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Multinational Enterprise (Minimum Tax) Bill

Bill No. 33/2024.

Read the first time on 9 September 2024.

MULTINATIONAL ENTERPRISE (MINIMUM TAX) ACT 2024

(No. of 2024)

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A BILL

i n t i t u l e d

An Act to implement the Global Anti-Base Erosion Model Rules (Pillar 2) relating to the top-up tax under the Income Inclusion Rule (IIR), to make provision for a domestic minimum top-up tax within the meaning of those Model Rules, and to make related amendments to certain other Acts.

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

PART 1

PRELIMINARY

Short title and commencement

1.—(1) This Act is the Multinational Enterprise (Minimum Tax) Act 2024.

(2) A provision of this Act does not come into operation except on a date and in the manner mentioned in subsection (3).

(3) The Minister may, from time to time, by order in the *Gazette*, declare that this Act or any provision thereof comes into operation on a date specified in the order, and this Act or that provision (as the case may be) comes into operation on that date and remains in force until the order is revoked by the Minister.

(4) The order must state the first financial year of an MNE group in relation to which the Act or provision (as the case may be) has effect.

(5) The Minister may, by an amendment to the order, declare that a provision of this Act that is in force because of subsection (3) ceases to be in force from (and including) a specified date.

(6) An order in subsection (3) or (5) may prescribe such provisions of a saving or transitional nature that are consequential to the coming into operation of the Act or a provision thereof, or the ceasing in force of a provision of the Act.

(7) All orders made under this section must be presented to Parliament as soon as possible after publication in the *Gazette*.

(8) References in subsections (2), (3) and (6) to this Act and any provision thereof —

(*a*) include all regulations made under section 84, or regulations made under that section that are relevant to that provision and specified in the order, as the case may be; and

(*b*) exclude sections 85 and 86, which are to come into operation on a date that the Minister appoints by notification in the *Gazette*.

Interpretation

2.—(1) In this Act —

"acceptable financial accounting standard" means —

(*a*) the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB);

(*b*) the generally accepted accounting principles of Australia, Brazil, Canada, Member States of the European Union, Member States of the European Economic Area, Hong Kong (China), Japan, Mexico, New Zealand, the People's Republic of China, the Republic of India, the Republic of Korea, Russia, Singapore, Switzerland, the United Kingdom, or the United States of America; or

(*c*) any other financial accounting standard treated as an "acceptable financial accounting standard" under the GloBE rules;

"adjusted covered taxes" has the meaning given by paragraph 1 of the First Schedule;

"authorised financial accounting standard", in relation to an entity, means a set of generally acceptable accounting principles permitted by the body responsible for prescribing, establishing or accepting accounting standards for financial reporting purposes in the jurisdiction the entity is located in;

"chargeable entity" means —

(*a*) in relation to any MTT (including an amount of MTT payable pursuant to an assessment under section 49, 50(2) or 51) — the entity chargeable with the MTT under section 12;

(*b*) in relation to —

(i) any DTT payable in respect of an MNE group for a financial year (including an amount of

DTT payable pursuant to an assessment under section 49, 50(3) or 51); or

(ii) the balance thereof after deducting any part (amount Y) that an entity (X) is to pay pursuant to an election under section 45, including any addition to amount Y as mentioned in section 45(8),

the designated local DTT filing entity of the MNE group; and

(*c*) in relation to amount Y — X;

"Comptroller" means the Comptroller of Income Tax, and includes, for all purposes of this Act except the exercise of the powers conferred upon the Comptroller by section 73 or 75, a Deputy Comptroller or Assistant Comptroller appointed under section 3(1) of the ITA;

"consolidated financial statements" has the meaning given by paragraph 2 of the First Schedule;

"constituent entity" means an entity that is part of a group, and includes —

(*a*) a permanent establishment of a main entity that is part of a group where the permanent establishment and the main entity are located in different jurisdictions; and

(*b*) an entity treated as a constituent entity in accordance with paragraph 5 of the First Schedule,

but excludes an excluded entity;

"controlling interest" means an ownership interest in an entity such that the entity that is the interest holder —

(*a*) in consolidated financial statements prepared by it in accordance with an acceptable financial accounting standard, consolidated the assets, liabilities, income, expenses and cash flows of the entity on a line-by-line basis (called in this definition a line-by-line consolidation) in accordance with that

financial accounting standard, or was not required to do so solely on size or materiality grounds or on the ground that the entity is held for sale; or

(*b*) if the interest holder were required by the law or a regulatory body of the jurisdiction it is located in to prepare consolidated financial statements in accordance with an authorised financial accounting standard that is either an acceptable financial accounting standard or another financial accounting standard that is adjusted to prevent any material competitive distortion —

(i) would have been required by that financial accounting standard to carry out a line-by-line consolidation in accordance with that financial accounting standard; or

(ii) would not have been required by that financial accounting standard to carry out a line-by-line consolidation in accordance with that financial accounting standard solely on size or materiality grounds or on the ground that the entity is held for sale,

and a main entity is deemed to have a controlling interest in its permanent establishment;

"covered tax" has the meaning given by paragraph 1(6) of the First Schedule;

"designated local DTT filing entity" means an entity that has been —

(*a*) designated as such under section 34(1) or (5) or section 33(7) (as applied by section 34(7)); or

(*b*) deemed by the Comptroller as such under section 34(3) or that provision as applied by section 34(7);

"designated local GIR filing entity" means an entity that has been —

(*a*) designated as such under section 33(1), (5) or (7); or

(*b*) deemed by the Comptroller as such under section 33(3) or that provision as applied by section 33(8);

"DTT" or "domestic top-up tax" means the tax imposed under Part 3 in respect of an MNE group, and (to avoid doubt) includes an amount of that tax that an entity is to pay pursuant to an election under section 45;

"entity" has the meaning given by paragraph 3 of the First Schedule;

"excluded dividends" means dividends or other distributions received or accrued in respect of a direct ownership interest in an entity, that is not —

(*a*) a portfolio shareholding beneficially owned by the constituent entity concerned that received or accrued the dividends or other distributions for less than one year at the date of the distribution; or

(*b*) a direct ownership interest in an investment entity or insurance investment entity that is subject to an election under the regulations;

"excluded entity" has the meaning given by paragraph 4 of the First Schedule;

"excluded equity gain or loss" means any gain, profit or loss included in the FANIL of a constituent entity of an MNE group arising from —

(*a*) gains and losses from changes in fair value of a direct ownership interest in another entity other than a portfolio shareholding;

(*b*) profit or loss in respect of a direct ownership interest in another entity included under the equity method of accounting; or

(*c*) gains and losses from a disposition of a direct ownership interest in another entity other than a portfolio shareholding;

"FANIL" or "financial accounting net income or loss" has the meaning given by paragraph 6 of the First Schedule;

"filing entity" means a constituent entity of an MNE group that files a GloBE information return (whether in Singapore or in another jurisdiction) for the purpose of the MTT under this Act or a qualified IIR, as the case may be;

"financial year" means —

(*a*) an accounting period for which the ultimate parent entity of the MNE group prepares its consolidated financial statements; or

(*b*) in the case of consolidated financial statements in sub-paragraph (*d*) of the definition of "consolidated financial statements" in paragraph 2 of the First Schedule — a calendar year;

"GIR" or "GloBE information return" means a return under section 40, or an equivalent return made in a jurisdiction outside Singapore for the purpose of a qualified IIR;

"GloBE income or loss" has the meaning given by paragraph 6 of the First Schedule;

"GloBE rules" means the rules set out in the document entitled "Tax Challenges Arising from the Digitalisation of the Economy — Global Anti-Base Erosion Model Rules (Pillar Two)", published by the Organisation for Economic Co-operation and Development (OECD) on 20 December 2021, as amended from time to time, and as further explained in the following documents (as amended from time to time):

(*a*) the document entitled "Tax Challenges Arising from the Digitalisation of the Economy — Commentary to the Global Anti-Base Erosion Model Rules (Pillar Two)", published by the OECD on 14 March 2022;

(*b*) the document entitled "Tax Challenges Arising from the Digitalisation of the Economy — Global Anti-Base Erosion Model Rules (Pillar Two)

Examples", published by the OECD on 14 March 2022;

(*c*) the document entitled "Tax Challenges Arising from the Digitalisation of the Economy — Administrative Guidance on the Global Anti-Base Erosion Model Rules (Pillar Two)", published by the OECD on 2 February 2023;

(*d*) the document entitled "Tax Challenges Arising from the Digitalisation of the Economy — Administrative Guidance on the Global Anti-Base Erosion Model Rules (Pillar Two), July 2023", published by the OECD on 17 July 2023;

(*e*) the document entitled "Tax Challenges Arising from the Digitalisation of the Economy — Administrative Guidance on the Global Anti-Base Erosion Model Rules (Pillar Two), December 2023", published by the OECD on 18 December 2023;

(*f*) the document entitled "Tax Challenges Arising from the Digitalisation of the Economy — Consolidated Commentary to the Global Anti-Base Erosion Model Rules (2023)", published by the OECD on 25 April 2024;

(*g*) the document entitled "Tax Challenges Arising from the Digitalisation of the Economy — Global Anti-Base Erosion Model Rules (Pillar Two) Examples", published by the OECD on 25 April 2024;

(*h*) the document entitled "Tax Challenges Arising from the Digitalisation of the Economy — Administrative Guidance on the Global Anti-Base Erosion Model Rules (Pillar Two), June 2024", published by the OECD on 17 June 2024;

(*i*) any other prescribed document;

"group" —

(*a*) means a collection of entities that are related through ownership or control such that the assets, liabilities, income, expenses and cash flows of each entity are —

(i) included in the consolidated financial statements of the ultimate parent entity; or

(ii) excluded from the consolidated financial statements of the ultimate parent entity solely on size or materiality grounds or on the ground that the entity is held for sale; and

(*b*) includes a main entity and its permanent establishments where the main entity is located in one jurisdiction and one or more of the permanent establishments are located in a different jurisdiction, but only if the main entity is not a part of another group mentioned in paragraph (*a*);

"insurance investment entity" has the meaning given by paragraph 7 of the First Schedule;

"intermediate parent entity" means a constituent entity of an MNE group (other than an ultimate parent entity, partially-owned parent entity, permanent establishment, investment entity or insurance investment entity) that holds an ownership interest in another constituent entity of the same MNE group;

"investment entity" has the meaning given by paragraph 7 of the First Schedule;

"ITA" means the Income Tax Act 1947;

"ITA tax" means the income tax imposed under the ITA;

"material competitive distortion" means an application of a specific principle or procedure under a set of generally accepted accounting principles that results in a total variation greater than EUR 75 million (or its equivalent in other currency as determined under the regulations) in the financial year concerned, as compared to the amount that would have

been determined by applying a principle or procedure of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) that corresponds to the firstmentioned principle or procedure;

"minimum rate" has the meaning given by section 7;

"minority-owned constituent entity" and "minority-owned subgroup" have the meanings given by paragraph 9 of the First Schedule;

"MNE group" means a group that has at least one entity or permanent establishment that is not located in the jurisdiction of the ultimate parent entity;

"MTT" or "multinational enterprise top-up tax" means the tax imposed under Part 2;

"multi-parent group" means 2 or more groups where —

(*a*) the ultimate parent entity of each group has entered into an arrangement of a type specified in the regulations; and

(*b*) at least one constituent entity of all the constituent entities of those groups is located in a different jurisdiction from that of the other constituent entities of those groups;

"OECD Model Tax Convention" means the Model Tax Convention on Income and on Capital published by the Organisation for Economic Co-operation and Development (OECD) on 18 December 2017, as amended from time to time;

"ownership interest" means a direct ownership interest as defined in subsection (5) or an indirect ownership interest as defined in subsection (6);

"partially-owned parent entity" means a constituent entity of an MNE group (other than an ultimate parent entity, permanent establishment, investment entity or insurance investment entity) —

(*a*) that holds an ownership interest in another constituent entity of the same MNE group; and

(*b*) more than 20% of the ownership interests of whose profits (for the financial year concerned) is held (directly or indirectly) by persons that are not constituent entities of that MNE group;

"portfolio shareholding" means direct ownership interests in an entity that are held by one or more constituent entities of an MNE group and that, in total, carry rights to less than 10% of the profits, capital, reserves, or voting rights of that entity at the date of distribution or disposition;

"qualified domestic minimum top-up tax" means a tax imposed by the law of a jurisdiction other than Singapore that is prescribed in the regulations as being equivalent in effect as the DTT;

"qualified IIR" means a tax imposed by the law of a jurisdiction other than Singapore that is prescribed in the regulations as being equivalent in effect as the MTT;

"qualified UTPR" means a tax imposed by the law of a jurisdiction other than Singapore that is prescribed in the regulations as an undertaxed profits tax that is equivalent in effect as the tax imposed by the UTPR in the GloBE rules;

"qualifying competent authority agreement", in relation to a jurisdiction, means an agreement between the competent authority of Singapore and the competent authority of that jurisdiction for the automatic exchange of GloBE information returns;

"regulations" means regulations made under section 84;

"relevant entity", in relation to a chargeable entity, has the meaning given by section 12(*d*);

"section 29(*b*) entity" means an entity described in section 29(*b*);

"special entity" means a constituent entity of a group that is —

(*a*) an investment entity;

(*b*) an insurance investment entity;

(*c*) a minority-owned constituent entity; or

(*d*) a stateless entity,

and includes a joint venture and a JV subsidiary;

"stateless entity" has the meaning given by paragraph 10 of the First Schedule;

"tax" means a compulsory unrequited payment to —

(*a*) the central government of a jurisdiction or an agency whose operations are under that government's effective control; or

(*b*) a state or local government;

"transition year", in relation to an MNE group, means the first financial year —

(*a*) the MNE group 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;

"ultimate parent entity" means —

(*a*) an entity that owns directly or indirectly a controlling interest in any other entity and is not owned, directly or indirectly with a controlling interest, by another entity; or

(*b*) the main entity of a group comprising the main entity and all of its permanent establishments, one or more of which are located in a different jurisdiction from that of the main entity, but only if the main entity is not a part of another group in paragraph (*a*) of the definition of "group",

and —

(*c*) excludes an entity that is not to be regarded as an ultimate parent entity under subsection (2); but

(*d*) includes an entity regarded as an ultimate parent entity under subsection (3).

(2) In this Act, a governmental entity that has as its principal purpose the purpose in paragraph 4(3)(*b*)(ii) of the First Schedule is not to be regarded as the ultimate parent entity of a group and is to be disregarded for the purposes of this Act.

(3) Accordingly, an entity (A) which is not itself a governmental entity described in subsection (2), but in which such governmental entity has a controlling interest as a result of a direct ownership interest, is to be regarded as the ultimate parent entity of a group consisting of —

(*a*) A itself; and

(*b*) the entities that A has a controlling interest in.

"Joint ventures" and related expressions

(4) In this Act —

(*a*) "joint venture", "standalone JV", "JV group", "entity of a JV group" and "JV subsidiary" have the meanings given by paragraph 8 of the First Schedule; and

(*b*) paragraph 8(1)(*c*) or (3)(*d*) of the First Schedule applies to determine if a joint venture (including one that is an entity of a JV group) or JV subsidiary is "connected to" an MNE group.

Direct and indirect ownership interests

(5) In this Act, an entity or individual (A) holds a direct ownership interest in an entity (B) if —

(*a*) A has an interest (whether by way of shares or other security or otherwise) that gives rise to rights in a share of the profits, capital or reserves of B; and

(*b*) that interest would, ignoring any requirement to consolidate the assets, liabilities, income, expenses and cash flows of B in the consolidated financial statements of A, be accounted for as equity in those statements,

and in this Act, A is a "direct owner" of B.

(6) In this Act, an entity or individual (C) holds an indirect ownership interest in an entity (D) if C holds a direct ownership interest in —

(*a*) an entity that holds a direct ownership interest in D; or

(*b*) an entity that holds (as a result of a single or repeated application of this subsection) an indirect ownership interest in D.

Definitions for other terms

(7) Where a term in this Act has a meaning for accounting purposes, it has that meaning in this Act.

Examples

Deferred tax asset

Deferred tax liability.

(8) Any term in this Act that is not defined in this Act but defined in the GloBE rules, has the meaning given to it in the GloBE rules, as explained or modified in the regulations.

"Flow-through entity", "reverse hybrid entity" and meaning of fiscal transparency

3.—(1) In this Act, an entity is a "flow-through entity" to the extent it is fiscally transparent with respect to any of its income, expenditure, profit or loss —

(*a*) if it is established, formed, incorporated or registered under the laws of Singapore — under the ITA; or

(*b*) if it is established, formed, incorporated or registered under the laws of a jurisdiction other than Singapore — under the law of that jurisdiction governing income tax or tax of a similar nature,

but not if it is a tax resident of, and its income or profit is subject to a covered tax under the law of, another jurisdiction.

(2) In this Act, a flow-through entity is a "reverse hybrid entity" with respect to any of its income, expenditure, profit or loss attributable to its direct owner, if it is not fiscally transparent with respect to that income, expenditure, profit or loss under the law of the jurisdiction in which the owner is located.

(3) In this Act, an entity is "fiscally transparent" under the law of a jurisdiction if that law treats the income, expenditure, profit or loss of that entity as if it were derived or incurred by the direct owner of that entity in proportion to that owner's interest in that entity.

(4) Any obligation, debt or liability in this Act of a flow-through entity is that of —

(*a*) in the case of a partnership or limited partnership —

(i) for an obligation other than a debt or liability — the precedent partner (as defined in section 71(1) of the ITA);

(ii) for a debt or liability — the partners or limited partners (as the case may be) on a joint and several basis;

(*b*) in the case of a limited liability partnership — the limited liability partnership; or

(*c*) in the case of a trust — the trustee.

"Permanent establishment" and "main entity"

4.—(1) In this Act, a "permanent establishment" is —

(*a*) a place of business (including a deemed place of business under an applicable tax treaty in force) situated in a jurisdiction where it is treated as a permanent establishment in accordance with an applicable tax treaty in force, but only if the income attributable to it in accordance with a provision similar to Article 7 of the OECD Model Tax Convention is subject to tax under the law of that jurisdiction;

(*b*) if there is no applicable tax treaty in force — a place of business situated in a jurisdiction (including a deemed place of business under the law of that jurisdiction) in respect of which the law of that jurisdiction imposes a tax on the income attributable to it on a net basis similar to the manner in which tax residents of that jurisdiction are taxed;

(*c*) if a jurisdiction has no corporate income tax system — a place of business situated in that jurisdiction (including a deemed place of business under the law of that jurisdiction) that would be treated as a permanent establishment in accordance with the OECD Model Tax Convention, but only if that jurisdiction would have had the right to tax the income attributable to it in accordance with Article 7 of the OECD Model Convention; or

(*d*) a place of business (or a deemed place of business under the law of the jurisdiction where the main entity is located) that is not one in paragraphs (*a*), (*b*) and (*c*), through which operations are conducted outside the jurisdiction where the main entity is located, but only if the law of that jurisdiction exempts from tax income attributable to such operations.

(2) In this Act, a "main entity", in relation to a permanent establishment, is the entity that includes the FANIL of the permanent establishment in its financial statements.

