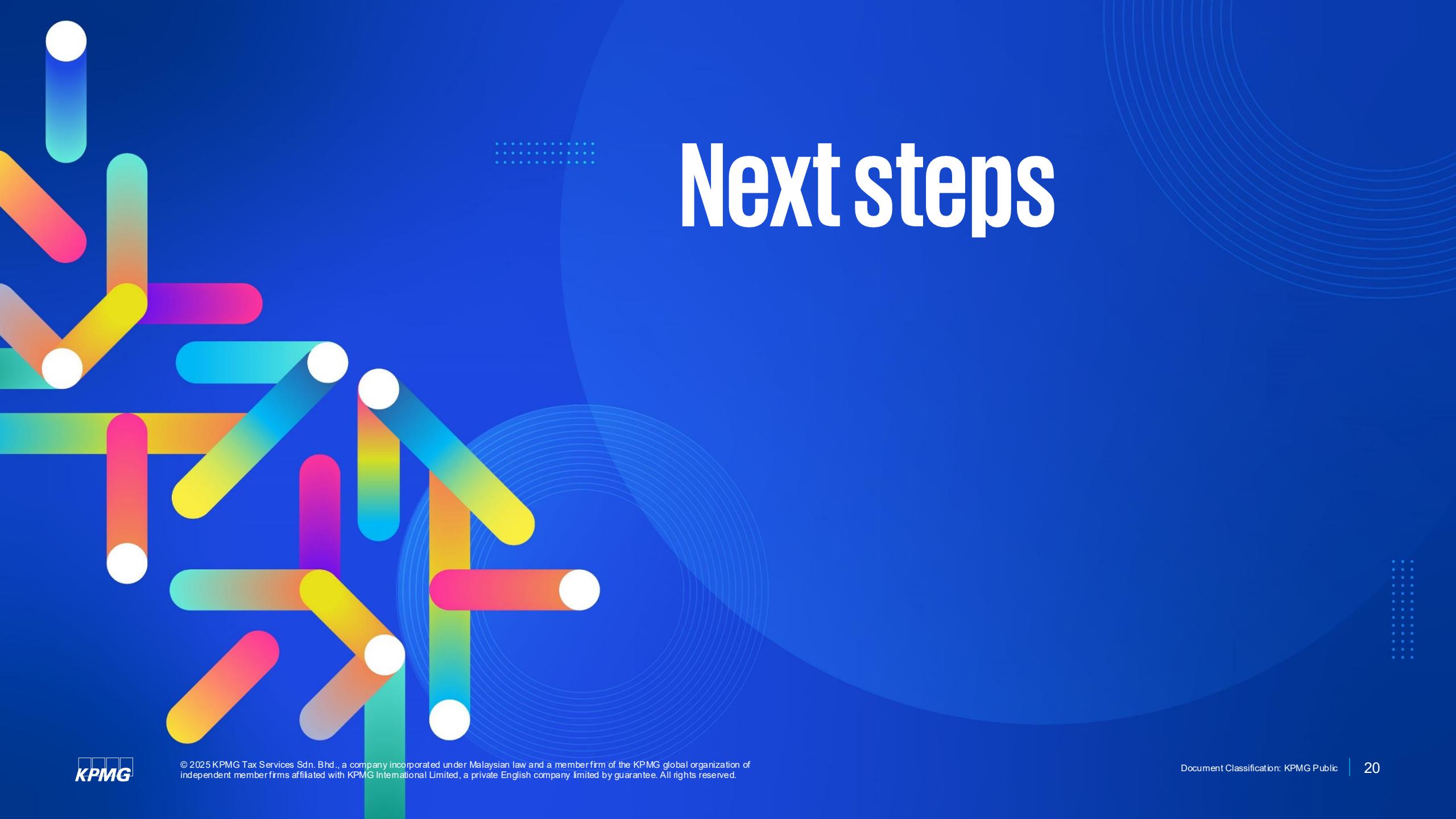
## Refundable Investment Credit (RIC)

- Awarded on qualifying expenditure incurred for carrying out qualifying activities
- RIC may be used to offset Corporate Income Tax, including Domestic TuT and Multinational Enterprise TuT



## Investment Support Fund

- Investment support for eligible taxpayers in targeted industries where stipulated conditions are met.



# Next steps

# Next Steps

**01**

## Monitor the changes to tax laws

Monitor the implementation of the Pillar 2 Rules into relevant jurisdictions' tax laws

**02**

## Assess the impact of the Pillar 2 Rules

Determine whether the group may potentially be subject to Top-up Tax

**03**

## Renegotiation of existing tax incentives

Simulations to assess Pillar 2 impact and liaising with authorities

**04**

## Accounting disclosures

Collect appropriate information to provide accounting disclosures about potential exposure

**05**

## Compliance

Compliance with local Pillar 2 requirements (e.g. registration / notification, preparation and submission of GloBE Information Return and local Pillar 2 returns)





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