

# Tax alert

Issue 9 | July 2024

## Proposed Multinational Enterprise (Minimum Tax) Bill and Subsidiary Legislation

On 10th June 2024, the Ministry of Finance released the proposed Multinational Enterprise (Minimum Tax) Bill and subsidiary legislation to implement a Domestic Top-up Tax (DTT) and Multinational Top-up Tax (MTT) (also known as Income Inclusion Rule (IIR)) under Pillar Two of the Base Erosion and Profit Shifting (BEPS) 2.0 Action Plan. Public Consultation on the proposed legislation ends on 5th July 2024.

The release falls within Singapore's scheduled timeline of 1st January 2025 to implement the DTT and IIR. We expect the final legislation to pass in 2024 Q4 and become enacted. The Undertaxed Profits Rule (UTPR) is not included in the proposed bill and to-date, there is no indication on Singapore's timeline to implement the UTPR.

The proposed legislation, if passed into law, will be considered as one with the Income Tax Act 1947 (ITA) as certain provisions under the ITA (e.g., administration and enforcement) will also apply to the DTT and MTT, with modifications based on the legislation.

### **Multinational Enterprise (Minimum Tax) Act 2024 (MMT Act) and Regulations 2025**

The 142-page proposed bill (including explanatory statement) covers the main legislation of the MMT Act and contains key operative provisions of the Pillar Two Global Anti-Base Erosion (GloBE) Model Rules transcribed locally.

To the extent any term is not defined within the MMT Act but defined in the GloBE rules, the MMT Act makes direct reference to the GloBE rules with respect to the interpretation of the term, as explained or modified in subsidiary legislation (i.e., Regulations). The definition of GloBE rules in the MMT Act include the GloBE Model Rules published by the Organisation for Economic Co-operation and Development (OECD), along with its related commentaries, administrative guidance and examples issued up till 25th April 2024.

The 61-page Regulations 2025 is the proposed subsidiary legislation. Under the powers conferred by Section 93 of the MMT Act, the Minister of Finance makes Regulations which provide details on the Pillar Two adjustments for the purposes of calculating jurisdictional effective tax rate and top-up taxes. Given that there will be subsequent tranches of administrative guidance issued by the OECD, changes to the Pillar Two adjustments will be incorporated via the subsidiary legislation, which can be brought into force much quicker as compared to the main legislation. This ensures that the Singapore DTT and MTT incorporate updates and changes from future OECD administrative guidance on a timely basis.



## Key observations of the MMT Act and Regulations 2025

The following table provides our initial observation of the key features in the MMT Act and Regulations 2025.

	GloBE Model Rules	MMT Act and Regulations 2025
<b>Scope</b>	Scope is limited to Multinational Enterprise (MNE) Groups that meet the revenue threshold test of EUR 750 million.	Scope is limited to MNE Groups that meet the revenue threshold test of EUR 750 million.  There is no scope extension to large-scale domestic groups.
<b>IIR</b>	IIR is limited to cross-border situations, with an option provided by the commentary to extend the application of IIR to domestic situations.	IIR (also known as MTT) is limited to cross-border situations as Singapore has not chosen the option to apply MTT to domestic situations.
<b>DMTT</b>	Option to apply a DMTT with design requirements for qualified status.	The DTT is intended to be a qualified DTT which meets the Qualified Domestic Minimum Top-up Tax (QDMTT) safe harbour.
<b>Optional Variations</b>	A QDMTT jurisdiction may decide not to impose QDMTT on Investment Entities and Insurance Investment Entities located in their jurisdiction. In this case, the Consistency Standard will still be met under the QDMTT Safe Harbour.	Investment Entities and Insurance Investment Entities are excluded from the DTT scope (similar to Ireland and Luxembourg). This is a much-welcomed rule for funds and asset managers with Singapore investment platforms, and real estate investment trusts which are not ultimate parent entities.
<b>Accounting Standards</b>	To meet the QDMTT Accounting Standard (under the QDMTT Safe Harbour), the QDMTT jurisdiction has the choice of applying ultimate parent entity accounting standards, or the Local Financial Accounting Standard Rule.	Singapore has chosen to adopt the Local Financial Accounting Standard Rule, and the DTT shall be computed based on Singapore Financial Reporting Standards where all constituent entities located in Singapore have accounts based on this standard, have the same financial year end as the ultimate parent entity of the MNE Group, and <ul style="list-style-type: none"> <li>i. Are required to keep such accounts under any written law in Singapore; or</li> <li>ii. Their financial statements are audited by an external auditor.</li> </ul>
<b>Safe Harbour</b>	<ul style="list-style-type: none"> <li>i. Transitional Country-by-Country Reporting Safe Harbour</li> <li>ii. Transitional UTPR Safe Harbour</li> <li>iii. Permanent QDMTT Safe Harbour</li> <li>iv. Permanent Safe Harbour for Non-Material Constituent Entities</li> </ul>	All safe harbours under the GloBE rules are incorporated by way of direct reference to “GloBE Safe Harbours”.