(3) For the purposes of this Act, a permanent establishment is treated as an entity that is distinct from the main entity it is a permanent establishment of (whether or not that is the case) and any other permanent establishment of the main entity.

(4) Any right, obligation, debt or liability in this Act of a constituent entity that is a permanent establishment is that of its main entity.

Jurisdiction where entity or permanent establishment is located

5.—(1) For the purposes of this Act, an entity (not being a flow-through entity) is located in a jurisdiction if —

(*a*) it is a tax resident of that jurisdiction based on its place of management, establishment, formation, incorporation, registration or similar criteria under the laws of that jurisdiction; or

(*b*) in a case where it is not a tax resident of any jurisdiction — it is established, formed, incorporated or registered under the laws of that jurisdiction.

(2) For the purposes of this Act, a flow-through entity that —

(*a*) is the ultimate parent entity of an MNE group; or

(*b*) would be a responsible member of an MNE group as defined in section 13 (other than the ultimate parent entity of that MNE group) if it were located in the jurisdiction under the laws of which it is established, formed, incorporated or registered,

is located in the jurisdiction under the laws of which it is established, formed, incorporated or registered.

(3) For the purposes of this Act, a flow-through entity to which subsection (2) does not apply is treated as a stateless entity.

(4) For the purposes of this Act, a permanent establishment is located in a jurisdiction if —

(*a*) in the case of a permanent establishment in section 4(1)(*a*) — it is treated as a permanent

establishment under the law of that jurisdiction and is taxed in accordance with an applicable tax treaty in force;

(*b*) in the case of a permanent establishment in section 4(1)(*b*) — it is subject to net basis taxation under the law of that jurisdiction based on its business presence there; and

(*c*) in the case of a permanent establishment in section 4(1)(*c*) — it is situated in that jurisdiction.

(5) A permanent establishment in section 4(1)(*d*) is considered a stateless permanent establishment.

Jurisdiction where entity is located: 2 or more jurisdictions

6.—(1) This section applies where an entity (X) is located in 2 or more jurisdictions in a financial year under section 5(1).

(2) If there is an applicable tax treaty in force between 2 of these jurisdictions, X is located in the jurisdiction that it is deemed to be a resident of under that treaty.

(3) If —

(*a*) the applicable tax treaty in subsection (2) requires the competent authorities of the 2 jurisdictions to reach a mutual agreement on the residence of the entity but no agreement exists, or that treaty does not provide relief or exemption from tax for X because it is a resident of both jurisdictions; or

(*b*) there is no applicable tax treaty in force between the 2 jurisdictions,

then —

(*c*) X is located in the jurisdiction where it paid the greater amount of covered taxes, excluding any tax paid under a controlled foreign company tax regime, for the financial year;

(*d*) if the amount of covered taxes paid by X in each jurisdiction for the financial year is the same or nil, X is located in the jurisdiction where it has the greater amount

of substance-based income exclusion for the financial year as determined in accordance with section 18 for X as if X were the only constituent entity of its MNE group in that jurisdiction; and

(*e*) if the amount of X's substance-based income exclusion mentioned in paragraph (*d*) for each jurisdiction for the financial year is the same or nil, X is treated as a stateless entity unless X is the ultimate parent entity of its MNE group, in which case X is located in the jurisdiction under the laws of which X is established, formed, incorporated or registered.

(4) In subsection (2) or (3), if —

(*a*) one of the jurisdictions is Singapore;

(*b*) X would (but for this subsection) be located in the other jurisdiction as a result of that subsection;

(*c*) that other jurisdiction does not impose a qualified IIR for the financial year; and

(*d*) X would be a chargeable entity under section 12 if it were located in Singapore for the financial year,

then X is located in Singapore for the financial year.

(5) If the location of an entity changes in a financial year, it is located for that financial year in the jurisdiction where it is located at the beginning of that financial year.

(6) In subsection (3)(*c*), "controlled foreign company tax regime" means any law (other than a law imposing MTT or a qualified IIR) under which an entity (A) with an ownership interest in another entity (B) located in a different jurisdiction from A, is subject to current taxation on A's share of part or all of B's income, whether or not any of that income is distributed to A.

Minimum rate

7. The minimum rate is 15%.

MNE group to which this Act applies

8.—(1) This Act applies to an MNE group for a financial year beginning on or after 1 January 2025 if its consolidated group revenue (determined by reference to the consolidated financial statements of its ultimate parent entity) for at least 2 financial years out of the 4 financial years immediately before that financial year, is equal to or exceeds the threshold in subsection (2).

(2) The threshold for a financial year is the amount computed by the formula $A \times \frac{B}{12}$, where —

(*a*) A is EUR 750 million or its equivalent in other currency as determined under the regulations; and

(*b*) B is the number of months in the financial year.

(3) The Minister may make regulations under section 84 —

(*a*) to prescribe adjustments to be made to the consolidated group revenue of an MNE group for any financial year for the purpose of subsection (1) in the event of any prescribed change to the composition of the MNE group; and

(*b*) to provide for what is to be included or excluded in the computation of the consolidated group revenue of an MNE group under subsection (1), and how such consolidated group revenue is to be determined.

Currency

9.—(1) Unless otherwise specified in subsection (3) or (4) or in the regulations, calculations under this Act in relation to an MNE group, or a constituent entity of the group, are to be carried out in the following currency (called in this section the presentation currency):

(*a*) the currency used to prepare the consolidated financial statements for the financial year concerned of the ultimate parent entity;

(*b*) where no such statements were prepared, the currency in which such statements would have been prepared in accordance with paragraph 2(*d*) of the First Schedule.

(2) Where it is necessary to convert an amount into the presentation currency for any purpose under this Act, the conversion must be made in accordance with the regulations.

(3) Where all the constituent entities of an MNE group located in Singapore —

(*a*) have the same financial year as the ultimate parent entity of the MNE group;

(*b*) prepare their financial statements for that financial year in accordance with the Accounting Standards made or formulated under Part 3 of the Accounting Standards Act 2007, where either —

(i) they are required to do so under any written law in Singapore; or

(ii) the financial statements are audited by an external auditor; and

(*c*) use Singapore dollar as their functional currency in preparing those financial statements,

the calculations for the purposes of Part 3 in relation to the MNE group, or a constituent entity of the MNE group, are to be carried out in Singapore dollar.

(4) For the purposes of Part 3, subsection (3) applies to a standalone JV (X) or entities of a JV group (Ys) located in Singapore, that are each treated as a constituent entity of an MNE group located in Singapore under that Part, as if —

(*a*) a reference in that subsection to all the constituent entities of an MNE group were to X or to Ys;

(*b*) the reference to the MNE group in paragraph (*a*) of that subsection were to the MNE group to which X or Ys are connected; and

(*c*) the reference in that subsection to "the group, or a constituent entity of the group" were to X, and to the JV group or any Y, respectively.

(5) Where any entity in subsection (3) or (4) does not use Singapore dollar as its functional currency in preparing its financial statements, an election may be made for the calculations for the purposes of Part 3 in relation to the MNE group or JV group, or the standalone JV (as the case may be), to be carried out in either of the following currencies:

(*a*) the currency used to prepare the consolidated financial statements of the ultimate parent entity or the joint venture of the JV group, or the financial statement of the standalone JV, as the case may be;

(*b*) Singapore dollar.

(6) The conversion of an amount in the functional currency in subsection (5) into —

(*a*) the currency in subsection (5)(*a*), where an election is made under subsection (5) for that currency; or

(*b*) Singapore dollar, where an election is made under subsection (5) for that currency,

must be made in accordance with the regulations.

(7) An election under subsection (5) must not be revoked for the financial year with respect to which it is made or for any of the subsequent 4 financial years, and any such revocation has no effect.

(8) If an election under subsection (5) is revoked for a financial year, another election under that subsection must not be made (whether in Singapore or in another jurisdiction) in respect of the constituent entities located in Singapore for that or any of the subsequent 4 financial years, and any such election has no effect.

(9) The amount of any MTT or DTT payable is to be denominated in Singapore dollars, and for this purpose an amount of top-up tax for a financial year that is in the presentation currency (not being Singapore dollar) is to be converted into Singapore dollars in accordance with the regulations.

(10) For the purpose of comparing an amount to a figure expressed in this Act in euros —

(*a*) the amount if not in the presentation currency (and even if it is in euros), is to be converted first into the presentation currency in accordance with the regulations; and

(*b*) the amount in the presentation currency (not being euros) is then to be converted into euros in accordance with the regulations.

Act to be construed as one with ITA

10.—(1) This Act charges taxes on the income of MNE groups, known as the MTT and the DTT.

(2) This Act is to be construed as one with the ITA.

PART 2

MTT

Purpose of this Part

11.—(1) The purpose of this Part is to implement the GloBE rules relating to the top-up tax under the income inclusion rule (IIR).

(2) For that purpose, this Part makes provision for a tax payable in respect of a constituent entity located in a jurisdiction outside Singapore, or a stateless entity, of an MNE group to which this Act applies where, for a financial year —

(*a*) the effective tax rate for the constituent entities of the MNE group for that jurisdiction or for that stateless entity (as determined in accordance with this Part) is less than the minimum rate; and

(*b*) any responsible member of the MNE group that holds an ownership interest in that entity is located in Singapore.

(3) The tax is to be known as the "multinational enterprise top-up tax" or "MTT".

Entity chargeable with MTT

12. An entity (called in this Act a chargeable entity) is chargeable with MTT for a financial year if —

(*a*) the entity is a responsible member of an MNE group at any time in the financial year;

(*b*) this Act applies to the MNE group for the financial year;

(*c*) the entity holds an ownership interest in another constituent entity of the MNE group at any time in the financial year;

(*d*) that other constituent entity is located in a jurisdiction outside Singapore or is a stateless entity, and has a top-up amount for the financial year (called in this Act a relevant entity); and

(*e*) the entity is located in Singapore.

Responsible members of MNE group

13.—(1) The ultimate parent entity of an MNE group is a responsible member of the MNE group if it is not an excluded entity and is —

(*a*) located in Singapore; or

(*b*) subject to a qualified IIR under the law of the jurisdiction where it is located.

(2) An intermediate parent entity (X) of an MNE group is a responsible member of the MNE group if —

(*a*) the ultimate parent entity of the MNE group is not a responsible member of the MNE group;

(*b*) no constituent entity of the MNE group that holds a controlling interest in X is —

(i) located in Singapore; or

(ii) subject to a qualified IIR under the law of the jurisdiction where it is located; and

(*c*) X is —

(i) located in Singapore; or

(ii) subject to a qualified IIR under the law of the jurisdiction where it is located.

(3) A partially-owned parent entity (X) of an MNE group is a responsible member of the MNE group if —

(*a*) the ownership interests in X are not wholly held (directly or indirectly) by another partially-owned parent entity of the MNE group that is —

(i) located in Singapore; or

(ii) subject to a qualified IIR under the law of the jurisdiction where it is located; and

(*b*) X is —

(i) located in Singapore; or

(ii) subject to a qualified IIR under the law of the jurisdiction where it is located.

Amount of MTT chargeable on chargeable entity

14.—(1) Subject to subsection (2), the amount of MTT chargeable on a chargeable entity for a financial year is the sum of the top-up tax (determined in accordance with sections 15, 24 and 25) of each relevant entity of the chargeable entity for the financial year.

(2) Where a chargeable entity (X) holds an indirect ownership interest in a relevant entity (Y) through another responsible member (Z) of the MNE group, the amount of MTT chargeable on X for the financial year is reduced (but not below nil) by the amount of MTT or qualified IIR chargeable for that financial year on Z in respect of the part of the top-up amount of Y that is attributable to X's indirect ownership interest in Y for that financial year.

Top-up tax for relevant entity other than investment entity or insurance investment entity

15.—(1) In this Part, the top-up tax for a relevant entity (other than an investment entity or an insurance investment entity) of a chargeable entity for a financial year is the top-up amount of the relevant entity for the financial year multiplied by the chargeable entity's inclusion ratio for the entity for the financial year.

(2) In this section, a chargeable entity's inclusion ratio for a relevant entity for a financial year is determined by the formula $\frac{A-B}{A}$, where —

(*a*) A is the GloBE income or loss of the relevant entity for the financial year; and

(*b*) B is the GloBE income or loss of the relevant entity for the financial year that is attributable to entities other than the chargeable entity as determined under subsection (3).

(3) In subsection (2), the GloBE income or loss of a relevant entity for a financial year that is attributable to entities other than the chargeable entity is the GloBE income or loss of the relevant entity that would have been treated in the chargeable entity's consolidated financial statements as attributable to those other entities, if the chargeable entity had prepared consolidated financial statements on the bases specified in subsection (4) (whether or not the chargeable entity had actually prepared such consolidated financial statements).

(4) The bases mentioned in subsection (3) are as follows:

(*a*) the ultimate parent entity of the MNE group prepares its consolidated financial statements in accordance with an acceptable financial accounting standard, or an authorised financial accounting standard but only if adjustment is made to prevent any material competitive distortion from the application of such authorised standard;

(*b*) the consolidated financial statements of the chargeable entity are prepared in accordance with the same accounting standards as the consolidated financial statements mentioned in paragraph (*a*);

(*c*) the chargeable entity owns a controlling interest in the relevant entity such that the income and expenses of the relevant entity are consolidated on a line-by-line basis with those of the chargeable entity;

(*d*) the relevant entity's net income is the amount of its GloBE income or loss;

(*e*) all of the relevant entity's GloBE income or loss is attributable to transactions with persons that are not members of the MNE group;

(*f*) any ownership interest in the relevant entity that is not held by the chargeable entity is held by persons that are not members of the MNE group.

(5) For the purpose of subsection (2), where the relevant entity is a flow-through entity, the GloBE income or loss of the relevant entity excludes any amount that is allocated to an owner of the relevant entity who is not a member of the MNE group.

(6) Where a relevant entity has a top-up amount for a financial year, but its GloBE income or loss for the financial year is nil or a negative amount, then, for the purpose of subsection (2), its GloBE income or loss for the financial year is deemed to be its top-up amount for the financial year divided by 15%.

Top-up amounts of constituent entities other than special entities

16.—(1) In this Part, a constituent entity (not being a special entity) of an MNE group has a top-up amount for a financial year if the amount determined under subsection (2) or (3) is a positive amount, and that positive amount is considered the top-up amount of the constituent entity for the financial year.

(2) If the sum of the GloBE income or loss for a financial year of all the constituent entities (not being special entities) of an MNE group located in a single jurisdiction is a positive amount, the top-up amount for that financial year of each of those constituent entities is determined by the formula $A \times \frac{B}{C}$, where —

(*a*) A is the jurisdictional top-up amount (as determined in accordance with subsection (4)) for all of those constituent entities for that financial year;

(*b*) B is the GloBE income or loss of the constituent entity for the financial year if the constituent entity has a positive amount of GloBE income or loss for that financial year, otherwise B is nil; and

(*c*) C is the sum of the GloBE income or loss for the financial year of each of those constituent entities that has a positive amount of GloBE income or loss for that financial year.

(3) If the sum of the GloBE income or loss for a financial year of all the constituent entities (not being special entities) of an MNE group located in a single jurisdiction is nil or a negative amount, the top-up amount for that financial year of each of those constituent entities is determined by any of the following formulae (whichever is applicable):

(*a*) if those constituent entities have an additional current top-up amount under section 21(1) but not under section 21(4), for that financial year: $A \times \frac{D}{E}$, where —

(i) A has the meaning given by subsection (2)(*a*);

(ii) D is nil if the GloBE income or loss of the constituent entity for that financial year is a positive amount or the adjusted covered taxes for that constituent entity for that financial year is nil or a positive amount, otherwise D is the amount determined by multiplying the GloBE income or loss (being nil or a negative amount) of that constituent entity for that financial year by 15% and then deducting the adjusted covered taxes (being a negative amount) for that constituent entity for that financial year, except that if the resulting amount is negative, D is nil; and

(iii) E is the sum of D for each of those constituent entities;

(*b*) if those constituent entities have an additional current top-up amount under section 21(4) but not under section 21(1), for that financial year, and the recalculation in section 21(4) is only made for one previous financial year: $A \times \frac{F}{G}$, where —

(i) A has the meaning given by subsection (2)(*a*);

(ii) F is the GloBE income or loss of the constituent entity for the previous financial year, except that if

the GloBE income or loss for the previous financial year is a negative amount, F is nil; and

(iii) G is the sum of F for each of those constituent entities;

(*c*) in any other case, in accordance with the applicable formula prescribed in the regulations.

Jurisdictional Top-Up Amount

(4) In subsection (2), the jurisdictional top-up amount for the constituent entities (not being special entities) of an MNE group located in a jurisdiction for a financial year is determined by the formula (H × I) + J – K, where —

(*a*) H is the top-up tax percentage for those constituent entities for that financial year as determined in accordance with subsection (5);

(*b*) I is the excess profits of those constituent entities for that financial year as determined in accordance with subsection (6);

(*c*) J is the additional current top-up amount as determined in accordance with section 21 for those constituent entities for that financial year; and

(*d*) K is the qualified domestic minimum top-up tax imposed by the law of that jurisdiction in respect of those constituent entities for that financial year, but —

(i) excluding any amount —

(A) contested in any judicial or administrative proceedings in that jurisdiction; or

(B) determined by the tax authority of that jurisdiction to be not assessable or collectible,

on constitutional or similar grounds in that jurisdiction or any specific agreement with the government of that jurisdiction limiting the tax liability of those constituent entities; and

(ii) including any amount excluded by a previous application of sub-paragraph (i) but determined to be payable for that financial year.

Top-Up Tax Percentage

(5) In subsection (4), the top-up tax percentage for the constituent entities (not being special entities) of an MNE group located in a jurisdiction for a financial year is determined by the formula L – M, where —

(*a*) L is the minimum rate; and

(*b*) M is the effective tax rate for those constituent entities for that financial year as determined in accordance with section 17,

and if the percentage so determined is nil or less, the top-up tax percentage for those constituent entities for that financial year is nil.

Excess Profits

(6) In subsection (4), the excess profits of the constituent entities (not being special entities) of an MNE group located in a jurisdiction for a financial year is determined by the formula N − O, where —

(*a*) N is the sum of the GloBE income or loss for that financial year of those constituent entities; and

(*b*) O is the substance-based income exclusion for those constituent entities for that financial year as determined in accordance with section 18,

and if the amount so determined is nil or less, the excess profits of those constituent entities for that financial year is nil.

Regulations

(7) The Minister may make regulations under section 84 to provide for —

(*a*) the recalculation, in a subsequent financial year, of the top-up amounts of the constituent entities of an MNE group for a financial year in accordance with the GloBE rules; and

(*b*) the determination of the top-up amount of a constituent entity of an MNE group for a financial year in specified circumstances in accordance with the GloBE rules.

Effective tax rate for constituent entities other than special entities

17.—(1) In this Part, the effective tax rate for the constituent entities (not being special entities) of an MNE group located in a jurisdiction for a financial year is determined by the formula $\frac{A}{B} \times 100\%$, where —

(*a*) A is the sum of the adjusted covered taxes (including any negative amount of adjusted covered taxes) for that financial year of those constituent entities; and

(*b*) B is the sum of the GloBE income or loss for that financial year of those constituent entities.

(2) In subsection (1), if B is nil or a negative amount, the effective tax rate for those constituent entities for that financial year is 15%.

