



Global Minimum Tax in Malaysia

The Countdown to Malaysia's First
GMT Filing

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Overview and Commentary



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Key Message

“As Malaysia’s first Global Minimum Tax filing deadline approaches, Multinational Enterprise Groups in Malaysia should assess their compliance readiness and begin preparation early.

Early action is critical in identifying data gaps, coordinating across functions and jurisdictions, and establishing a robust process to ensure timely compliance.”



The countdown to Malaysia’s first Global Minimum Tax filing has begun.

With jurisdictions that implemented the Global Minimum Tax (“GMT”) regime in Financial Year (“FY”) FY2024 having completed their first filing cycle in June 2026, the practical challenges of GMT compliance are becoming clearer. For Malaysia, the clock is now ticking. While the first GMT filing deadline may still appear distant, the reality for many Multinational Enterprise (“MNE”) Groups is that the preparation work needs to begin well before the statutory deadline. The work should not begin when filing deadlines approach. Businesses need the right processes, documentation and governance in place well ahead of time.

Generally, the GloBE Information Return (“GIR”) and Top-Up Tax Return (“TTR”), collectively referred to as “GMT returns”, are due within 15 months from the end of the financial year. However, an additional three-month extension is available in a Filing Transition Year, which in Malaysia’s context is the first financial year in which an MNE Group comes within the scope of Malaysia’s GMT regime.

Accordingly, MNE Groups with a December financial year-end may reasonably assume that their first GMT returns in Malaysia will not be due until June 2027. While this may appear to provide ample time for preparation, the effective deadline may arrive much sooner.

Consider an MNE group headquartered in the United Kingdom (“UK”) with a December financial year-end that has already filed its GMT returns for FY2024 in the UK. The MNE Group would need to file its FY2025 GIR in the UK by March 2027. Consequently, although Malaysia permits the FY2025 TTR to be filed by June 2027, the Malaysian Global Anti-Base Erosion (“GloBE”) computations and positions would likely need to be finalised much earlier to support the Group’s FY2025 GIR filing in the UK by March 2027. The respective due dates in this example are illustrated on the table below for reference: -

Filing requirements	Relevant jurisdictions	Filing due date
UK-headquartered MNE Group with December financial year end		
FY2024 GIR filing (within 18 months from 31 December 2024)	United Kingdom	30 June 2026
FY2025 Country-by-Country Reporting ("CbCR") filing (within 12 months from 31 December 2025)	United Kingdom	31 December 2026
FY2025 GIR filing (within 15 months from 31 December 2025)	United Kingdom	31 March 2027
FY2025 Malaysian TTR filing (within 18 months from 31 December 2025)	Malaysia	30 June 2027

In this regard, it is no longer viable to assume that preparation for GMT returns in Malaysia can wait until June 2027. While the statutory deadline provides a useful reference point, it may not be the date that ultimately drives compliance efforts. For many MNE Groups, the real deadline will be determined by group reporting timelines and GIR filing requirements. This is especially so for MNE Groups relying on the Transitional CbCR Safe Harbour ("TCSH") during the transition years. In the above example, the FY2025 GIR filing is due by 31 March 2027, leaving the MNE Group with only around three months after 31 December 2026 to prepare for the GIR filing. As such, MNE Groups should prepare GIR filing obligations together with CbCR concurrently, rather than wait until the CbCR is finalised and submitted.

GIR information exchange: What businesses need to know

Beyond filing timelines, MNE Groups should also pay close attention to uncertainties surrounding the exchange of GIR information between jurisdictions. The preferred outcome is for an MNE Group to file a single GIR in the jurisdiction of its Ultimate Parent Entity ("UPE"), with the GIR information then exchanged with other implementing jurisdictions. However, this depends on the jurisdictions concerned having a GIR Multilateral Competent Authority Agreement ("MCAA") in force and effective for the exchange of GIR information.