## Registration and Administration

	Entity liable	Statutory Timeline	Statutory time limit	Penalty for failure to file/pay
<b>Registration of an in-scope MNE Group</b>	Ultimate parent entity	6 months after the end of the financial year	N/A	Assessment of a surcharge on the ultimate parent entity of an amount equal to 10% of the total of MTT and DTT assessed.
<b>Filing of DTT return</b>	Designed local DTT filing entity	15 months after the end of the financial year (Note: for transition year, 18 months after end of transition year)	No assessment to be made after 31 December of the 5th year after the financial year to which the DTT relates.	Fine not exceeding S\$5,000; and in case of a continuing offence, a further fine of S\$100 for every day which the offence is continued after such conviction, and in default of payment a 6-month imprisonment.
<b>Payment of DTT</b>	Designated local filing DTT entity (may elect for part of top-up tax attributable to another entity to be paid separately by that entity). Election limited to a cap of 30 entities, and certain conditions apply.	16 months after the end of the financial year (Note: for transition year, 19 months after end of transition year)	N/A	Interest may be imposed subject to the tax authority's discretion.



	Entity liable	Statutory Timeline	Statutory time limit	Penalty for failure to file/pay
<b>Filing of MTT return</b>	Responsible member (the ultimate parent entity, or intermediate parent entity, or partially owned parent entity depending on group structure)	15 months after the end of the financial year (Note: for transition year, 18 months after end of transition year)	No assessment to be made after 31 December of the 5th year after the year of filing of MTT return.	Fine not exceeding S\$5,000; and in case of a continuing offence, a further fine of S\$100 for every day which the offence is continued after such conviction, and in default of payment a 6-month imprisonment.
<b>Payment of MTT</b>	Responsible member	16 months after the end of the financial year (Note: for transition year, 19 months after end of transition year).	N/A	Interest may be imposed subject to the tax authority's discretion
<b>Filing of GloBE Information Return</b>	Designated local GIR filing entity	15 months after the end of the financial year (Note: for transition year, 18 months after end of transition year)	N/A	Fine not exceeding S\$5,000; and in case of a continuing offence, a further fine of S\$100 for every day which the offence is continued after such conviction.

### How we can help

As a committed tax advisor to our clients, we welcome any opportunity to discuss the relevance of the above matters to your business.

KPMG's BEPS specialists can support clients with Pillar Two impact assessment and getting Pillar Two compliant-ready once the Singapore MTT and DTT rules come into effect 1 January 2025.

# Authors

## Andy Baik

Partner  
Head of US Tax Desk  
Co-Head of BEPS COE  
T: +65 6213 3050  
E: andybaik1@kpmg.com.sg

## Tam Do

Director  
Infrastructure, Government &  
Healthcare, Tax  
T: +65 9820 1347  
E: tamdo@kpmg.com.sg

## Harvey Koenig

Partner  
Co-Head of BEPS COE  
Energy & Natural Resources,  
Telecommunications, Media &  
Technology, Tax  
T: +65 6213 7383  
E: harveykoenig@kpmg.com.sg