(3) In subsection (1), if A is a negative amount and B is a positive amount —

(*a*) the effective tax rate for those constituent entities for that financial year is nil; and

(*b*) A is treated as negative tax carried forward for those constituent entities.

(4) Where, because of subsection (3) or section 21(2), an MNE group has an amount of negative tax carried forward for its constituent entities (not being special entities) located in a jurisdiction that has not been deducted under this subsection —

(*a*) to the extent possible, the amount of negative tax is deducted against A in subsection (1) for the next financial year in which the MNE group has a positive amount of both A and B for that jurisdiction;

(*b*) A for the MNE group for that jurisdiction for that financial year is reduced accordingly (but not below nil); and

(*c*) any amount remaining undeducted is to be carried forward to the financial year following that financial year, and paragraphs (*a*) and (*b*) apply with the necessary modifications in relation to that amount.

(5) The Minister may make regulations under section 84 to provide for the recalculation, in a subsequent financial year, of the effective tax rate for the constituent entities (not being special entities) of an MNE group located in a jurisdiction for a financial year in accordance with the GloBE rules.

Substance-based income exclusion for constituent entities other than special entities

18.—(1) For the purpose of section 16(6), the substance-based income exclusion for the constituent entities (not being special entities) of an MNE group located in a jurisdiction for a financial year is determined by the formula A + B, where —

(*a*) A is the sum of the payroll carve-out amount for each of those constituent entities for that financial year; and

(*b*) B is the sum of the tangible asset carve-out amount for each of those entities for that financial year.

(2) In subsection (1), the payroll carve-out amount of a constituent entity for a financial year is the applicable percentage in the Second Schedule of the eligible payroll costs of that constituent entity for that financial year.

(3) In subsection (1), the tangible asset carve-out amount of a constituent entity for a financial year is the applicable percentage in the Second Schedule of the carrying value of the eligible tangible assets of that constituent entity for that financial year.

(4) In this section —

"carrying value", in relation to an eligible tangible asset of a constituent entity of an MNE group for a financial year, means the average of —

(*a*) the value of the asset recorded at the start of the financial year; and

(*b*) the value of the asset recorded at the end of the financial year,

for the purpose of preparing the consolidated financial statements of the ultimate parent entity of the MNE group, where each such value —

(*c*) takes into account the effects of accumulated depreciation, amortisation or depletion, impairment losses (or any reversal of any impairment loss that does not cause the value of the asset to be greater than what it would have been had the impairment loss not been recognised), and any capitalised amount of payroll costs, purchase accounting adjustments and elimination adjustments attributable to inter-company sales; but

(*d*) does not include any increase in the value of the asset or any increase in the accumulated depreciation of the asset recorded for the purposes of preparing the consolidated financial statements of the ultimate parent entity of the MNE group from time to time arising from any revaluation of the asset;

"eligible employee", in relation to a constituent entity of an MNE group, means —

(*a*) an employee of that constituent entity (including a part-time employee); or

(*b*) an independent contractor participating in the ordinary operating activities of the constituent entity, or the MNE group under the direction and control of the MNE group,

who performs activities for the MNE group in the jurisdiction in which the constituent entity is located;

"eligible payroll costs", in relation to a constituent entity for a financial year, means —

(*a*) expenditure on employee compensation (including salaries, wages, stock-based compensation,

employee insurance, contributions to pension or provident funds, and other expenditure that provide a direct and separate personal benefit) for its eligible employees;

(*b*) expenditure on payroll and employment taxes for those employees; and

(*c*) social security contributions by the employer and similar payments for those employees,

recorded in the financial statements used to determine the constituent entity's FANIL for that financial year, but does not include —

(*d*) costs taken into account in the tangible asset carve-out amount of the constituent entity; and

(*e*) any prescribed amount of the costs of the constituent entity attributable to any income from international shipping activities or ancillary international shipping activities (as defined in the regulations) in the manner prescribed in the regulations;

"eligible tangible asset", in relation to a constituent entity, means —

(*a*) any property, plant or equipment located in the jurisdiction in which the constituent entity is located;

(*b*) natural resources located in that jurisdiction;

(*c*) a right to use a tangible asset located in that jurisdiction under a lease; or

(*d*) a licence granted by or similar arrangement made with the government of that jurisdiction for the use of immovable property or exploitation of natural resources in that jurisdiction where significant investment in tangible assets is expected under the licence or arrangement,

but does not include —

(*e*) any property (including land or buildings) held for sale, lease or investment, other than such property as may be prescribed in the regulations; and

(*f*) such asset used to generate any income from international shipping activities or ancillary international shipping activities (as defined in the regulations) as may be prescribed in the regulations.

(5) For the purpose of this section, the eligible payroll costs for a financial year, and the eligible tangible assets, of a constituent entity that is a main entity exclude (respectively) the eligible payroll costs for that financial year, and the eligible tangible assets, of its permanent establishment.

(6) In subsection (5), the eligible payroll costs for a financial year, and the eligible tangible assets, of a permanent establishment are the respective eligible payroll costs for that financial year and the eligible tangible assets taken into account in any separate financial accounts for the permanent establishment, after making the adjustments required under the regulations.

(7) For the purposes of subsections (2) and (3), where a proportion of the FANIL for a financial year of a flow-through entity (X) (not being the ultimate parent entity of the MNE group) is allocated to a constituent entity (Y) of an MNE group under paragraph 6(9)(*b*) or (*c*)(i) of the First Schedule —

(*a*) the same proportion of the eligible payroll costs or carrying value of the eligible tangible assets of X for that financial year is also allocated to Y, if the eligible employees or eligible tangible assets of X (as the case may be) are located in the same jurisdiction as Y; and

(*b*) any remaining eligible payroll costs or carrying value of the eligible tangible assets of X is disregarded in computing X's payroll carve-out amount or tangible asset carve-out amount (as the case may be) for that financial year.

(8) For the purposes of subsections (2) and (3), where a proportion of the FANIL for a financial year of a flow-through entity (X) (being the ultimate parent entity of the MNE group) is allocated to X under paragraph 6(12)(*f*) of the First Schedule, and the eligible employees or eligible tangible assets of X are located in the same jurisdiction as X, then only that proportion of its eligible payroll costs or carrying value of its eligible tangible assets (as the case may be) for that financial year is treated as its eligible payroll costs or carrying value of its eligible tangible assets (as the case may be) for that financial year.

(9) Where the filing entity of an MNE group so elects in a GloBE information return (whether filed in Singapore or another jurisdiction) for a financial year, the substance-based income exclusion for the constituent entities (not being special entities) of the MNE group located in a jurisdiction for that financial year is treated as nil.

(10) An MNE group may determine the substance-based income exclusion for the constituent entities (not being special entities) of the MNE group located in a jurisdiction for a financial year by taking into account only the amount of —

(*a*) some (and not all) of the eligible payroll costs of those constituent entities for that financial year; and

(*b*) some (and not all) of the carrying value of the eligible tangible assets of those constituent entities for that financial year.

(11) The Minister may make regulations under section 84 to provide for further adjustments to the substance-based income exclusion (or any matter used for its computation) for any description of constituent entities of an MNE group located in a jurisdiction for a financial year in accordance with the GloBE rules.

De minimis exclusion

19.—(1) This section applies in relation to the constituent entities (not being stateless entities, investment entities and insurance investment entities) of an MNE group located in a jurisdiction for a financial year (FY) if —

(*a*) the average of the following sums is less than EUR 10 million, or its equivalent in other currency as determined under the regulations:

(i) the sum of the adjusted revenues of those constituent entities for FY;

(ii) the sum of the adjusted revenues of the constituent entities of the MNE group in the preceding financial year (FY-1), for FY-1;

(iii) the sum of the adjusted revenues of the constituent entities of the MNE group in the financial year preceding FY-1 (FY-2), for FY-2; and

(*b*) the average of the following sums is less than EUR 1 million, or its equivalent in other currency as determined under the regulations:

(i) the sum of the GloBE income or loss of the constituent entities in paragraph (*a*)(i) for FY;

(ii) the sum of the GloBE income or loss of the constituent entities of the MNE group in FY-1, for FY-1;

(iii) the sum of the GloBE income or loss of the constituent entities of the MNE group in FY-2, for FY-2.

(2) In subsection (1), if —

(*a*) none of the constituent entities mentioned in subsection (1)(*a*)(ii) and (*b*)(ii); or

(*b*) none of the constituent entities mentioned in subsection (1)(*a*)(iii) and (*b*)(iii),

had any adjusted revenue or GloBE income or loss for FY-1 or FY-2 (as the case may be), that financial year is disregarded in computing the average of the sums in subsection (1)(*a*) and (*b*).

(3) For the purposes of subsection (1), if any financial year in that subsection is longer or shorter than a year, then —

(*a*) the sum of the adjusted revenues; or

(*b*) the sum of the GloBE income or loss,

of the constituent entities for that financial year is the amount arrived at by multiplying that sum by the amount given by dividing 365 by the number of days in that financial year.

(4) If subsection (1) applies, and the filing entity of the MNE group so elects in a GloBE information return (whether filed in Singapore or another jurisdiction), the top-up amounts for that financial year of those constituent entities are deemed to be nil.

(5) An election under subsection (4) must be made in accordance with the GloBE rules.

(6) In this section, "adjusted revenue", in relation to a constituent entity for a financial year, means the revenue of the constituent entity that is taken into account in its FANIL for the financial year after making the adjustments prescribed by the regulations.

GloBE Safe Harbours

20.—(1) This section applies if —

(*a*) specified entities of an MNE group located in a jurisdiction are, in accordance with the regulations for applying a GloBE Safe Harbour, eligible for the GloBE Safe Harbour for a financial year; and

(*b*) the filing entity of the MNE group elects in a GloBE information return (whether filed in Singapore or another jurisdiction) to apply that GloBE Safe Harbour for that jurisdiction for those entities for that financial year.

(2) If subsection (1) applies, then, despite anything in this Part, the top-up amounts (or such parts thereof specified under the regulations) for that financial year of those entities are treated as nil.

(3) An election is not effective for the purpose of subsection (1)(*b*) unless it is made —

(*a*) in accordance with the GloBE rules and the regulations; and

(*b*) by the due date for the filing of the GloBE information return for that financial year.

(4) An election is not effective for the purpose of subsection (1)(*b*) —

(*a*) if made after the due date in subsection (3)(*b*), even if the filing entity only becomes aware of its eligibility to make an election after that date; or

(*b*) if made under such circumstances as the regulations made for the purposes of this section may prescribe.

Additional current top-up amount for constituent entities other than special entities

21.—(1) Where, for any financial year —

(*a*) the sum of the GloBE income or loss (including any negative amount of GloBE income or loss) of all the constituent entities (not being special entities) of an MNE group located in a jurisdiction (called in this section A) is nil or a negative amount;

(*b*) the sum of the adjusted covered taxes (including any negative amount of adjusted covered taxes) of those constituent entities (called in this section B) is a negative amount; and

(*c*) B (being a negative amount) is less than 15% of A (being nil or a negative amount),

then, for the purposes of this Act, an additional current top-up amount applies to those entities for that jurisdiction for the financial year that

is equal to the difference between 15% of A and B (expressed as a positive amount).

(2) Where the filing entity of an MNE group so elects in a GloBE information return (whether filed in Singapore or another jurisdiction) —

(*a*) any additional current top-up amount (as computed under subsection (1)) that applies to the constituent entities (not being special entities) of an MNE group for a jurisdiction for a financial year, that is not attributable (in accordance with the regulations) to the carry back of losses, is treated as negative tax carried forward for those entities; and

(*b*) for the purpose of section 16, the amount that is so attributable to the carry back of losses is treated as an additional current top-up amount under subsection (1) that applies to those entities for that financial year.

(3) Section 17(4) applies to the amount of negative tax carried forward under subsection (2)(*a*).

(4) Where, in accordance with the regulations, there is any recalculation made for a financial year (called in this section the current financial year) of —

(*a*) the top-up amounts of the constituent entities (not being special entities) of an MNE group located in a jurisdiction for a previous financial year; or

(*b*) the effective tax rate for such entities for a previous financial year,

and after making all required recalculations —

(*c*) the total top-up amounts of those entities for the previous financial year (called in this section C) is greater than the corresponding amount previously calculated for that financial year (called in this section D),

then, an additional current top-up amount applies to those entities for the current financial year that is equal to the difference between C and D (expressed as a positive amount).

(5) If —

(*a*) an election mentioned in section 19(4) has been made in respect of the constituent entities (other than stateless entities, investment entities and insurance investment entities) of an MNE group for a previous financial year;

(*b*) any additional current top-up amount applies to those entities under subsection (4) for the current financial year; and

(*c*) after making all required recalculations in accordance with the regulations, section 19(1)(*a*) and (*b*) is not satisfied for the previous financial year,

then, for the purpose of calculating the additional current top-up amount for the current financial year, D in subsection (4) is treated as nil.

Top-up amounts of stateless entities

22.—(1) In this Part, the top-up amount of a constituent entity that is a stateless entity is determined by applying sections 16, 17, 18 and 21 (and regulations made for the purposes of those sections) to the constituent entity as if it were the only constituent entity of the MNE group located in a jurisdiction, and for this purpose references to a constituent entity (not being a special entity) in those sections are references to the stateless entity.

(2) For the purpose of applying section 18 under subsection (1), where a stateless entity has any payroll carve-out amount or tangible asset carve-out amount (as defined in section 18) for a financial year that is not allocated to another entity, the substance-based income exclusion for the stateless entity is treated as nil.

Top-up amounts of minority-owned constituent entities and members of minority-owned subgroup

23.—(1) In this Part, the top-up amount of a constituent entity that is a minority-owned constituent entity (not being an investment entity or an insurance investment entity), and that is not a member of a minority-owned subgroup, is determined by applying sections 16, 17, 18, 20 and 21 (and regulations made for the purposes of those sections) to the constituent entity as if it were the only constituent entity of the MNE group located in the jurisdiction, and for this purpose references to a constituent entity (not being a special entity) in those sections are references to the constituent entity.

(2) In this Part, the top-up amount of a constituent entity that is a member of a minority-owned subgroup is determined by applying sections 16, 17, 18, 20 and 21 (and regulations made for the purposes of those sections) to that entity as if references to a constituent entity (not being a special entity) in those sections were references to a member of the minority-owned subgroup, and references to an MNE group in those sections were references to the minority-owned subgroup.

Top-up tax for investment entities and insurance investment entities

24.—(1) In this Part, the top-up tax for a financial year for a relevant entity of a chargeable entity that is an investment entity or insurance investment entity, is the top-up amount of the entity for the financial year.

(2) In this Part, an investment entity or insurance investment entity has a top-up amount for a financial year if the amount determined under subsection (3) or (4) is a positive amount.

Computation of Top-up amount: General

(3) If the sum of the allocable GloBE income or loss for a financial year of all constituent entities of an MNE group that are investment entities or insurance investment entities located in a single jurisdiction is a positive amount, the top-up amount for that financial year of each of those entities is determined by the formula $A \times \frac{B}{C}$, where —

(*a*) A is the jurisdictional top-up amount (as determined in accordance with subsection (5)) for all those entities for that financial year;

(*b*) B is the allocable GloBE income or loss of the entity for that financial year if the entity has a positive amount of allocable GloBE income or loss for that financial year, otherwise B is nil; and

(*c*) C is the sum of the allocable GloBE income or loss for that financial year of each of those entities that has a positive amount of allocable GloBE income or loss for that financial year.

(4) If the sum of the allocable GloBE income or loss for a financial year of all constituent entities of an MNE group that are investment entities or insurance investment entities located in a jurisdiction is nil or a negative amount, the top-up amount for that financial year of each of those entities is determined by any of the following formulae (whichever is applicable):

(*a*) if the jurisdiction has an additional current top-up amount under section 21(1) (as applied by subsection (13)) but not under section 21(4) (as applied by subsection (13)): $A \times \frac{D}{E}$, where —

(i) A has the meaning given by subsection (3)(*a*);

(ii) D is nil if the allocable GloBE income or loss of the entity for that financial year is a positive amount or the adjusted covered taxes for that entity for that financial year is nil or a positive amount, otherwise D is the amount determined by multiplying the allocable GloBE income or loss (being nil or

a negative amount) of that entity for that financial year by 15% and then deducting the adjusted covered taxes (being a negative amount) for that entity for that financial year, except that if the resulting amount is negative, D is nil; and

(iii) E is the sum of D for each of those entities;

(*b*) if the jurisdiction has an additional current top-up amount under section 21(4) (as applied by subsection (13)) but not under section 21(1) (as applied by subsection (13)) and the recalculation in section 21(4) is only made for one previous financial year: $A \times \frac{F}{G}$, where —

(i) A has the meaning given by subsection (3)(*a*);

(ii) F is the allocable GloBE income or loss of that entity for the previous financial year, except that if the allocable GloBE income or loss for the previous financial year is a negative amount, F is nil; and

(iii) G is the sum of F for each of those entities;

(*c*) in any other case, in accordance with the applicable formula prescribed in the regulations.

Jurisdictional Top-Up Amount

(5) In subsection (3), the jurisdictional top-up amount for all constituent entities of an MNE group that are investment entities or insurance investment entities located in a jurisdiction for a financial year is determined by the formula (H × I) + J – K, where —

(*a*) H is the top-up tax percentage for those entities for that financial year as determined in accordance with subsection (6);

(*b*) I is the excess profits of those entities for that financial year as determined in accordance with subsection (11);

(*c*) J is the additional current top-up amount as determined in accordance with section 21 (as applied by subsection (13)) for those entities for that financial year; and

(*d*) K is the qualified domestic minimum top-up tax imposed by the law of that jurisdiction in respect of those entities for that financial year, but —

(i) excluding any amount —

(A) contested in any judicial or administrative proceedings in that jurisdiction; or

(B) determined by the tax authority of that jurisdiction to be not assessable or collectible,

on constitutional or similar grounds in that jurisdiction or any specific agreement with the government of that jurisdiction limiting the tax liability of those entities; and

(ii) including any amount excluded by a previous application of sub-paragraph (i) but determined to be payable for that financial year.

Top-Up Tax Percentage

(6) In subsection (5), the top-up tax percentage for constituent entities of an MNE group that are investment entities or insurance investment entities located in a jurisdiction for a financial year is determined by the formula L − M, where —

(*a*) L is the minimum rate; and

(*b*) M is the effective tax rate for those entities for that financial year as determined in accordance with subsection (7),

and if the percentage so determined is nil or less, the top-up tax percentage for those constituent entities for that financial year is nil.

Effective Tax Rate

(7) Subject to subsections (8), (9) and (10), the effective tax rate for constituent entities of an MNE group that are investment entities or insurance investment entities located in a jurisdiction for a financial year is determined by the formula $\frac{N}{O} \times 100\%$, where —

(*a*) N is the sum of the allocable adjusted covered taxes (including any negative amount of allocable adjusted covered taxes) for that financial year of those entities; and

(*b*) O is the sum of the allocable GloBE income or loss for that financial year of those entities.

(8) In subsection (7), if O is nil or a negative amount, the effective tax rate for those entities for that financial year is 15%.

(9) In subsection (7), if N is a negative amount and O is a positive amount —

(*a*) the effective tax rate for those entities for that financial year is nil; and

(*b*) N is treated as negative tax carried forward for those entities.