A positive development is that Malaysia has signed the MCAA in July 2026, marking an important milestone towards facilitating the exchange of GIR information with other jurisdictions. The next step is to activate MCAA exchange relationships with the respective jurisdictions before the first GMT returns become due. This would mean that MNE Groups with operations in Malaysia would only be required to file a GIR notification in Malaysia (which will be incorporated into the TTR as indicated in the Malaysian Inland Revenue Board's ("MIRB") official website on GMT), provided that the GIR filing jurisdiction has an active GIR exchange relationship with Malaysia by then. Nevertheless, MNE Groups with operations in Malaysia should consider the implications if Malaysia's MCAA is not yet activated when the GMT returns become due. In such circumstances, there may be a need for MNE Groups to file a local GIR in Malaysia, notwithstanding that a GIR has already been filed in the UPE jurisdiction. This would add to the compliance burden for MNE Groups. Many Malaysian entities of MNE groups do not have complete visibility of, or access to, all the information required to prepare a GIR. If a local GIR filing obligation

arises, Malaysian entities may need to coordinate information gathering across multiple jurisdictions, business units and finance functions within the Group.

In addition, TTR in Malaysia is expected to be filed by each Constituent Entity in Malaysia. MNE Groups with multiple entities in Malaysia should therefore begin assessing their resources, governance framework and compliance processes early to ensure that the GMT filing obligations can be met efficiently. This includes consideration on building the internal GMT capabilities, including employee upskilling and evaluating the most effective compliance model for the MNE Group (i.e. in-house management of Pillar 2 compliance, outsourcing to external tax advisers, or co-sourcing).

Experience from the FY2024 filing cycle has demonstrated that data collection is one of the most significant challenges in achieving GMT compliance. Various issues, such as the requirement to use Local Generally Accepted Accounting Principles ("GAAP") versus UPE GAAP for GloBE computation across jurisdictions, the push-down of consolidation adjustments, tracking of deferred taxes, and the use of different currencies for GloBE calculations, can further complicate the data collection process. As a result, many businesses have spent considerable time and effort reconciling information across different reporting layers before GloBE calculations can even be performed.

Beyond this, businesses also need to track a range of technical adjustments, including unrecognised deferred tax assets and other tax attributes that may affect the GloBE calculation. Importantly, these adjustments are not one-off exercises. Many need to be tracked and carried forward over multiple years, meaning that positions established during the first filing cycle may continue to influence the Group's GloBE outcomes well into the future.

This makes it crucial for MNE Groups to establish robust data systems and explore Pillar 2 technology solutions that can help automate calculations, and support ongoing compliance and tracking requirements.

The time to prepare is now

With Malaysia's first GMT filing cycle approaching, the challenges, effort and time required to ensure compliance should not be underestimated. Although Malaysia's filing portal and GMT return templates have yet to be finalised, businesses should not wait for further guidance before commencing their preparation efforts.

This includes assessing the overall GMT readiness, identifying data gaps, assessing eligibility for the TCSH, streamlining reporting processes, and aligning stakeholders across tax, finance, and technology functions.

With Malaysia entering its first GMT filing cycle, preparation should already be underway to avoid last-minute compliance challenges and to ensure the accuracy and completeness of GMT filings.

Learning from FY2024 filing experience, technology is a key enabler of this process. Notably, KPMG proprietary technology solution has enhanced the GMT compliance process which enables entity classification, data collation, automation of GloBE calculation, amongst others. The technology solution has also improved the efficiency by generating the GIR in Extensible Markup Language ("XML") format, which is also the format prescribed by the MIRB. As such, MNE Groups should begin assessing whether they have sufficient skilled resources, appropriate technology solutions, and robust governance and control processes in place to support an efficient and accurate filing process in the coming years.

The time to prepare is Now.

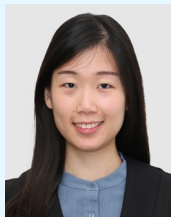
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