## Priscilla Koh

Director  
BEPS COE  
T: +65 8499 8947  
E: priscillakoh@kpmg.com.sg

# Contact us

## Ajay K Sanganeria

Partner  
Head of Tax  
T: +65 6213 2292  
E: asanganeria@kpmg.com.sg

## BANKING & INSURANCE

### Alan Lau

Partner  
Head of Financial Services, Tax  
T: +65 6213 2027  
E: alanlau@kpmg.com.sg

### Lum Kah Wai

Partner  
T: +65 6213 2690  
E: kahwailum@kpmg.com.sg

## ENERGY & NATURAL RESOURCES AND TELECOMMUNICATIONS, MEDIA & TECHNOLOGY

### Gordon Lawson

Partner  
Head of Energy & Natural Resources, Tax  
T: +65 6213 2864  
E: glawson1@kpmg.com.sg

### Harvey Koenig

Partner  
T: +65 6213 7383  
E: harveykoenig@kpmg.com.sg

### Mark Addy

Partner  
T: +65 6508 5502  
E: markaddy@kpmg.com.sg

## INFRASTRUCTURE, GOVERNMENT & HEALTHCARE AND MANUFACTURING

### Chiu Wu Hong

Partner  
Head of IGH & Manufacturing, Tax  
T: +65 6213 2569  
E: wchiu@kpmg.com.sg

### Pauline Koh

Partner  
T: +65 6213 2815  
E: paulinekoh@kpmg.com.sg

### Yong Jiahao

Partner  
T: +65 6213 3777  
E: jiahaoyong@kpmg.com.sg

### Toh Boon Ngee

Partner  
T: +65 6213 2052  
E: btoth@kpmg.com.sg

## REAL ESTATE & ASSET MANAGEMENT

### Teo Wee Hwee

Partner  
Co-Head of Real Estate, Tax, and Head  
of Asset Management & Family Office  
T: +65 6213 2166  
E: weehweeteo@kpmg.com.sg

### Anulekha Samant

Partner  
Co-Head of Real Estate &  
Asset Management, Tax  
T: +65 6213 3595  
E: asamant@kpmg.com.sg

### Agnes Lo

Partner  
T: +65 6213 2976  
E: agneslo1@kpmg.com.sg

### Pearlyn Chew

Partner  
T: +65 6213 2282  
E: pchew@kpmg.com.sg

### Evangeline Hu

Partner  
T: +65 6213 2597  
E: evangelinehu@kpmg.com.sg

# Contact us

## TRANSFER PRICING

### Felicia Chia

Partner  
Head of Transfer Pricing, Tax  
T: +65 6213 2525  
E: fchia@kpmg.com.sg

### Lee Jingyi

Partner  
T: +65 6213 3785  
E: jingyilee@kpmg.com.sg

### Denis Philippov

Partner  
T: +65 6213 2866  
E: denisphilippov@kpmg.com.sg

### Yong Sing Yuan

Partner  
T: +65 6213 2050  
E: singyuanyong@kpmg.com.sg

## INDIRECT TAX

### Elaine Koh

Partner  
T: +65 6213 2300  
E: elainekoh@kpmg.com.sg

### Sharon Cheong

Partner  
T: +65 6213 2399  
E: sharoncheong@kpmg.com.sg

## CORPORATE TAX PLANNING & COMPLIANCE

### Mak Oi Leng

Partner  
Head of Corporate Tax  
Planning & Compliance, Tax  
T: +65 6213 7319  
E: omak@kpmg.com.sg

### Audrey Wong

Partner  
T: +65 6213 2010  
E: audreywong@kpmg.com.sg

### Lim Geok Fong

Principal Advisor  
T: +65 8118 1129  
E: geokfonglim@kpmg.com.sg

## TAX GOVERNANCE

### Pauline Koh

Partner  
T: +65 6213 2815  
E: paulinekoh@kpmg.com.sg

## TAX TECHNOLOGY & TRANSFORMATION

### Catherine Light

Partner  
T: +65 6213 2913  
E: catherinelight@kpmg.com.sg

## GLOBAL COMPLIANCE MANAGEMENT SERVICES

### Cristina Alvarez-Ossorio

Partner  
T: +65 6213 2688  
E: cristinaalvarez@kpmg.com.sg

## PERSONAL TAX & GLOBAL MOBILITY SERVICES

### Murray Sarelius

Partner  
Head of Personal Tax &  
Global Mobility Services, Tax  
T: +65 6213 2043  
E: murraysarelius1@kpmg.com.sg