(10) Where, because of subsection (9) or (14), an MNE group has an amount of negative tax carried forward for its constituent entities that are investment entities or insurance investment entities located in a jurisdiction that has not been deducted under this subsection —

(*a*) to the extent possible, the amount of negative tax is deducted against N in subsection (7) for the next financial year in which the MNE group has a positive amount of both N and O for that jurisdiction;

(*b*) N for the MNE group for that jurisdiction for that financial year is reduced accordingly (but not below nil); and

(*c*) any amount remaining undeducted is to be carried forward to the financial year following that financial year, and paragraphs (*a*) and (*b*) apply with the necessary modifications in relation to that amount.

Excess Profits

(11) In subsection (5), the excess profits of constituent entities of an MNE group that are investment entities or insurance investment entities located in a jurisdiction for a financial year is determined by the formula P − Q, where —

(*a*) P is the sum of the allocable GloBE income or loss for that financial year of those entities; and

(*b*) Q is the substance-based income exclusion for that financial year for those entities determined in accordance with subsection (12),

and if the amount so determined is nil or less, the excess profits of those constituent entities for that financial year is nil.

(12) In subsection (11)(*b*), the substance-based income exclusion for constituent entities of an MNE group that are investment entities or insurance investment entities located in a jurisdiction for a financial year is determined by applying section 18 to the MNE group for the jurisdiction with the following modifications:

(*a*) references to a constituent entity (not being a special entity) are references to a constituent entity that is an investment entity or insurance investment entity;

(*b*) the eligible payroll cost of a constituent entity for the financial year is adjusted by S in the definition of "allocable GloBE income or loss" in subsection (16);

(*c*) the carrying value of the eligible tangible assets of a constituent entity for the financial year is adjusted by S as mentioned in paragraph (*b*).

Additional Current Top-Up Amount

(13) Section 21(1) and (4) applies to determine any additional current top-up amount for constituent entities of an MNE group that are investment entities or insurance investment entities located in a jurisdiction for a financial year with the following modifications:

(*a*) references to a constituent entity (not being a special entity) are references to a constituent entity that is an investment entity or an insurance investment entity;

(*b*) references to the GloBE income or loss of a constituent entity (not being a special entity) are references to the allocable GloBE income or loss of a constituent entity that is an investment entity or an insurance investment entity;

(*c*) references to the adjusted covered taxes of a constituent entity (not being a special entity) are references to the allocable adjusted covered taxes of a constituent entity that is an investment entity or insurance investment entity;

(*d*) references to the effective tax rate for the constituent entities (not being special entities) are references to the effective tax rate for constituent entities that are investment entities or insurance investment entities.

(14) Where the filing entity of an MNE group so elects in a GloBE information return (whether filed in Singapore or another jurisdiction) —

(*a*) any additional current top-up amount computed under section 21(1) (as applied by subsection (13)) that applies to constituent entities of the MNE group that are investment entities or insurance investment entities located in a jurisdiction for a financial year, that is not attributable (in accordance with the regulations) to the carry back of losses, is treated as negative tax carried forward for those entities; and

(*b*) the amount that is so attributable to the carry back of losses is treated as an additional current top-up amount under section 21(1) (as applied by subsection (13)) that applies to those entities for that financial year.

(15) Subsection (10) applies to the amount of negative tax carried forward under subsection (14)(*a*).

Definitions

(16) In this section —

"allocable adjusted covered taxes", in relation to an investment entity or insurance investment entity, means the adjusted covered taxes of the entity (determined in accordance with paragraph 1 of the First Schedule) that is attributable to its allocable GloBE income or loss;

"allocable GloBE income or loss", in relation to an investment entity or insurance investment entity, means the amount determined by the formula R × S, where —

(*a*) R is the GloBE income or loss of the entity determined in accordance with paragraph 6 of the First Schedule; and

(*b*) S is the inclusion ratio determined in accordance with section 15 and any regulations mentioned in subsection (18) as if the ultimate parent entity of the MNE group were the chargeable entity in respect of the entity.

Regulations

(17) The Minister may make regulations under section 84 to modify the application of this Part in a case where an election is made in a GloBE information return (whether filed in Singapore or another jurisdiction) by a filing entity of an MNE group to —

(*a*) treat a constituent entity that is an investment entity or insurance investment entity as a flow-through entity; or

(*b*) make adjustments to the GloBE income or loss for a financial year of a constituent entity that is an investment entity or insurance investment entity (T), and one or more other constituent entities (not being investment entities or insurance investment entities) that hold a direct ownership interest in T, based on the distributions made by T in the financial year.

(18) The Minister may also make regulations under section 84 to provide for —

(*a*) the recalculation, in a subsequent financial year, of the effective tax rate for constituent entities of an MNE group that are investment entities or insurance investment entities located in a jurisdiction for a financial year in accordance with the GloBE rules; and

(*b*) the computation of S in the definition of "allocable GloBE income or loss" in subsection (16) in accordance with the GloBE rules.

Application of this Part to joint ventures and JV subsidiaries

25.—(1) For the purposes of this Part, a standalone JV, or an entity of a JV group, that —

(*a*) is connected to an MNE group; and

(*b*) has a top-up amount (as determined under this section),

is treated as a relevant entity of the MNE group.

(2) Whether a standalone JV or entity of a JV group has a top-up amount is determined by applying sections 16, 17, 18, 19, 20, 21 and 24 (and regulations made for the purposes of those sections) with the following modifications:

(*a*) except in paragraphs (*b*) and (*c*), references to an MNE group are to the standalone JV or the JV group of which the entity is a part;

(*b*) references to the filing entity of an MNE group are to the filing entity of the MNE group to which the standalone JV or entity is connected;

(*c*) the reference in section 18(10) to a determination by an MNE group is to a determination by the MNE group to which the standalone JV or entity is connected;

(*d*) references to the ultimate parent entity of an MNE group are to the standalone JV or the joint venture of the JV group;

(*e*) references to a constituent entity (not being a special entity) or a constituent entity that is an investment entity or insurance investment entity (as the case may be), are to the standalone JV or the entity;

(*f*) such other modifications as may be prescribed by the regulations.

(3) The FANIL and the GloBE income or loss for a financial year of a standalone JV or entity of a JV group are determined under paragraph 6 (except sub-paragraphs (4) and (14)) of the First Schedule and regulations made for the purpose of that paragraph, with the following modifications:

(*a*) references to an MNE group are to the standalone JV or the JV group of which the entity is a part;

(*b*) references to the ultimate parent entity of an MNE group are to the standalone JV or the joint venture of the JV group;

(*c*) references to a constituent entity or a flow-through entity are to the standalone JV or the entity;

(*d*) such other modifications as may be prescribed by the regulations.

(4) For the purpose of subsection (3), if the financial year (FY1) of the standalone JV or entity of a JV group is different from the financial year (FY2) of the ultimate parent entity of the MNE group to which it is connected, the FANIL of the standalone JV or entity for FY2 is its FANIL for FY1 that ends at any time in FY2.

(5) For the purpose of applying section 18(3) in subsection (2) in a case described in subsection (4), the carrying value of an eligible tangible asset of the standalone JV or entity of a JV group for FY2 is its carrying value for FY1 that ends at any time in FY2.

(6) The qualifying current tax expenses, qualifying deferred tax expenses and adjusted covered taxes of a standalone JV or entity of a JV group are determined under paragraph 1 of the First Schedule and the regulations made for the purpose of that paragraph, with the following modifications:

(*a*) references to an MNE group are to the standalone JV or the JV group of which the entity is a part;

(*b*) references to the ultimate parent entity of an MNE group are to the standalone JV or the joint venture of the JV group;

(*c*) references to a constituent entity or a flow-through entity are to the standalone JV or the entity;

(*d*) such other modifications as may be prescribed by the regulations.

Multi-parent groups

26. The Minister may make regulations under section 84 in accordance with the GloBE rules to prescribe how this Part applies in relation to a multi-parent group.

PART 3

DTT

Purpose of this Part

27.—(1) The purpose of this Part is to implement a top-up tax in respect of an MNE group that is intended to be a qualified domestic minimum top-up tax within the meaning of the GloBE Rules.

(2) For that purpose, this Part makes provision for a tax payable in respect of an MNE group where the conditions in section 28(1) are satisfied for a financial year.

(3) The tax is to be known as the "domestic top-up tax" or "DTT".

(4) The provisions of this Part must be interpreted in a manner that is consistent with the purpose in subsection (1).

DTT payable in respect of MNE group and amount of DTT

28.—(1) DTT is payable in respect of an MNE group for a financial year where —

(*a*) the MNE group is one to which this Act applies for that financial year;

(*b*) at least one of its constituent entities is located in Singapore or is a section 29(*b*) entity; and

(*c*) the MNE group has a top-up amount for that financial year.

(2) The DTT payable in respect of an MNE group for a financial year is the top-up amount for the MNE group for that financial year.

(3) In this Part, a joint venture or a JV subsidiary located in Singapore is treated as a constituent entity of an MNE group located in Singapore if it is connected to the MNE group.

Top-up amount of MNE group

29. In this Part, the top-up amount for an MNE group for a financial year is the sum of —

(*a*) the top-up amount of every constituent entity (not being a special entity) of the MNE group located in Singapore for the financial year;

(*b*) the top-up amount of every constituent entity of the MNE group (called in this Act a section 29(*b*) entity) that is —

(i) a flow-through entity established, formed, incorporated or registered under the laws of Singapore;

(ii) not a responsible member as defined in section 13; and

(iii) a reverse hybrid entity with respect to any of its income, expenditure, profit or loss;

(*c*) the top-up amount of every constituent entity of the MNE group that is a minority-owned constituent entity (not being an investment entity or insurance investment entity) located in Singapore for the financial year; and

(*d*) the top-up amount of every joint venture or JV subsidiary that is treated as a constituent entity of the MNE group located in Singapore for the financial year.

Top-up amounts of constituent entities

30.—(1) This section applies for the purposes of determining under this Part the top-up amounts of the entities in section 29.

(2) Sections 16 to 21 apply to determine the top-up amount of a constituent entity (not being a special entity) of the MNE group located in Singapore for the financial year with the necessary modifications and the following modifications:

(*a*) the reference to a jurisdiction is a reference to Singapore;

(*b*) in section 16(4), K is nil;

(*c*) in the definition of "carrying value" in section 18(4), the reference to the consolidated financial statements of the ultimate parent entity of the MNE group is, if paragraph 6(14) of the First Schedule applies, a reference to the financial statements of the constituent entity concerned;

(*d*) such other modifications as may be prescribed by the regulations.

(3) In a case where —

(*a*) a constituent entity (not being a special entity) of the MNE group located in Singapore (X) holds direct ownership interests in an investment entity or insurance investment entity located in a jurisdiction other than Singapore (Y); and

(*b*) an election as described in section 24(17) is made by the filing entity of the MNE group in relation to Y,

then sections 16 to 21 apply under subsection (2) with the modifications set out in the regulations in section 24(17).

(4) Section 22 applies to determine the top-up amount of a section 29(*b*) entity (X) with the following modifications:

(*a*) a reference to a stateless entity is a reference to X;

(*b*) a reference to a jurisdiction in that section is a reference to Singapore.

(5) Section 23 applies to determine the top-up amount of a minority-owned constituent entity (not being an investment entity or insurance investment entity), as if the reference to a jurisdiction in that section were a reference to Singapore.

(6) Section 25 applies to determine the top-up amount of a joint venture or JV subsidiary located in Singapore that is treated as a constituent entity of the MNE group located in Singapore.

(7) Without limiting subsection (6), paragraph 6(14) of the First Schedule applies to determine the top-up amount for a financial year of —

(*a*) a standalone JV (X) located in Singapore; or

(*b*) entities of a JV group (Ys) located in Singapore,

that are each treated as a constituent entity of an MNE group located in Singapore, as if —

(*c*) a reference to all the constituent entities of an MNE group were to X or to Ys; and

(*d*) a reference to the MNE group in paragraph 6(14)(*a*) of the First Schedule were to the MNE group to which X or Ys are connected.

(8) For the purposes of subsections (2) and (5), an election made by the filing entity of an MNE group in a GloBE information return (whether filed in Singapore or another jurisdiction) under section 18(9), 19(4), 20(1)(*b*) or 21(2) for a financial year, is treated as an election made under that provision as applied by subsection (2) or (5) (as the case may be) for that financial year.

(9) Regulations may be made under section 84 to apply the regulations mentioned in sections 16(7), 17(5), 18(11), 19(6) and 26 and paragraphs 1(2) and 6(2) of the First Schedule for the purpose of this Part with such modifications as may be specified in the regulations.

(10) Despite anything in this section, the top-up amount of a constituent entity that is an investment entity or insurance investment entity is treated as nil.

PART 4

REGISTRATION OF MNE GROUP AND DESIGNATION OF DESIGNATED LOCAL GIR FILING ENTITY AND DESIGNATED LOCAL DTT FILING ENTITY

Registration of MNE group

31.—(1) An MNE group to which this Act applies for a financial year, and that has a constituent entity located in Singapore (including a joint venture or JV subsidiary located in Singapore and connected to the MNE group) or a section 29(*b*) entity, must be registered under this Part.

(2) The ultimate parent entity of such MNE group must, within 6 months after the end of the financial year or such extended period as may be allowed by the Comptroller, notify the Comptroller in the form and manner specified by the Comptroller of the following, whichever is applicable:

(*a*) the liability of the MNE group to be registered;

(*b*) the identities of the MNE group's constituent entities located in Singapore;

(*c*) the identities of the joint ventures and JV subsidiaries located in Singapore and connected to the MNE group;

(*d*) the identities of the MNE group's excluded entities located in Singapore;

(*e*) the identities of its section 29(*b*) entities;

(*f*) the identities of the MNE group's ultimate parent entity, intermediate parent entities, and partially-owned parent entities located in Singapore;

(*g*) the identities of the MNE group's responsible members located in Singapore;

(*h*) whether the GloBE information return in section 40 has been or is intended to be filed with a competent authority of a jurisdiction outside Singapore pursuant to a qualifying competent authority agreement.

(3) The notification in subsection (2) must be accompanied by the form designating —

(*a*) the designated local GIR filing entity mentioned in section 33(1); and

(*b*) the designated local DTT filing entity mentioned in section 34(1).

(4) Upon the registration of the MNE group, the Comptroller must notify the entities mentioned in subsection (2)(*b*) to (*g*) as notified to the Comptroller, of all of the following:

(*a*) the fact and effective date of the registration;

(*b*) the designated local GIR filing entity and the designated local DTT filing entity;

(*c*) the due dates for the filing of the GloBE information return in section 40 (if not filed with a competent authority in a jurisdiction outside Singapore pursuant to a qualifying competent authority agreement) and the returns in sections 41 and 43, as applicable.

(5) Subsections (2), (3) and (4) do not apply where the MNE has been registered under this section for a prior financial year and that registration has not been cancelled or suspended by the Comptroller in accordance with section 38.

Registration of MNE group by Comptroller

32.—(1) This section applies where there are reasonable grounds for believing that an MNE group is one that must be registered under this Part by virtue of section 31, but has yet to be registered.

(2) The Comptroller may register the MNE group.

(3) Upon the registration of the MNE group, the Comptroller must notify the ultimate parent entity, all constituent entities of the MNE group located in Singapore, all joint ventures and JV subsidiaries located in Singapore and connected to the MNE group, all excluded entities of the MNE group located in Singapore and all section 29(*b*) entities of the MNE group, that are known to the Comptroller, of all of the following:

(*a*) the fact and effective date of the registration;

(*b*) the due dates for the filing of the GloBE information return in section 40 (if not filed with a competent authority in a jurisdiction outside Singapore pursuant to a qualifying competent authority agreement) and the filing of the returns in section 41 or 43, as applicable.

Designated local GIR filing entity

33.—(1) A constituent entity located in Singapore of a registered MNE group that satisfies the conditions prescribed by the regulations, must be designated as the designated local GIR filing entity of the MNE group in accordance with subsection (2).

(2) The designation must be made —

(*a*) by any constituent entity of the MNE group located in Singapore, on behalf of following entities (each called a represented entity of the MNE group):

(i) all the constituent entities located in Singapore of the MNE group;

(ii) all joint ventures and JV subsidiaries located in Singapore and connected to the MNE group;

(iii) all section 29(*b*) entities of the MNE group; and

(*b*) in the form and manner, and within the time, specified by the Comptroller.

(3) Where —

(*a*) a registered MNE group does not have a constituent entity mentioned in subsection (1);

(*b*) subsection (1) (read with section 31(3)(*a*)) has not been complied with; or

(*c*) the Comptroller registers an MNE group under section 32,

the Comptroller must deem a constituent entity of the MNE group located in Singapore, a joint venture or JV subsidiary located in Singapore and connected to the MNE group, or a section 29(*b*) entity

of the MNE group, as the designated local GIR filing entity of that MNE group.

(4) The Comptroller must give notice of such deeming, and the identity of the entity that has been so deemed, to the ultimate parent entity, and all entities known to the Comptroller to be represented entities of the MNE group.

(5) Within one month after the date of the notice in subsection (4) or such extended period as the Comptroller may allow, any constituent entity of the registered MNE group located in Singapore may, on behalf of all represented entities of the MNE group, apply to the Comptroller to designate another constituent entity located in Singapore as the designated local GIR filing entity of the MNE group in place of the deemed designated local GIR filing entity.

(6) An application under subsection (5) must be made in the form and manner specified by the Comptroller.

(7) Where, after an entity (X) has been designated or deemed as the designated local GIR filing entity of the MNE group, any of the following events occurs or is expected to occur:

(*a*) X is wound up or otherwise dissolved;

(*b*) X is struck off a register kept under the Companies Act 1967 or the Limited Liability Partnerships Act 2005;

(*c*) X ceases to be registered under the Business Names Registration Act 2014 or the Limited Partnerships Act 2008 or has its registration thereunder cancelled;

(*d*) X ceases to be a part of or to be connected to the MNE group, as the case may be;

(*e*) any other event prescribed by the regulations,

then another constituent entity of the MNE group located in Singapore must be designated as the designated local GIR filing entity of the MNE group in place of X, not later than one month after the occurrence of the event or such extended time as the Comptroller may allow, and in accordance with subsection (2).

(8) Subsections (3) to (6) apply with the necessary modifications to a failure to comply with subsection (7) as they apply to a failure to comply with subsection (1).

(9) Where, at any time after an entity (X) has been designated or deemed as the designated local GIR filing entity of the MNE group, the MNE group has a new constituent entity located in Singapore, then another constituent entity of the MNE group located in Singapore may be designated as the designated local GIR filing entity of the MNE group in place of X in accordance with subsection (2) —

(*a*) within 6 months after the end of the financial year in which the acquisition of ownership or control occurred that resulted in the MNE group having the new constituent entity; or

(*b*) such extended time as the Comptroller may allow.

(10) The constituent entity that replaced X as the designated local GIR filing entity of an MNE group under subsection (7) or (9) must carry out any duty under this Act of a designated local GIR filing entity that has yet to be carried out by X on the date specified under subsection (11).

(11) The designation or deeming of an entity as a designated local GIR filing entity under this section takes effect from the date specified by —

(*a*) the constituent entity that made the designation on behalf of all the represented entities of the MNE group; or

(*b*) the Comptroller,

as the case may be.

(12) Where an entity has been designated as a designated local GIR filing entity of a registered MNE group under this section, the Comptroller must notify the ultimate parent entity of the MNE group (if located in Singapore), and all other represented entities of the MNE group, of the identity of the designated local GIR filing entity.

Designated local DTT filing entity

34.—(1) A constituent entity located in Singapore of a registered MNE group that satisfies the conditions prescribed by the regulations, must be designated as the designated local DTT filing entity of the MNE group in accordance with subsection (2).

(2) The designation must be made —

(*a*) by the ultimate parent entity of the MNE group, on behalf of the following entities (each called a represented entity of the MNE group):

(i) all the constituent entities located in Singapore of the MNE group;

(ii) all joint ventures and JV subsidiaries located in Singapore and connected to the MNE group;

(iii) all the section 29(*b*) entities of the MNE group; and

(*b*) in the form and manner, and within the time, specified by the Comptroller.

(3) Where —

(*a*) a registered MNE group does not have a constituent entity mentioned in subsection (1);

(*b*) subsection (1) (read with section 31(3)(*b*)) has not been complied with; or

(*c*) the Comptroller registers an MNE group under section 32,

the Comptroller must deem a constituent entity of the MNE group located in Singapore, a joint venture or JV subsidiary located in Singapore and connected to the MNE group, or a section 29(*b*) entity of the MNE group, as the designated local DTT filing entity of that MNE group.

(4) The Comptroller must give notice of such deeming, and the identity of the entity that has been so deemed, to the ultimate parent entity and all entities known to the Comptroller to be represented entities of the MNE group.

(5) Within one month after the date of the notice in subsection (4) or such extended period as the Comptroller may allow, any constituent entity of the registered MNE group located in Singapore may, on behalf of all the represented entities of the MNE group, apply to the Comptroller to designate another constituent entity located in Singapore as the designated local DTT filing entity of the MNE group in place of the deemed designated local DTT filing entity.

(6) An application under subsection (5) must be made in the form and manner specified by the Comptroller.

(7) Section 33(7) to (12) applies in relation to a designated local DTT filing entity of a registered MNE group as it applies in relation to a designated local GIR filing entity of a registered MNE group, with the following modifications:

(*a*) a reference to all the represented entities of the MNE group is to all the represented entities of the MNE group in this section;

(*b*) a reference to a provision of section 33 is to the corresponding provision in this section or a provision of section 33 as applied by this section, as the case may be;

(*c*) all other necessary modifications.

Ultimate parent entity of registered MNE group must inform Comptroller of certain events

35. The ultimate parent entity of a registered MNE group must inform the Comptroller, in the form and manner specified by the Comptroller and within the prescribed time, of the occurrence of any prescribed event relating to the MNE group, and any information on the event that the Comptroller may reasonably require.

Surcharge for failure to register

36.—(1) This section applies where the ultimate parent entity of an MNE group to which this Act applies for a financial year, fails to register the MNE group in accordance with section 31.

(2) The Comptroller may make an assessment of a surcharge on the ultimate parent entity of an amount equal to 10% of the total of the MTT and the DTT assessed under section 50.

(3) Sections 49(5) to (8), 52, 53, 54(1) to (4), 55, 56 and 57 apply in relation to an assessment in subsection (2), as they apply in relation to an assessment in those provisions, with the necessary modifications and the following other modifications:

(*a*) a reference to MTT or DTT is to the surcharge assessed under subsection (2);

(*b*) a reference to the chargeable entity is to the ultimate parent entity;

(*c*) such other modifications as may be prescribed by the regulations.

(4) Sections 78(9) to (15) (including regulations made under section 78(16)), 79, 80, 80A, 80B and 83 of the ITA apply in relation to an appeal under section 54 (as applied by subsection (3)) as they apply in relation to an appeal under Part 18 of the ITA, with the modifications under subsection (5) and all other necessary modifications.

(5) The modifications are —

(*a*) all references to or in relation to unabsorbed allowances, losses or donations are omitted;

(*b*) a reference to an assessment is to an assessment under subsection (2);

(*c*) a reference to tax is to the surcharge;

(*d*) the reference to section 78(14) of the ITA in section 80A(3) of the ITA is to that provision as applied by subsection (4); and

(*e*) such other modifications as may be prescribed by the regulations.

(6) Sections 57, 87, 89 and 90 of the ITA apply for the purposes of collecting and recovering —

(*a*) an amount of surcharge assessed under subsection (2) and not paid on the date in section 49(7) (as applied by subsection (3)) (called in this section surcharge in arrears); and

(*b*) an amount of interest imposed under section 49(8) (as applied by subsection (3)) (called in this section the interest in arrears),

as they apply for the purposes of collecting and recovering an amount of unpaid ITA tax, and any unpaid interest imposed under section 85(2) of that Act, subject to the modifications in subsection (7) and all other necessary modifications.

(7) The modifications are —

(*a*) a reference to tax or tax charged on the income of a person, is to the surcharge in arrears, including (in the case of section 57 of the ITA) any penalty imposed by section 87 of the ITA as applied by subsection (6);

(*b*) a reference to interest imposed under section 85(2) of the ITA is to the interest in arrears;

(*c*) a reference to the person assessed to tax, the person by whom tax is payable, the person from whom an amount of tax is due, the defaulting taxpayer or a person liable to any tax, interest or penalty, is to the ultimate parent entity;

(*d*) a reference in section 57 of the ITA to Part 18 of the ITA is to the provisions of Part 18 of the ITA as applied by subsection (6);

(*e*) a reference to any provision of the ITA relating to the collection and recovery of tax is to that provision as applied by subsection (6);

(*f*) a reference to the periods prescribed for the payment of tax under section 85 of the ITA is to the time specified for the payment of the surcharge in section 49(7) (as applied by subsection (3));

(*g*) a reference to penalty or additional penalty is to the penalty or additional penalty imposed by section 87(1)(*a*) or (*c*) (as the case may be) of the ITA as applied by subsection (6); and

(*h*) such other modifications as may be prescribed by the regulations.

(8) The Comptroller may, for good cause, remit wholly or in part any surcharge or interest payable under this section.

(9) If, upon an objection made under section 53 or an appeal lodged under section 54, an assessment made under section 50 is varied or annulled, then the surcharge is correspondingly increased, reduced or annulled (as the case may be), and —

(*a*) if the surcharge is increased, subsections (3) to (8) apply to the increased amount of the surcharge as they apply to the surcharge; or

(*b*) if the surcharge is reduced or annulled and it has already been paid to the Comptroller, the amount of the reduction or the entire amount (including any interest paid on the amount) must be refunded.

(10) If, upon an objection made under section 53 (as applied by subsection (3)) or an appeal lodged under section 54 (as applied by subsection (3)), an assessment made under section 50 is varied or annulled, the surcharge is correspondingly increased, reduced or annulled (as the case may be), then —

(*a*) if the surcharge is increased, subsections (3) to (8) apply to the increased amount of the surcharge as they apply to the surcharge; or

(*b*) if the surcharge is reduced or annulled and it has already been paid to the Comptroller, the amount of the reduction or the entire amount (including any interest paid on the amount) must be refunded.

Record keeping

37.—(1) Regulations may be made under section 84 to require prescribed entities to keep and retain in safe custody records that satisfy the requirement in subsection (2), for a period specified in the regulations, and for this purpose different entities and periods may be specified for different descriptions of records.

(2) The requirement is that the records must be sufficient to enable each of the following to be carried out:

(*a*) to ascertain the MTT payable by a chargeable entity of the MNE group concerned for a financial year;

(*b*) to ascertain the DTT payable in respect of the MNE group concerned for a financial year;

(*c*) to ascertain the top-up amount of a constituent entity, a joint venture or a JV subsidiary of or connected to the MNE group concerned for a financial year;

(*d*) to ascertain the effective tax rate for an entity mentioned in paragraph (*c*) for a financial year;

(*e*) to verify the correctness of any re-computation of any of the matters in paragraph (*a*), (*b*), (*c*) or (*d*).

Cancellation or suspension of registration

38.—(1) Where the ultimate parent entity of a registered MNE group (being one registered on the basis that it was an MNE group to which this Act applies for an earlier financial year) satisfies the Comptroller that the MNE group is not one to which this Act applies for a later financial year (called financial year X), the Comptroller must, at the option of the ultimate parent entity —

(*a*) cancel its registration on the date on which the request is made or such earlier or later date as may be determined by the Comptroller; or

(*b*) suspend its registration for the financial year or years specified by the ultimate parent entity.

(2) Where the ultimate parent entity of a registered MNE group, being one registered on the ground that it was an MNE group to which

this Act applies for a financial year (also called financial year X), satisfies the Comptroller that the MNE group is in fact not one to which this Act applies for that financial year, then the Comptroller must cancel its registration, and the MNE group is treated as never having been a registered MNE group.

(3) However, if, in a case in subsection (2), the Comptroller is satisfied that the MNE group is one to which this Act applies for a later financial year, the Comptroller may, instead of cancelling its registration, change the financial year for which it is first registered to that later financial year, and this Act applies accordingly in relation to that MNE group.

(4) The application for cancellation or suspension of registration must be —

(*a*) made in the form and manner specified by the Comptroller;

(*b*) supported by the documents required by the Comptroller; and

(*c*) made within the period in subsection (5) or by such later date as the Comptroller may permit in a particular case.

(5) The period is —

(*a*) in the case of a registration under section 31 — 6 months after the end of financial year X; or

(*b*) in the case of a registration under section 32 — one month after the date of the notice of deemed registration issued under that section.

(6) Despite subsection (1), the Comptroller may refuse to cancel or suspend the registration of a registered MNE group if the Comptroller has reasonable grounds to believe that this is necessary for the protection of revenue.

PART 5

RETURNS, PAYMENT OF MTT AND DTT AND INFORMATION-GATHERING POWERS

Returns deemed furnished by due authority

39.—(1) A return, statement or form purporting to be furnished under this Act by or on behalf of any entity is for all purposes deemed to have been furnished by that entity unless the contrary is proved.

(2) Any person signing any such return, statement or form is deemed to be cognizant of all matters therein.

Division 1 — Returns and Payment of MTT

GloBE information return

40.—(1) Subject to subsection (2), the designated local GIR filing entity of a registered MNE group to which this Act applies for a financial year must file by the due date with the Comptroller, in the form and manner determined by the Comptroller, a GloBE information return.

(2) A designated local GIR filing entity of a registered MNE group need not comply with subsection (1) if a GloBE information return for that financial year, containing such information as may be prescribed by the regulations, has been filed by the due date in subsection (4) by a filing entity with a competent authority in a jurisdiction outside Singapore pursuant to a qualifying competent authority agreement.

(3) Where subsection (2) applies, the designated local GIR filing entity must by the due date give to the Comptroller, in the form and manner determined by the Comptroller, a notice of the particulars of the filing entity and the jurisdiction where it is located.

(4) For the purpose of subsections (1), (2) and (3), the due date is —

(*a*) if the financial year is the transition year of the MNE group — the last day of the period of 18 months after the end of that transition year; or

(*b*) if the financial year is any financial year after the transition year of the MNE group — the last day of the period of 15 months after the end of that financial year.

(5) Despite anything in this Act, any election made by a designated local GIR filing entity of an MNE group for a financial year under section 9(5), 18(9), 19(4), 20(1), 21(2) or 24(14) or (17) or paragraph 5(1) of the First Schedule, or under the regulations, that is inconsistent with an election made for the MNE group in another jurisdiction as disclosed in the GloBE information return filed under subsection (1) or (2), is void.

Returns of MTT

41.—(1) Every responsible member of a registered MNE group located in Singapore to which this Act applies for a financial year must, by the due date, furnish to the Comptroller in the form and manner determined by the Comptroller, either —

(*a*) if the responsible member is not chargeable with MTT for that financial year — a return stating that fact; or

(*b*) if the responsible member is chargeable with MTT for that financial year — a return stating the amount of top-up tax for that financial year in respect of each relevant entity of the responsible member.

(2) The reference to the financial year in subsection (1) includes any financial year that is earlier than that in which the MNE group is registered for which no return had been furnished to the Comptroller.

(3) For the purposes of subsection (1) and section 42, the due date is —

(*a*) if the financial year is the transition year of the registered MNE group — the last day of the period of 18 months after the end of that transition year; or

(*b*) if the financial year is any financial year after the transition year — the last day of the period of 15 months after the end of that financial year.

(4) The Comptroller may, in his or her discretion and subject to such terms and conditions as he or she may impose, allow an extension of time for the furnishing of a return.

(5) A return under subsection (1) must include —

(*a*) the start and end date of the financial year in respect of which the return is furnished;

(*b*) the identity of the responsible member;

(*c*) the identity of each relevant entity and the jurisdiction it is located in;

(*d*) the amount of MTT payable by the responsible member in respect of each relevant entity; and

(*e*) such information as the Comptroller may reasonably require for the purpose of determining or verifying the amount in paragraph (*d*).

(6) The amount of MTT computed in a return must, if not in Singapore dollars, be converted to Singapore dollars in accordance with the regulations.

Payment of MTT

42.—(1) A responsible member that has furnished a return under section 41(1) for a financial year must, no later than one month after the due date in that provision, pay to the Comptroller, without demand and in the manner determined by the Comptroller, any MTT payable for the financial year, as set out in that return.

(2) The payment must be made in Singapore dollars.

(3) The Comptroller may, in his or her discretion and subject to such terms and conditions (including the imposition of interest) as he or she may impose, allow an extension of time for making the payment.

Division 2 — Returns and Payment of DTT

Returns of DTT

43.—(1) The designated local DTT filing entity of a registered MNE group to which this Act applies for a financial year must, by the due date, furnish to the Comptroller in the form and manner determined by the Comptroller, either —

(*a*) if there is no DTT payable in respect of the MNE group for that financial year — a return stating that fact; or

(*b*) if there is DTT payable in respect of the MNE group for that financial year — a return stating the amount of the DTT.

(2) The reference to the financial year in subsection (1) includes any financial year that is earlier than that in which the MNE group is registered for which no return had been furnished to the Comptroller.

(3) Where an election has been made under section 45 for part of the top-up amount for the financial year of the MNE group (called in this section and section 44 amount Y) that is attributable to a constituent entity, joint venture or JV subsidiary (called in this section and section 44 X) to be paid separately by X, the return in subsection (1) must also include —

(*a*) X's identity;

(*b*) amount Y; and

(*c*) such information as the Comptroller may reasonably require for the purpose of determining or verifying amount Y.

(4) For the purposes of this section and section 44, the due date is —

(*a*) if the financial year is the transition year of the registered MNE group — the last day of the period of 18 months after the end of that transition year; or

(*b*) if the financial year is any financial year after the transition year — the last day of the period of 15 months after the end of that financial year.

(5) The Comptroller may, in his or her discretion and subject to such terms and conditions as he or she may impose, allow an extension of time for the furnishing of a return.

(6) The amount of DTT computed in a return must, if not in Singapore dollars, be converted to Singapore dollars in accordance with the regulations.

Payment of DTT

44.—(1) A designated local DTT filing entity that has furnished a return under section 43 for a financial year must, no later than one month after the due date, pay to the Comptroller, without demand and in the manner determined by the Comptroller —

(*a*) any DTT payable for the financial year; or

(*b*) if an election is made under section 45, the balance of the DTT after deducting amount Y.

(2) X must, no later than one month after the due date, pay to the Comptroller without demand and in the manner determined by the Comptroller, amount Y.

(3) The payments in subsections (1) and (2) must be made in Singapore dollars.

(4) The Comptroller may, in his or her discretion and subject to such terms and conditions (including the imposition of interest) as he or she may impose, allow an extension of time for making any payment under this section.

Election to pay amount attributable to an entity separately

45.—(1) An MNE group may, through its designated local DTT filing entity, elect for the part of its top-up amount (called in this section amount Y) for a financial year that is attributable to a constituent entity of the MNE group or a joint venture or JV subsidiary connected to the MNE group (each called in this section X), to be paid separately by X.

(2) Unless the Comptroller permits otherwise, an MNE group must not make an election under subsection (1) in respect of more than 30 entities for any financial year.

(3) An election must not be made in respect of an entity that —

(*a*) has a negative amount of GloBE income or loss for the financial year;

(*b*) is a flow-through entity that is not a reverse hybrid entity with respect to any of its income, expenditure, profit or loss;

(*c*) has an effective tax rate of 15% or more; or

(*d*) ceases to be a constituent entity of the MNE group or (if it is a joint venture or JV subsidiary) to be connected to the MNE group, before the date of the return for the financial year under section 43.

(4) Amount Y is computed by the formula $\frac{A}{B} \times C$, where —

(*a*) A is the GloBE income or loss of X for that financial year;

(*b*) B is —

(i) if X is not a special entity — the sum of the GloBE income or loss for that financial year of all the constituent entities (not being special entities) of the MNE group located in Singapore that have a positive amount of GloBE income or loss for that financial year;

(ii) if X is a section 29(*b*) entity, a minority-owned constituent entity that is not part of a minority-owned subgroup, or a standalone JV — the GloBE income or loss of X for that financial year; or

(iii) if X is a minority-owned constituent entity that is part of a minority-owned subgroup or an entity of a JV group — the sum of the GloBE income or loss for that financial year of all the entities of the minority-owned subgroup or JV group (as the case may be) located in Singapore that have a positive amount of GloBE income or loss for that financial year; and

(*c*) C is —

(i) if X is not a special entity — the sum of the top-up amounts for the constituent entities (not being special entities) of the MNE group located in Singapore for that financial year;

(ii) if X is a section 29(*b*) entity, a minority-owned constituent entity that is not part of a minority-owned subgroup, or a standalone JV — the top-up amount for X for that financial year; and

(iii) if X is a minority-owned constituent entity that is part of a minority-owned subgroup, or an entity of a JV group — the sum of the top-up amounts for the entities of the minority-owned subgroup or JV group (as the case may be) located in Singapore for that financial year.

(5) In subsection (3)(*c*), the effective tax rate of an entity for a financial year is computed by the formula $\frac{D}{E} \times 100\%$, where —

(*a*) D is the adjusted covered taxes for that financial year of that entity; and

(*b*) E is the GloBE income or loss for that financial year of that entity.

(6) An election under this section is to be made —

(*a*) in the return for the financial year in section 43; or

(*b*) in any other form and manner and by a date determined by the Comptroller.

(7) An election under this section is effective for the financial year concerned only and is irrevocable.

(8) If X ceases to be a constituent entity of the MNE group or ceases to be a joint venture or JV subsidiary connected to the MNE group (as the case may be), its amount Y for any financial year is not affected by any adjustment to the GloBE income or loss or top-up amount for that financial year of any constituent entity of the MNE group, or of any joint venture or JV subsidiary connected to the MNE group, that is made after the date of cessation; and the designated local DTT filing entity of the MNE group is accordingly liable for any additional DTT, and entitled to a refund of any overpayment of DTT, that results from such adjustment.

Division 3 — Information-Gathering Powers

Power of Comptroller to obtain information

46.—(1) Sections 64 to 65E (except section 65B(1E)) of the ITA have effect for the purpose of enabling the Comptroller to obtain any information or evidence for the purpose of the administration or enforcement of this Act.