### Barbara Kinle

Partner  
T: +65 6213 2033  
E: bkinle@kpmg.com.sg

### Garren Lam

Principal Advisor  
T: +65 9728 1502  
E: garrenlam@kpmg.com.sg

## FAMILY OFFICE & PRIVATE CLIENTS

### Teo Wee Hwee

Partner  
Head of Asset Management  
& Family Office  
T: +65 6213 2166  
E: weehweeteo@kpmg.com.sg

### Pearlyn Chew

Partner  
T: +65 6213 2282  
E: pchew@kpmg.com.sg

## MANAGED SERVICES

### Larry Sim

Partner  
Head of Managed Services, Tax  
T: +65 6213 2261  
E: larrysim@kpmg.com.sg

# Contact us

## PROPERTY TAX & DISPUTE RESOLUTION

### See Wei Hwa

Partner  
T: +65 6213 3845  
E: wsee@kpmg.com.sg

### Leung Yew Kwong

Principal Advisor  
T: +65 6213 2877  
E: yewkwongleung@kpmg.com.sg

## R&D AND INCENTIVES ADVISORY

### Lee Bo Han

Partner  
T: +65 6508 5801  
E: bohanlee@kpmg.com.sg

## TAX – DEALS, M&A

### Adam Rees

Partner  
T: +65 6213 2961  
E: adamrees@kpmg.com.sg

## BASE EROSION AND PROFIT SHIFTING (BEPS)

### Andy Baik

Partner  
Co-Head of BEPS COE  
T: +65 6213 3050  
E: andybaik1@kpmg.com.sg

### Harvey Koenig

Partner  
Co-Head of BEPS COE  
T: +65 6213 7383  
E: harveykoenig@kpmg.com.sg

## INDIA TAX SERVICES

### Bipin Balakrishnan

Partner  
T: +65 6213 2272  
E: bipinbalakrishnan@kpmg.com.sg

## US TAX SERVICES

### Andy Baik

Partner  
Head of US Tax Desk  
T: +65 6213 3050  
E: andybaik1@kpmg.com.sg

### Nicole Li

Principal Advisor  
T: +65 6213 3388  
E: nicoleli4@kpmg.com.sg

## About our tax alerts

KPMG's tax alerts highlight the latest tax developments, impending change to laws or regulations, current practices and potential problem areas that may impact your company. As certain issues discussed herein are time-sensitive, it is advisable to make plans accordingly.

Tax alerts are issued exclusively for the information of clients and staff of KPMG Services Pte. Ltd. and should not be used or relied upon as a substitute for detailed advice or a basis for formulating business decisions. Read more of KPMG in Singapore's insights and perspectives [here](#).

### KPMG

12 Marina View, #15-01  
Asia Square Tower 2  
Singapore 018961  
T: +65 6213 3388  
F: +65 6225 0984  
E: tax@kpmg.com.sg

- Singapore Tax Firm of the Year – International Tax Review Asia-Pacific Tax Awards 2022, 2023
- Singapore Tax Disputes Firm of the Year – International Tax Review Asia-Pacific Tax Awards 2021, 2022, 2023
- Singapore Tax Policy Firm of the Year – International Tax Review Asia-Pacific Tax Awards 2023
- Regional Tax Compliance and Reporting Firm of the Year – International Tax Review Asia-Pacific Tax Awards 2023
- Diversity & Inclusion Firm of the Year – International Tax Review Asia-Pacific Tax Awards 2023

*For more details on our tax services, please click [here](#).*



© 2024 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG is a global organization of independent professional services firms providing Audit, Tax and Advisory services. KPMG is the brand under which the member firms of KPMG International Limited ("KPMG International") operate and provide professional services. "KPMG" is used to refer to individual member firms within the KPMG organization or to one or more member firms collectively.

© 2024 KPMG Services Pte. Ltd. (Registration No: 200003956G), a Singapore incorporated company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.