(2) The sections mentioned in subsection (1) apply for the purpose of subsection (1) with the following modifications and with other necessary modifications:

(*a*) a reference in section 64 to a return required by or under the ITA is to a return required by or under this Act;

(*b*) a reference to a purpose of the ITA is to a purpose mentioned in subsection (1);

(*c*) a reference to proceedings for an offence under the ITA, proceedings for the recovery of tax or penalty, or proceedings by way of an appeal against an assessment, is to proceedings for an offence under this Act, proceedings for the recovery of any MTT or DTT or any penalty under section 58 or 59, or proceedings by way of an appeal against an assessment under section 54, as the case may be;

(*d*) a reference to a provision that is incorporated by reference in subsection (1) is to that provision as applied and modified by this section;

(*e*) the reference in section 65(1) of the ITA to a person's income is to the MTT or DTT payable by a chargeable entity of an MNE group;

(*f*) the reference in section 65A(*e*) of the ITA to the person's liability to income tax is to an entity's liability to MTT or DTT;

(*g*) the reference in section 65B(1A) of the ITA to an offence under section 37M(3) or (4), 37S(3) or (4), 96 or 96A of the ITA is to an offence under section 68(3) or 69(1);

(*h*) the reference in section 65D(1)(*a*) of the ITA to an offence alleged or suspected to have been committed under the ITA is to an offence alleged or suspected to have been committed under this Act;

(*i*) such other modifications as may be prescribed by the regulations.

Powers of arrest and disposal of items furnished or seized

47. Sections 65F to 65K of the ITA apply with the following modifications:

(*a*) a reference to a provision that is incorporated by reference in this Act is to that provision as applied and modified by this Act;

(*b*) a reference to an offence under section 37M(3) or (4), 37S(3) or (4), 96 or 96A of the ITA is to an offence under section 68(3) or 69(1);

(*c*) a reference to an officer authorised under section 4(1) to investigate offences under the ITA is to an officer authorised under section 76;

(*d*) regulations may be made under section 84 for the matters in section 65F(10) of the ITA, and (accordingly) a reference to rules made under section 7 of that Act is to those regulations;

(*e*) such other modifications as may be prescribed by the regulations.

Information may be used for administration of Act

48. Despite any obligation as to secrecy imposed under any written law or rule of law, the Comptroller of Goods and Services Tax, the Comptroller of Property Tax, the Chief Assessor or the Commissioner of Stamp Duties may transmit information obtained by him or her under the Goods and Services Tax Act 1993, the Property Tax Act 1960 or the Stamp Duties Act 1929 (as the case may be) to the Comptroller for any purpose connected with the administration or enforcement of this Act.

PART 6

ASSESSMENTS, OBJECTIONS AND APPEALS

Assessment

49.—(1) This section applies where —

(*a*) a return required to be furnished under section 41 or 43 has not been furnished by the due date mentioned in that section; or

(*b*) it appears to the Comptroller that a return is incomplete, incorrect or not furnished in accordance with the requirements of section 41 or 43.

(2) The Comptroller may make an assessment of MTT or DTT, or both, on a chargeable entity of an MNE group for the financial year in question, according to the best of the Comptroller's judgment.

(3) More than one assessment may be made under subsection (2).

(4) An assessment is to be made no later than —

(*a*) in the case of MTT — 31 December of the 5th year after the year in which the due date mentioned in section 41(3)(*a*) or (*b*) (whichever is applicable) falls; and

(*b*) in the case of DTT — 31 December of the 5th year after the financial year to which the DTT relates.

Example

Assuming the financial year of an MNE group ends on 30 June 2026, the tax returns for MTT and DTT will be due on 30 September 2027 (or 31 December 2027 if the financial year is the transitional year).

The Comptroller may make an assessment of MTT on a chargeable entity no later than 31 December 2032, i.e. the 5th year after the year in which the tax return for MTT is due (which is either 30 September 2027 or 31 December 2027). The Comptroller may also make an assessment of DTT on a chargeable entity no later than 31 December 2031, i.e. the 5th year after the financial year to which the DTT relates (which is the financial year ending on 30 June 2026).

(5) The Comptroller must serve a notice of the assessment on the chargeable entity of the MNE group for the MTT or DTT assessed to be payable.

(6) Despite any objection or appeal against the assessment, a chargeable entity of the MNE group must make payment to the Comptroller of the MTT or DTT assessed, or the balance of the amount still unpaid (as the case may be).

(7) Payment under subsection (6) must be made —

(*a*) in the manner stated in the notice within one month after service of the notice; and

(*b*) in Singapore dollars.

(8) The Comptroller may, in his or her discretion and subject to such terms and conditions (including the imposition of interest) as he or she may impose, allow an extension of time for making the payment.

Assessment in event of failure to register

50.—(1) This section applies —

(*a*) where the ultimate parent entity of an MNE group to which this Act applies for a financial year, fails to register the MNE group in accordance with section 31; or

(*b*) after the registration of the MNE group under section 31 or 32, as the case may be.

(2) The Comptroller may make an assessment of the MTT chargeable on each chargeable entity of the MNE group for each

financial year for which the MNE group was not registered but should have been registered.

(3) The Comptroller may also make an assessment on the designated local DTT filing entity of the MNE group of the total DTT payable in respect of the MNE group for those financial years for which the MNE group was not registered but should have been registered.

(4) Section 49(3) and (5) to (8) applies in relation to an assessment under this section as it applies in relation to an assessment under section 49.

Assessment in event of fraud

51.—(1) Despite section 49, where, in the Comptroller's opinion, any form of fraud or wilful default has been committed by or on behalf of any person in connection with or in relation to any liability for MTT or DTT, the Comptroller may, for the purpose of making good any loss of MTT or DTT attributable to the fraud or wilful default, at any time make an assessment of the MTT or DTT that in the Comptroller's judgment is payable.

(2) Section 49(3) and (5) to (8) applies in relation to an assessment under this section as it applies in relation to an assessment under section 49.

Errors and defects in assessment and notice

52.—(1) No assessment or other proceeding purporting to be made in accordance with the provisions of this Act is to be quashed, or is deemed to be void or voidable, for want of form, or is affected by reason of a mistake, defect or omission therein, if —

(*a*) it is, in substance and effect, in conformity with or according to the intent and meaning of this Act; and

(*b*) the person assessed or intended to be assessed or affected thereby is designated therein according to common intent and understanding.

(2) An assessment must not be impeached, and is not affected —

(*a*) by reason of a mistake therein as to —

(i) the name of a chargeable entity; or

(ii) the amount of MTT or DTT charged; and

(*b*) by reason of any variance between the assessment and the notice thereof.

(3) The notice of an assessment must be duly served on the chargeable entity and must contain in substance and effect the particulars on which the assessment is made.

Objections

53.—(1) If a chargeable entity disputes an assessment of MTT or DTT payable by it for a financial year, the chargeable entity may (whether by itself or another entity authorised by it) apply to the Comptroller, by a written notice of objection, to review and to revise the assessment made upon the chargeable entity.

(2) Where the assessment is one that amends a previous assessment in any particular, an objection to it may only be made against the amendment in respect of, or matters relating to, that particular.

(3) An application must state precisely the grounds of the chargeable entity's objections to the assessment and must be made within 2 months from the service of the notice of assessment, or such later time as the Comptroller may allow.

(4) The Comptroller upon being satisfied that, owing to any reasonable cause, the chargeable entity disputing the assessment was prevented from making the application within the period in subsection (3), must extend the period as may be reasonable in the circumstances.

(5) On receipt of the notice of objection, the Comptroller may —

(*a*) require the chargeable entity objecting to the assessment to furnish such information as the Comptroller may consider necessary for the computation of the MTT or DTT payable by the chargeable entity, and to produce all books or other documents in the chargeable entity's custody or under the

chargeable entity's control relating to such information; and

(*b*) summon any entity that the Comptroller thinks is able to give evidence respecting the assessment to attend before the Comptroller, and may examine that person on oath or otherwise.

(6) In the event the chargeable entity that has objected to an assessment made upon it agrees with the Comptroller as to a revised amount of MTT or DTT payable by it, the assessment must be amended accordingly, and a notice of the revised assessment must be served upon it.

(7) In the event the chargeable entity that has objected to an assessment made upon it fails to agree with the Comptroller as to the amount of MTT or DTT payable by it, the following apply:

(*a*) the Comptroller must give the chargeable entity a notice of refusal to amend the assessment;

(*b*) the Comptroller may revise the assessment to such amount as the Comptroller may determine, according to the best of his or her judgment, and in that event the Comptroller must give to the chargeable entity a notice of the revised assessment and of the MTT or DTT payable, together with the notice of refusal to amend the assessment.

Appeals to Board of Review

54.—(1) The Board of Review established under Part 18 of the ITA (called in this Part the Board) may hear appeals against an assessment made by the Comptroller under this Act.

(2) A chargeable entity that is aggrieved by such assessment, and that has failed to agree with the Comptroller in the manner provided in section 53(6), may (whether by itself or through another entity authorised by it) appeal to the Board by lodging with the secretary to the Board —

(*a*) within 30 days after the date of the Comptroller's refusal to amend the assessment, a notice of appeal; and

(*b*) within 30 days after the date on which the notice of appeal was lodged, a petition of appeal containing a statement of the grounds of appeal.

(3) The notice of appeal is deemed to be withdrawn if no petition of appeal containing a statement of the grounds of appeal is lodged with the secretary to the Board in accordance with subsection (2)(*b*).

(4) Except as provided in section 55, the decision of the Board is final.

(5) Sections 78(9) to (15) (including regulations made under section 78(16)), 79, 80, 80A, 80B and 83 of the ITA apply in relation to an appeal under this section as they apply in relation to an appeal under Part 18 of the ITA, with the modifications under subsection (6) and all other necessary modifications.

(6) The modifications are —

(*a*) all references to or in relation to unabsorbed allowances, losses or donations are omitted;

(*b*) a reference to an assessment is to an assessment under subsection (2);

(*c*) a reference to tax is to the MTT or DTT, as the case may be;

(*d*) the reference to section 78(14) of the ITA in section 80A(3) of the ITA is to that provision as applied by subsection (5); and

(*e*) such other modifications as may be prescribed by the regulations.

Appeals to General Division of High Court

55.—(1) The appellant or the Comptroller may appeal to the General Division of the High Court from a decision of the Board on a question of law or of mixed law and fact.

(2) The procedure governing and the costs of any such appeal to the General Division of the High Court are as provided for in the Rules of Court.

(3) The General Division of the High Court is to hear and determine any such appeal and may confirm, reduce, increase or annul the assessment determined by the Board and make such further or other order on such appeal, whether as to costs or otherwise, as the General Division of the High Court may think fit.

(4) There is to be such further right of appeal from decisions of the General Division of the High Court under this section as exists in the case of decisions made by the General Division of the High Court in the exercise of its original civil jurisdiction.

Cases stated for General Division of High Court

56.—(1) The Board may at any time and in regard to any appeal, with or without proceeding to the determination of the appeal, state a case on a question of law for the opinion of the General Division of the High Court.

(2) A stated case must set forth the facts and any finding of fact by the Board, the decision (if any) of the Board, and the question for the opinion of the General Division of the High Court, and must be signed by the officiating chairperson or, in the chairperson's absence, by any other member attending the sitting at which the appeal was heard.

(3) The secretary must transmit the case, when stated and signed as aforesaid, to the General Division of the High Court, and must forward a copy thereof to the appellant and to the Comptroller.

(4) The General Division of the High Court may cause a stated case to be sent back for amendment and thereupon the case must be amended accordingly.

(5) In considering any stated case, the General Division of the High Court is to afford opportunity for argument thereon to be put forward by or on behalf of the appellant and the Comptroller.

(6) The General Division of the High Court is to hear and determine any question of law arising on a stated case and may in accordance with its decision thereon confirm, reduce, increase or annul any assessment determined by the Board in the appeal, or may remit the

case to the Board with the opinion of the General Division of the High Court thereon.

(7) Where a case is so remitted by the General Division of the High Court, the Board is bound by the opinion of the General Division of the High Court and must give effect thereto by its decision in the appeal or (as the case may be) by revising any previous decision made by it in the appeal to the extent (if any) to which that previous decision does not accord with the opinion of the General Division of the High Court.

Assessments are final and conclusive

57.—(1) Except as expressly provided in this Act, where no valid notice of appeal has been lodged within the time limited by this Part (including other written law as applied by this Part) against an assessment, or where an assessment has been determined on appeal, the assessment is final and conclusive for the purposes of this Act.

(2) This section does not prevent the Comptroller from making an assessment under section 49 or 51 which does not involve reopening any matter which has been determined on appeal.

PART 7

COLLECTION, RECOVERY AND REPAYMENT OF MTT OR DTT

Recovery of unpaid MTT, interest and penalty

58.—(1) This section applies to —

(*a*) an amount of MTT payable under section 42(1) or pursuant to an assessment, that has not been paid by the date it becomes due (called in this section the MTT in arrears); and

(*b*) an amount of interest imposed under section 42(3) or 49(8) (including that provision as applied by section 50(4) or 51(2)), that has not been paid by the date it becomes due (called in this section the interest in arrears).

(2) Sections 57, 87, 89 and 90 of the ITA apply for the purposes of collecting and recovering the MTT in arrears and the interest in arrears, as they apply for the purposes of collecting and recovering unpaid ITA tax, and any unpaid interest imposed under section 85(2) of the ITA, subject to the modifications in subsection (3) and all other necessary modifications.

(3) The modifications are —

(*a*) a reference to tax or tax charged on the income of a person, is to the MTT in arrears, including (in the case of section 57 of the ITA) any penalty imposed by section 87 of the ITA as applied by subsection (2);

(*b*) a reference to interest imposed under section 85(2) of the ITA is to the interest in arrears;

(*c*) a reference to the person assessed to tax, the person by whom tax is payable, the person from whom an amount of tax is due, the defaulting taxpayer or a person liable to any tax, interest or penalty, is to the chargeable entity liable for the MTT in arrears or the interest in arrears, as the case may be;

(*d*) a reference in section 57 of the ITA to Part 18 of the ITA is to Part 6;

(*e*) a reference to any provision of the ITA relating to the collection and recovery of tax is to that provision as applied by subsection (2);

(*f*) a reference to the periods prescribed for the payment of tax under section 85 of the ITA is to the time specified for the payment of the MTT in section 42(1), 49(7), or 49(7) (as applied by section 50 or 51), as the case may be;

(*g*) a reference to penalty or additional penalty is to the penalty or additional penalty imposed by section 87(1)(*a*) or (*c*) (as the case may be) of the ITA as applied by subsection (2); and

(*h*) such other modifications as may be prescribed by the regulations.

Recovery of unpaid DTT, interest and penalty

59.—(1) This section applies to —

(*a*) an amount of DTT payable under section 44(1) or (2) or pursuant to an assessment, that has not been paid on the date it becomes due (called in this section DTT in arrears); and

(*b*) an amount of interest imposed under section 44(4) or 49(8) (including that provision as applied by section 50(4) or 51(2)) that has not been paid by the date it becomes due (called in this section interest in arrears).

(2) Except in a case to which subsection (3) applies, the following entities (each called in this section a liable entity):

(*a*) all constituent entities located in Singapore of the MNE group concerned;

(*b*) all joint ventures and JV subsidiaries located in Singapore and connected to that MNE group;

(*c*) all section 29(*b*) entities of that MNE group,

as at —

(*d*) the date the return in section 43 for the financial year to which the DTT in arrears relates, is furnished; or

(*e*) if no return is furnished, the end of the financial year to which the DTT in arrears relate,

are jointly and severally liable to pay the DTT in arrears and the interest in arrears.

(3) Where the DTT in arrears or the interest in arrears arose from an assessment under section 50(3), then the following entities (also each called in this section a liable entity):

(*a*) all constituent entities located in Singapore of the MNE group concerned;

(*b*) all joint ventures and JV subsidiaries located in Singapore and connected to that MNE group;

(*c*) all section 29(*b*) entities of that MNE group,

as at the end of the financial year to which —

(*d*) the DTT in arrears; or

(*e*) the DTT, the non-payment of which the interest in arrears was imposed,

relates, are jointly and severally liable to pay the DTT in arrears or the interest in arrears, as the case may be.

(4) Sections 57, 87, 89 and 90 of the ITA apply for the purposes of collecting and recovering the DTT in arrears and the interest in arrears, as they apply for the purposes of collecting and recovering an amount of unpaid ITA tax, and any unpaid interest imposed under section 85(2) of the ITA, subject to the modifications in subsection (5) and all other necessary modifications.

(5) The modifications are —

(*a*) a reference to tax or tax charged on the income of a person, is to the DTT in arrears, including (in the case of section 57 of the ITA) any penalty imposed by section 87 of the ITA as applied by subsection (4);

(*b*) a reference to interest imposed under section 85(2) of the ITA is to the interest in arrears;

(*c*) a reference to the person assessed to tax, the person by whom tax is payable, the person from whom an amount of tax is due, the defaulting taxpayer or a person liable to any tax, interest or penalty, is to any liable entity;

(*d*) a reference in section 57 of the ITA to Part 18 of the ITA is to Part 6;

(*e*) a reference to any provision of the ITA relating to the collection and recovery of tax is to that provision as applied by subsection (4);

(*f*) a reference to the periods prescribed for the payment of tax under section 85 of the ITA is to the time specified for the payment of the DTT in section 44(1) or (2), 49(7), or 49(7) (as applied by section 50 or 51), as the case may be;

(*g*) a reference to penalty or additional penalty is to the penalty or additional penalty imposed by section 87(1)(*a*) or (*c*) (as the case may be) of the ITA as applied by subsection (4); and

(*h*) such other modifications as may be prescribed by the regulations.

Repayment of MTT and DTT

60.—(1) If it is proved to the Comptroller's satisfaction that any part of any MTT or DTT has been paid in excess of the amount payable under this Act, the payer is entitled to have the amount so paid in excess refunded.

(2) A claim for repayment must be made no later than —

(*a*) in the case of MTT — 31 December of the 5th year after the year in which the due date mentioned in section 41(3)(*a*) or (*b*) (whichever is applicable) falls; or

(*b*) in the case of DTT — 31 December of the 5th year after the financial year to which the DTT relates.

(3) This section does not operate to extend any time limit for appeal or validate any objection or appeal which is otherwise invalid or authorise the revision of any assessment or other matter which has become final and conclusive.

(4) The Comptroller must certify any amount repayable under this section and must cause repayment to be made immediately.

(5) Where an order or decision by the Board of Review or by any court gives rise to any claim for a refund of MTT or DTT, the Comptroller may, where the Comptroller has given written notice of the Comptroller's intention to appeal against such order or decision, withhold the refund until such time as the appeal is finally determined.

(6) Where a refund is withheld under subsection (5), the Comptroller must pay interest at the rate prescribed by the regulations with effect from the date of the order or decision appealed against on the amount of refund ultimately determined to be due as a result of any appeal.

(7) Regulations made for the purpose of subsection (6) may prescribe different rates for different periods for which the interest is payable.

Right of contribution

61.—(1) A liable entity (X) of or connected to an MNE group that has made payment to the Comptroller of any part of the DTT payable in respect of the MNE group for a financial year, has a right of contribution or indemnity from another liable entity (Y) of or connected to the MNE group that is jointly and severally liable for that part of the DTT under section 59(2) or (3) (as the case may be) of an amount computed in accordance with subsection (2).

(2) The amount of contribution or indemnity that X has from Y is the amount computed by the formula $\frac{A}{B} \times C$, where —

(*a*) A is the GloBE income or loss of Y for that financial year;

(*b*) B is —

(i) if Y is not a special entity, the sum of the GloBE income or loss for that financial year of all the constituent entities (not being special entities) of the MNE group located in Singapore that have a positive amount of GloBE income or loss for that financial year;

(ii) if Y is a section 29(*b*) entity, a minority-owned constituent entity that is not part of a minority-owned subgroup, or a standalone JV, the GloBE income or loss of Y for that financial year; or

(iii) if Y is a minority-owned constituent entity that is part of a minority-owned subgroup or an entity of a JV group, the sum of the GloBE income or loss for that financial year of all the entities of the minority-owned subgroup or JV group (as the case may be) located in Singapore that have a positive amount of GloBE income or loss for that financial year; and

(*c*) C is —

(i) if Y is not a special entity, the sum of the top-up amounts for the constituent entities (not being special entities) of the MNE group located in Singapore for that financial year;

(ii) if Y is a section 29(*b*) entity, a minority-owned constituent entity that is not part of a minority-owned subgroup, or a standalone JV, the top-up amount for Y for that financial year; or

(iii) if Y is a minority-owned constituent entity that is part of a minority-owned subgroup, or an entity of a JV group, the sum of the top-up amounts for the entities of the minority-owned subgroup or JV group (as the case may be) located in Singapore for that financial year,

less the amount of any DTT paid by Y for that financial year.

(3) This section is subject to any agreement between X and Y or of which X and Y are parties.

(4) In this section —

"DTT" includes any interest imposed by this Act;

"liable entity" has the meaning given by section 59(2) or (3), as the case may be.

Relief against double-counting

62.—(1) Where a joint venture or JV subsidiary (X) connected to an MNE group is also a joint venture or JV subsidiary connected to another MNE group and DTT is payable in respect of both MNE groups for a financial year, the designated local DTT filing entity of any of those MNE groups (called in this section the applicant MNE group) may apply to the Comptroller for relief against double-counting of DTT for that financial year.

(2) The application must be made in the return to be filed under section 43 for that financial year.

(3) The amount of relief for the applicant MNE group is determined by the formula $\frac{A}{B} \times C$, where —

(*a*) A is the GloBE income or loss of X for the financial year that is attributable to the ownership interests of the ultimate parent entity of the other MNE group in X;

(*b*) B is the GloBE income or loss of X for the financial year; and

(*c*) C is the top-up amount of the applicant MNE group attributable to X for the financial year, as determined under section 45(4).

(4) The amount of relief computed under subsection (3) is to be deducted against the DTT payable in respect of the relevant chargeable entity of the applicant MNE group in that subsection for the financial year.

Relief in respect of error or mistake

63.—(1) If a chargeable entity alleges that any payment of MTT or DTT is excessive by reason of some error or mistake in a return made under this Act, it may, at any time not later than —

(*a*) in the case of MTT — 31 December of the 5th year after the year in which the due date mentioned in section 41(3)(*a*) or (*b*) (whichever is applicable) falls; and

(*b*) in the case of DTT — 31 December of the 5th year after the financial year to which the DTT relates,

make a written application to the Comptroller for relief.

(2) An application under subsection (1) may be made on behalf of the entity by another entity authorised by the firstmentioned entity.

(3) On receiving the application, the Comptroller must inquire into the matter and must, subject to this section, give, by way of repayment of MTT or DTT or an amendment to an assessment, such relief in respect of the error or mistake as appears to the Comptroller to be reasonable and just.

(4) No relief by way of repayment or amendment to an assessment may be given under this section when the return was in fact made on

the basis of or in accordance with the prevailing interpretation of the GloBE rules at the time when the return was made.

(5) Section 54 applies in respect of an appeal against a determination of the Comptroller under this section.

(6) The Board of Review may, if in its opinion the appeal was vexatious or frivolous, order that the whole or any part of the aforesaid sum be forfeited and awarded to the Comptroller as costs.

PART 8

OFFENCES

Failure to make return

64.—(1) Any person who fails or neglects without reasonable excuse to comply with section 41(1) or 43(1) shall be guilty of an offence and shall be liable on conviction to —

(*a*) a fine not exceeding $5,000 and in default of payment to imprisonment for a term not exceeding 6 months; and

(*b*) in the case of a continuing offence, to a further penalty of $100 for every day during which the offence is continued after such conviction.

(2) A person who fails or neglects without reasonable excuse to comply with section 41(1) or 43(1) in respect of any financial year for 2 years or more shall be guilty of an offence and shall be liable on conviction to —

(*a*) a penalty equal to double the amount of MTT or DTT that the Comptroller assesses (to the best of his or her judgment) is payable for that financial year; and

(*b*) a fine not exceeding $5,000,

and in default of payment to imprisonment for a term not exceeding 6 months.

Failure to keep proper records

65. Any person who fails or neglects without reasonable excuse to comply with any regulations under section 37(1) shall be guilty of an

offence and shall be liable on conviction to a fine not exceeding $5,000 and in default of payment to imprisonment for a term not exceeding 6 months.

Failure to file GloBE information return and notice

66. Any person who fails or neglects without reasonable excuse to comply with section 40(1) or (3) shall be guilty of an offence and shall be liable on conviction to —

(*a*) a fine not exceeding $5,000 and in default of payment to imprisonment for a term not exceeding 6 months; and

(*b*) in the case of a continuing offence, to a further fine of $100 for every day during which the offence is continued after such conviction.

Penalty for information in GloBE information return or notice known to be false or misleading

67. Any person who, in purported compliance with section 40(1) or (3), produces to the Comptroller any document which contains any information, or provides to the Comptroller any information, known to the person to be false or misleading in a material particular —

(*a*) without indicating to the Comptroller that the information is false or misleading and the part that is false or misleading; and

(*b*) without providing correct information to the Comptroller if the person is in possession of, or can reasonably acquire, the correct information,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 2 years or to both.

Penalty for incorrect return, etc.

68.—(1) Any person that —

(*a*) makes an incorrect return under section 41 or 43 by omitting, overstating or understating anything required to

be included in the return for the purpose of reporting the amount of any MTT or DTT; or

(*b*) gives to the Comptroller any incorrect information requested by him or her for the purpose of determining or verifying the amount of any MTT or DTT,

shall be guilty of an offence and shall on conviction pay a penalty equal to the amount of MTT or DTT that has been omitted or understated.

(2) Any person that without reasonable excuse or through negligence —

(*a*) makes an incorrect return under section 41 or 43 by omitting, overstating or understating anything required to be included in the return for the purpose of reporting the amount of any MTT or DTT; or

(*b*) gives to the Comptroller any incorrect information requested by him or her for the purpose of determining or verifying the amount of any MTT or DTT,

shall be guilty of an offence for which, on conviction, the person shall pay a penalty equal to double the amount of MTT or DTT that has been omitted or understated, and shall also be liable to a fine not exceeding $5,000 or to imprisonment for a term not exceeding 3 years or to both.

(3) Any person that wilfully with intent to evade or to assist any other person to evade payment of MTT or DTT —

(*a*) makes an incorrect return under section 41 or 43 by omitting, overstating or understating anything required to be included in the return for the purpose of reporting the amount of the MTT or DTT; or

(*b*) gives to the Comptroller any incorrect information requested by him or her for the purpose of determining or verifying the amount of the MTT or DTT,

shall be guilty of an offence for which, on conviction, the person shall pay a penalty equal to treble the amount of MTT or DTT that has been omitted or understated, and shall also be liable to a fine not exceeding

$10,000 or to imprisonment for a term not exceeding 3 years or to both.

(4) When an individual has been convicted for —

(*a*) 3 or more offences under subsection (3); or

(*b*) one offence under subsection (3) and one offence under section 69,

the imprisonment the individual shall be liable to shall not be less than 6 months.

(5) Where in any proceedings for an offence under subsection (3), it is proved that any false statement or entry is made in a return by or on behalf of any person, that person is presumed, until the contrary is proved, to have made that false statement or entry with intent to evade payment of MTT or DTT.

Serious fraudulent tax evasion

69.—(1) Any person who wilfully with intent to evade or to assist any other person to evade payment of MTT or DTT —

(*a*) prepares or maintains or authorises the preparation or maintenance of any false books of account or other records or falsifies or authorises the falsification of any books of account or records; or

(*b*) makes use of any fraud, art or contrivance or authorises the use of any such fraud, art or contrivance,

shall be guilty of an offence for which, on conviction, the person shall pay a penalty of 4 times the amount of MTT or DTT that has been omitted or understated, and shall also be liable to a fine not exceeding $50,000 or to imprisonment for a term not exceeding 5 years or to both.

(2) When an individual has been convicted for —

(*a*) 2 or more offences under this section; or

(*b*) one offence under this section and one offence under section 68(3),

the imprisonment the individual shall be liable to shall not be less than 6 months.

(3) Where in any proceedings under this section it is proved that any false statement or entry is made in any books of account or other records maintained by or on behalf of any person, that person is presumed, until the contrary is proved, to have made that false statement or entry with intent to evade payment of MTT or DTT.

Offences by authorised and unauthorised persons

70. Any person who —

(*a*) being a person appointed for the due administration of this Act or any assistant employed in connection with the assessment and collection of MTT or DTT —

(i) demands from any person an amount in excess of the assessment of MTT or DTT;

(ii) withholds for the person's own use or otherwise any portion of the amount of MTT or DTT collected;

(iii) renders a false return, whether verbal or in writing, of the amounts of MTT or DTT collected or received by the person; or

(iv) defrauds any person, embezzles any money or otherwise uses the person's position so as to deal wrongfully either with the Comptroller or any other individual; or

(*b*) not being authorised under this Act to do so, collects or attempts to collect MTT or DTT under this Act,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 3 years or to both.

Offence for obstructing Comptroller or officers

71. Any person who obstructs or hinders the Comptroller or any officer in the discharge of his or her duties or the exercise of his or her powers under this Act shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 12 months or to both.

MTT or DTT payable despite any proceedings

72. The institution of proceedings for, or the imposition of, a penalty, fine or term of imprisonment under this Act does not relieve any person from liability to payment of any MTT or DTT for which the person is or may be liable.

Consent for prosecution

73.—(1) No prosecution may be commenced in respect of an offence under section 64, 65, 66, 67, 68 or 69 except at the instance or with the consent of the Comptroller or the Public Prosecutor.

(2) No prosecution may be commenced in respect of an offence under section 70, 71 or 83(3) except at the instance or with the consent of the Public Prosecutor.

Application of ITA provisions on offences

74. Sections 102 and 105 of the ITA apply to offences under this Part as they apply to offences under the ITA.

Composition of offences

75.—(1) The Comptroller may compound any offence under sections 64, 65, 66, 67, 68, 69 and 71.

(2) The Comptroller may authorise either generally or specifically an officer to compound any offence under sections 64, 65, 66, 67, 68, 69 and 71.

PART 9

MISCELLANEOUS

Authorisation of officers

76. Without limiting section 4(5) of the ITA, the Comptroller may authorise a person authorised under section 4(1) of the ITA to investigate offences under this Act, and to exercise any power in sections 65B(1A), (1B), (1C) or (1D), 65F, 65G, 65H and 65I of the ITA as applied by sections 46 and 47.

Liability of managers of entities

77. The manager or principal officer in Singapore of every entity is answerable for doing all such acts, matters and things as are required to be done by the entity under this Act.

Duty of liquidator, etc., on winding up of entity

78.—(1) Where an entity is being wound up or dissolved, the liquidator or receiver of the entity, or any other person overseeing the winding up or dissolution of the entity, is answerable for doing all such acts, matters and things as are required to be done by the entity under this Act.

(2) Where an entity is being wound up or dissolved, the liquidator, receiver or other person mentioned in subsection (1) must not distribute any of the assets of the entity unless the liquidator, receiver or other person has made provision for the payment in full of any MTT or DTT which may be found payable by the entity.

Provisions relating to interest and penalty

79.—(1) Any interest or penalty imposed under this Act is not part of the tax paid for the purposes of claiming relief under any of the provisions of this Act.

(2) Any penalty imposed under section 87(1) of the ITA (as applied by this Act) is considered interest on tax for the purposes of section 33(2) of the Limitation Act 1959.

Saving for criminal proceedings

80. The provisions of this Act do not affect any criminal proceedings under any other written law.

Admissibility of certain statements and documents as evidence

81.—(1) Statements made or documents produced by or on behalf of any person are not inadmissible in evidence against the person in any proceedings to which this section applies by reason only that the person was or may have been induced to make the statements or produce the documents by any inducement or promise lawfully given or made by a person having any official duty under, or being employed in the administration of, this Act.

(2) This section applies to any proceedings against the person in question for the recovery of any sum due from the person, whether by way of MTT or DTT, surcharge, interest or penalty.

Protection of informers

82.—(1) Except as provided in subsection (3), no witness in any civil or criminal proceedings is obliged or permitted —

(*a*) to disclose the identity of an informer who has given any information (whether the information is given before, on or after that date) with respect to an offence under this Act; or

(*b*) to answer any question if the answer to the question would lead, or would tend to lead, to the discovery of the identity of the informer.

(2) If any document which is in evidence or liable to inspection in any civil or criminal proceedings contains any entry in which any informer is named or described or which may lead to the discovery of the informer's identity, the court must cause the entry to be concealed from view or to be obliterated so far only as may be necessary to protect the informer from discovery.

(3) If —

(*a*) in any proceedings for an offence under any written law, the court, after full enquiry into the case, believes that the informer wilfully made a material statement which the

informer knew or believed to be false or did not believe to be true; or

(*b*) in any other proceedings, the court is of the opinion that justice cannot be fully done between the parties to the proceedings without the discovery of the informer,

the court may permit enquiry and require full disclosure concerning the informer.

(4) In this section, a reference to civil proceedings includes any proceedings before the Board of Review.

Application of other ITA provisions

83.—(1) This section applies other ITA provisions for the purposes of this Act.

Official secrecy

(2) Section 6 of the ITA applies with the following modifications:

(*a*) a reference in that section to any document, information, return, or assessment list relating to income or items of income of a person is to any document, information, return, or assessment list relating to the GloBE income or loss or items of GloBE income or loss of any entity for a financial year;

(*b*) a reference in section 6(13) to information relating to a person is to information relating to an entity;

(*c*) regulations may be made under section 84 (instead of under section 7 of the ITA) for matters to be prescribed for that section.

(3) Any person who contravenes section 6 of the ITA as applied by subsection (2) is guilty of an offence and shall be liable on conviction to a fine not exceeding $5,000 and in default of payment to imprisonment for a term not exceeding 6 months.

Service and signature of notices

(4) Sections 8, 8A and 9 of the ITA apply with the following modifications:

(*a*) a reference to a company is to an entity;

(*b*) a reference to a return, estimate, statement, notice, direction or other document is to a return, estimate, statement, notice, direction or other document under this Act;

(*c*) regulations may be made under section 84 (instead of section 8A of the ITA) for the matters in section 8A(3) and (4) as applied by this subsection.

Regulations

84.—(1) The Minister may make regulations —

(*a*) to provide for adjustments, including any allocation to or from another entity, to be made to the FANIL or the GloBE income or loss of entities (including adjustments to be made to the revenue of entities);

(*b*) to provide for adjustments, including any allocation to or from another entity, to be made to the qualifying current tax expense, the qualifying deferred tax expense or the adjusted covered taxes of entities;

(*c*) to provide for elections that may be made under the GloBE rules;

(*d*) to provide for the modification of any provision of this Act where the ultimate parent entity of an MNE group is a flow-through entity;

(*e*) to provide for the allocation of the FANIL, the GloBE income or loss, the qualifying current tax expense or the qualifying deferred tax expense of a flow-through entity in specified circumstances;

(*f*) to provide for adjustments to be made to any negative tax carried forward, recaptured deferred tax liability or any other prescribed item for the purposes of any provision of this Act in a case where, after an MNE group first becomes liable to be registered under Part 4, it comes within the scope of the law of any jurisdiction imposing a qualified IIR or a qualified UTPR;

(*g*) to provide for the currency in which calculations under this Act are to be carried out in specified circumstances, and the exchange rate applicable for MTT or DTT purposes;

(*h*) to modify the provisions of the ITA (including any case law or principle of law interpreting those provisions) in their application in relation to MTT and DTT;

(*i*) to provide for the modification of the application of any provision of this Act when an MNE group changes its financial year;

(*j*) to provide for a procedure for an entity to submit requests to the Comptroller to resolve issues arising from differences in tax outcomes between Singapore and another jurisdiction in their respective laws because of different interpretations of the GloBE rules, the procedure for resolving these issues, and the provision of relief arising from such resolution;

(*k*) to prescribe the agreements that are qualifying competent authority agreements;

(*l*) to provide for the GloBE Safe Harbours, and matters relating thereto;

(*m*) to create offences for a contravention of a provision of the regulations, the penalty for which on conviction may be a fine not exceeding $5,000 or to imprisonment for a term not exceeding 6 months or to both, and to provide for the composition of any such offence;

(*n*) to provide for such saving, transitional and other consequential, incidental and supplemental provisions as are necessary or expedient for regulations made under this section;

(*o*) to prescribe matters required or permitted by this Act to be prescribed; and

(*p*) for the purposes of carrying out or giving effect to the provisions of this Act.

(2) Regulations made under this section may incorporate by reference (with or without modification) any part of the GloBE rules.

Related amendments to Income Tax Act 1947

85. In the Income Tax Act 1947 —

(*a*) in section 2(1), after the definition of "crops", insert —

""DTT" means the domestic top-up tax imposed under the MMT Act;";

(*b*) in section 2(1), after the definition of "employee", insert —

""excluded top-up tax" means —

(*a*) a qualified IIR, or a tax imposed by the law of a jurisdiction other than Singapore that is substantially similar to any qualified IIR; or

(*b*) a qualified UTPR, or a tax imposed by the law of a jurisdiction other than Singapore that is substantially similar to any qualified UTPR;";

(*c*) in section 2(1), after the definition of "limited partnership", insert —

""MMT Act" means the Multinational Enterprise (Minimum Tax) Act 2024;

"MTT" means the multinational enterprise top-up tax imposed under the MMT Act;";

(*d*) in section 2(1), after the definition of "professional visit pass", insert —

""qualified domestic minimum top-up tax" has the meaning given by section 2(1) of the MMT Act, and includes a tax imposed by the law of a jurisdiction other than Singapore that is substantially similar to any qualified domestic minimum top-up tax;

"qualified IIR" and "qualified UTPR" have the meanings given by section 2(1) of the MMT Act;";

(*e*) after section 2, insert —

"**Purpose of Act**

2A.—(1) Income tax is charged in accordance with this Act on the income of a person accruing in or derived from Singapore or received in Singapore from outside Singapore, or on such amounts deemed to be chargeable as such income under this Act.

(2) Income tax (namely, DTT and MTT) is also charged in accordance with the MMT Act on the income of a multinational enterprise group for the following purposes:

(*a*) to implement the Global Anti-Base Erosion Model Rules (Pillar 2) relating to the top-up tax under the income inclusion rule (IIR);

(*b*) to implement a domestic top-up tax that is intended to be a qualified domestic minimum top-up tax (QDMTT) within the meaning of those Rules.

(3) The liabilities of a person to the taxes mentioned in subsections (1) and (2) are cumulative.

(4) Sections 2 (except for definitions of terms used in provisions applied under subsection (6) insofar as not modified by the MMT Act), 3A, 5, 7, Parts 3 to 15 (except section 57), sections 62 to 63, 66 to 71, Part 17, sections 81, 82, 84, 85, 86, 88, 91 to 93A, 94 to 101, 102A, 103, 104, 104A, Parts 20A, 20B and 21, and the Schedules do not apply in relation to DTT and MTT.

(5) Subsection (4) does not affect the operation of —

(*a*) section 15(1)(*g*) (in relation to the disallowance of deductions for DTT and MTT); and

(*b*) section 49 (in relation to arrangements for relief from double taxation for DTT, and any tax of a similar character imposed by the laws of another country).

(6) The provisions of this Act not disapplied by subsection (4) apply in relation to DTT and MTT, but only in accordance with the MMT Act.";

(*f*) in section 13(9)(*a*), after "(by whatever name called)", insert ", or qualified domestic minimum top-up tax (but disregarding any excluded top-up tax),";

(*g*) in section 13(9)(*b*), after "(by whatever name called)", insert "(but disregarding any excluded top-up tax or qualified domestic minimum top-up tax),";

(*h*) in section 15(1)(*g*), after "income tax in Singapore", insert "(including MTT and DTT)";

(*i*) in section 15(1), after sub-paragraph (*g*), insert —

"(*ga*) any amount paid or payable in respect of any excluded top-up tax or qualified domestic minimum top-up tax;";

(*j*) in section 49(1), after "tax under this Act", insert "(including DTT but excluding MTT)";

(*k*) in section 50, after subsection (1), insert —

"(1A) To avoid doubt, this section —

(*a*) does not apply where the tax payable in respect of income in that territory is an excluded top-up tax; and

(*b*) applies where the tax payable in respect of income in that territory is a qualified domestic minimum top-up tax that is payable —

(i) in respect of the income of a permanent establishment in a territory; or

(ii) in the cases in subsections (5)(*c*) and (7)(*a*), by a company in respect of the profits out of which it pays the dividend.";

(*l*) in section 50A, after subsection (1), insert —

"(1A) To avoid doubt, this section —

(*a*) does not apply where the tax payable in respect of income in that territory is excluded top-up tax; and

(*b*) applies where the tax payable in respect of income in that territory is a qualified domestic minimum top-up tax that is payable —

(i) in respect of the income of a permanent establishment in a territory; or

(ii) in the cases in subsections (2) and (3), by a company in respect of the profits out of which it pays the dividend.";

(*m*) in section 50C(2)(*a*), after "(by whatever name called)", insert "or qualified domestic minimum top-up tax (but disregarding any excluded top-up tax),"; and

(*n*) in section 50C(2)(*b*), after "(by whatever name called)", insert "(but disregarding any excluded top-up tax or qualified domestic minimum top-up tax),".

Related amendments to Inland Revenue Authority of Singapore Act 1992

86. In the Inland Revenue Authority of Singapore Act 1992 —

(*a*) in the Third Schedule, after item 10, insert —

"11. Multinational Enterprise (Minimum Tax) Act 2024."; and

(*b*) in the Fourth Schedule, in item 1, replace "and Part 9 of the Casino Control Act 2006" with ", Part 9 of the Casino Control Act 2006, and the Multinational Enterprise (Minimum Tax) Act 2024".

FIRST SCHEDULE

Sections 2(1), (2) and (4), 9(1)(*b*), 18(4), (7) and (8), 24(16), 25(3), (5) and (7), 30(8) and 40(5)

DEFINITIONS FOR OTHER EXPRESSIONS

"Adjusted covered taxes" and "covered taxes"

1.—(1) In this Act, the "adjusted covered taxes" of a constituent entity (including the ultimate parent entity) (A) of an MNE group for a financial year is the qualifying current tax expense and qualifying deferred tax expense of A for the financial year after —

(*a*) taking into account any qualifying current tax expense and qualifying deferred tax expense of a flow-through entity for the financial year that is allocated to A under sub-paragraph (5);

(*b*) making the adjustments (including any allocation of qualifying current tax expense or qualifying deferred tax expense to or from another constituent entity) required under the regulations;

(*c*) making any adjustment (including any allocation of qualifying current tax expense or qualifying deferred tax expense to or from another constituent entity) permitted under the regulations; and

(*d*) taking into account (with adjustments) any deferred tax assets and deferred tax liabilities (including any amounts treated as such) of A in accordance with the regulations.

(2) The Minister may make regulations under section 84 to prescribe —

(*a*) for the purpose of sub-paragraph (1)(*b*) — the adjustments that must be made in accordance with the GloBE rules, including for any qualifying

current tax expense or qualifying deferred tax expense that is allocated to or from another constituent entity;

(*b*) for the purpose of sub-paragraph (1)(*b*) — the adjustments that must be made in accordance with the GloBE rules (including for any qualifying current tax expense or qualifying deferred tax expense that is allocated to or from another constituent entity) where there is any restructuring or reorganisation or where a constituent entity joins or leaves an MNE group;

(*c*) for the purpose of sub-paragraph (1)(*c*) — the optional adjustments that may be made in accordance with the GloBE rules, including for any qualifying current tax expense or qualifying deferred tax expense that is allocated to or from another constituent entity; and

(*d*) for the purpose of sub-paragraph (1)(*d*) — the deferred tax assets and deferred tax liabilities of A (including amounts treated as such) that are to be taken into account, and adjustments to be made before they are taken into account, in accordance with the GloBE rules.

(3) Before making any adjustment in sub-paragraph (1), the qualifying current tax expense and qualifying deferred tax expense for a financial year of —

(*a*) a flow-through entity (not being the ultimate parent entity of an MNE group);

(*b*) a flow-through entity (X) that is the ultimate parent entity of an MNE group;

(*c*) a permanent establishment of X through which X wholly or partly carries out its business; or

(*d*) a permanent establishment of a flow-through entity (Y) through which Y wholly or partly carries out its business, where Y is —

(i) treated as fiscally transparent in the jurisdiction where X is located; and

(ii) held directly by X or indirectly by X through one or more flow-through entities (each of which is treated as fiscally transparent in the jurisdiction where X is located),

is reduced proportionally by the proportion of its FANIL that is excluded under paragraph 6(9)(*a*) or (12)(*d*), as the case may be.

(4) For the purpose of sub-paragraph (1), where the constituent entity is the main entity of a permanent establishment, the qualifying current tax expense and qualifying deferred tax expense of the constituent entity for the financial year excludes the qualifying current tax expense and qualifying deferred tax expense of

the permanent establishment for the financial year, and such excluded amounts are treated as the qualifying current tax expense and qualifying deferred tax expense (respectively) of the permanent establishment for that financial year for the purpose of that sub-paragraph.

(5) In sub-paragraph (1)(*a*), where a proportion of the FANIL for a financial year of a flow-through entity of an MNE group is allocated to another constituent entity of the same MNE group under paragraph 6(9), (11) or (12), the same proportion of the qualifying current tax expense and qualifying deferred tax expense of the flow-through entity for the financial year is also allocated to that other constituent entity.

(6) In this Act, "covered taxes", in relation to a constituent entity, means the following:

(*a*) taxes on the income or profits of the constituent entity, including taxes on the constituent entity's share of the income or profits of another entity in which the constituent entity holds any ownership interest;

(*b*) taxes imposed under an eligible distribution tax system;

(*c*) taxes imposed as a substitute for a tax on profits that generally applies in a jurisdiction, including withholding taxes on income;

(*d*) taxes charged by reference to the capital or the retained earnings of a company, including a tax charged by reference to both the income and capital of a company,

but does not include —

(*e*) any MTT, or any qualified IIR;

(*f*) any DTT, or any qualified domestic minimum top-up tax;

(*g*) a qualified UTPR;

(*h*) any disqualified refundable imputation tax; and

(*i*) any tax payable by a life insurer in respect of amounts accruing to or paid to policyholders.

(7) In this paragraph —

"disqualified refundable imputation tax" means a tax accrued or payable by an entity that is —

(*a*) refundable to the beneficial owner of a dividend paid by the entity;

(*b*) creditable against any tax liability of such beneficial owner (other than a tax liability in respect of the dividend); or

(*c*) refundable to the entity on the distribution of the dividend,

and is not a qualified imputation tax;

"eligible distribution tax system" means a corporate income tax system under the law of a jurisdiction where —

(*a*) the tax is generally payable only when profits are distributed (or deemed to be distributed) by a corporation to its shareholders or when specific non-business expenses are incurred by the corporation;

(*b*) the tax rate is equal to or exceeds the minimum rate; and

(*c*) the tax system was in force on or before 1 July 2021;

"qualified imputation tax" means a covered tax accrued or payable by an entity in a jurisdiction that is refundable or creditable to the beneficial owner of a dividend distributed by the entity (or the main entity of a permanent establishment if the covered tax is accrued or paid by the permanent establishment) —

(*a*) to the extent that the refund or credit is provided by another jurisdiction under a foreign tax credit regime;

(*b*) where the beneficial owner is subject to tax on the dividend under the law of the firstmentioned jurisdiction at a rate equal to or above the minimum rate;

(*c*) where the beneficial owner is an individual who is tax resident and subject to income tax on the dividend in the firstmentioned jurisdiction; or

(*d*) where the beneficial owner is —

(i) a governmental entity;

(ii) an international organisation;

(iii) a non-profit organisation that is established, formed, incorporated or registered, and managed in the firstmentioned jurisdiction;

(iv) a pension fund that is established, formed, incorporated or registered, and managed in the firstmentioned jurisdiction;

(v) an investment entity that is established, formed, incorporated or registered, and regulated in the firstmentioned jurisdiction and that is not in the same MNE group as the entity; or

(vi) a life insurance company located in the firstmentioned jurisdiction but only if the dividend is received in connection with a pension fund business and subject to tax in a similar manner as a dividend received by a pension fund;

"qualifying current tax expense", in relation to a constituent entity, means the current tax expense reflected in the FANIL of the constituent entity that relates to covered taxes;

"qualifying deferred tax expense", in relation to a constituent entity, means the deferred tax expense reflected in the FANIL of the constituent entity that relates to covered taxes.

"Consolidated financial statements"

2. In this Act, "consolidated financial statements" means —

(*a*) the financial statements prepared by an entity in accordance with an acceptable financial accounting standard, in which the assets, liabilities, income, expenses and cash flows of that entity and the entities in which it has a controlling interest are presented as those of a single economic unit;

(*b*) where the group is an entity in paragraph (*b*) of the definition of "group" in section 2(1) — the financial statements of the entity that are prepared in accordance with an acceptable financial accounting standard;

(*c*) where the ultimate parent entity has financial statements described in sub-paragraph (*a*) or (*b*) that are not prepared in accordance with an acceptable financial accounting standard — the financial statements prepared with adjustments to prevent any material competitive distortion; or

(*d*) where the ultimate parent entity does not prepare financial statements as described in sub-paragraph (*a*), (*b*) or (*c*) — consolidated financial statements that would have been prepared by the ultimate parent entity if it were required by the law or a regulatory body of the jurisdiction in which it is located to do so in accordance with an authorised financial accounting standard that is either an acceptable financial accounting standard or another financial accounting standard that is adjusted to prevent any material competitive distortion.

"Entity"

3.—(1) In this Act, an "entity" is —

(*a*) any legal person but not a natural person;

(*b*) a general partnership or limited partnership;

(*c*) a trust; or

(*d*) any other arrangement that results in the preparation of separate financial statements in respect of the activities carried out under the arrangement.

(2) An entity that is, or is part of, a national, regional or local government or that carries out a government function is not to be regarded as an entity for the purposes of this Act.

"Excluded entity"

4.—(1) In this Act, an excluded entity is an entity that is —

(*a*) a governmental entity;

(*b*) an international organisation;

(*c*) a non-profit organisation;

(*d*) a pension fund;

(*e*) a qualifying non-profit subsidiary;

(*f*) a qualifying service entity; or

(*g*) a qualifying exempt income entity.

(2) In this Act, an investment fund or a real estate investment vehicle is also an excluded entity if it is the ultimate parent entity of an MNE group or would be so but for the fact it does not prepare consolidated financial statements that include assets, liabilities, income, expenses and cash flows of entities in which it holds an ownership interest.

"Governmental entity"

(3) In this Act, an entity is a governmental entity if —

(*a*) it is part of or wholly-owned by a government (including any political subdivision or local authority thereof);

(*b*) it has the principal purpose of —

(i) carrying out a government function; or

(ii) managing or investing the assets of that government or the jurisdiction concerned through the making and holding of investments, asset management, and related investment activities for the assets of that government or jurisdiction;

(*c*) it does not carry on a trade or business;

(*d*) it is accountable to that government on its overall performance and provides annual information reporting to that government;

(*e*) its assets vest in that government on its termination, liquidation or dissolution; and

(*f*) its profits are ultimately distributed only to that government.

(4) The carrying out of the activities in sub-paragraph (3)(*b*)(ii) does not constitute the carrying on of a trade or business for the purpose of sub-paragraph (3)(*c*).

"International organisation"

(5) In this Act, an international organisation is an intergovernmental or supranational organisation, or an entity that acts for, is part of, or is wholly-owned by such an organisation, but only if —

(*a*) the organisation comprises primarily of governments;

(*b*) the organisation has a headquarters, or privileges or immunities in respect of its establishments, in the jurisdiction in which it is established; and

(*c*) its governing documents, or the law of that jurisdiction, precludes the distribution of its profits for the benefit of private persons.

"Non-profit organisation"

(6) In this Act, an entity is a non-profit organisation if —

(*a*) it is established and operated in the jurisdiction it is resident in —

(i) exclusively for religious, charitable, scientific, artistic, cultural, athletic, education, or other similar purposes; or

(ii) as a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare or similar purposes; and

(*b*) it meets all of the following conditions:

(i) substantially all of the income from the activities it carries out for the purposes for which it was established is exempt from income tax in the jurisdiction where it is resident;

(ii) it has no shareholders or members who have any proprietary or beneficial interest in its income or assets;

(iii) the income or assets of the entity may not be distributed to, or applied for the benefit of, a private person or non-charitable entity other than —

(A) pursuant to the conduct of the entity in carrying out activities for the purposes for which it was established;

(B) as payment of reasonable compensation for services rendered or for the use of property or capital; or

(C) as payment representing the fair market value of property which the entity has purchased;

(iv) upon termination, liquidation or dissolution of the entity, all of its assets are distributed or revert to a non-profit organisation or to the government (including any political subdivision thereof) or a governmental entity of the jurisdiction in which the entity is resident;

(v) the entity does not carry on a trade or business that is not directly related to the purposes for which it was established.

"Pension fund"

(7) In this Act, an entity is a pension fund if —

(*a*) it is an entity that is established and operated in a jurisdiction exclusively or almost exclusively to administer or provide retirement benefits and ancillary or incidental benefits to individuals where —

(i) the entity is regulated as such in that jurisdiction (including any political subdivision thereof); or

(ii) those benefits are secured or otherwise protected by national regulations and funded by a pool of assets held through a fiduciary arrangement or trust to secure the fulfilment of the corresponding pension obligations against a case of insolvency of the entity or the group the entity is a member of; or

(*b*) it is an entity established and operated exclusively or almost exclusively —

(i) to invest funds for the benefit of an entity mentioned in sub-paragraph (*a*); or

(ii) to carry out activities that are ancillary to the regulated activities carried out by the entity mentioned in sub-paragraph (*a*), but only if the entities are members of the same group.

"Qualifying non-profit subsidiary"

(8) In this Act, an entity is a qualifying non-profit subsidiary if it is not a qualifying service entity or a qualifying exempt income entity and —

(*a*) 100% of the total value of its ownership interests is held directly or indirectly (through a chain of non-profit organisations) by a non-profit organisation;

(*b*) the revenue, for the financial year concerned, of the MNE group of which the entity is a member, ignoring the revenue of every member that is a non-profit organisation, a qualifying service entity or a qualifying exempt income entity (including its permanent establishments), does not exceed —

(i) EUR 750 million or its equivalent in other currency as determined under the regulations (as adjusted proportionately if the financial year is a period other than 12 months); or

(ii) 25% of the total revenue of the MNE group; and

(*c*) no election under paragraph 5 is in force in relation to the entity.

"Qualifying service entity"

(9) In this Act, an entity is a qualifying service entity if —

(*a*) at least 95% of the total value of its ownership interests is held directly or indirectly (through a chain of excluded entities) by one or more excluded entities (not being a pension fund in sub-paragraph (7)(*b*), qualifying non-profit subsidiary, qualifying service entity or qualifying exempt income entity);

(*b*) either —

(i) the entity only carries out activities that are ancillary to the activities of those owners; or

(ii) all, or almost all, of its activities (ignoring activities falling within sub-paragraph (i)) consist of the holding of assets (which may or may not include financing activities for the

acquisition of assets) or the investment of funds for the benefit of those owners; and

(*c*) no election under paragraph 5 is in force in relation to the entity.

(10) Without limiting sub-paragraph (9)(*a*) and (*c*), a main entity or any of its permanent establishments is a qualifying service entity if (and only if) the main entity and all of its permanent establishments satisfy the condition in sub-paragraph (9)(*b*) as if they were a single entity.

"Qualifying exempt income entity"

(11) In this Act, an entity is a qualifying exempt income entity if —

(*a*) at least 85% of the total value of its ownership interests is held directly or indirectly (through a chain of excluded entities) by one or more excluded entities (not being a pension fund in sub-paragraph (7)(*b*), qualifying non-profit subsidiary, qualifying service entity or qualifying exempt income entity);

(*b*) almost all of the entity's income is excluded dividends or excluded equity gains or losses (or a mixture of both); and

(*c*) no election under paragraph 5 is in force in relation to the entity.

(12) Without limiting sub-paragraph (11)(*a*) and (*c*), a main entity or any of its permanent establishments is a qualifying exempt income entity if (and only if) the main entity and all of its permanent establishments satisfy the condition in sub-paragraph (11)(*b*) as if they were a single entity.

Election to not treat entity as excluded entity

5.—(1) This paragraph applies where a filing entity of an MNE group makes an election in a GloBE information return (whether filed in Singapore or in another jurisdiction) in accordance with the GloBE rules that a member (X) of the group that would otherwise be an excluded entity as a result of paragraph 4(1)(*e*), (*f*) or (*g*) is not to be treated as an excluded entity.

(2) Where an election under sub-paragraph (1) is effective in accordance with the GloBE rules and this paragraph, X is to be treated as a constituent entity for the purposes of this Act.

(3) An election under sub-paragraph (1) must not be revoked for the financial year with respect to which it is made or for any of the subsequent 4 financial years, and any such revocation has no effect.

(4) If an election under sub-paragraph (1) is revoked for a financial year, another election under that sub-paragraph must not be made (whether in Singapore or in

another jurisdiction) in respect of X for that or any of the subsequent 4 financial years, and any such election has no effect.

"GloBE income or loss" and "FANIL"

6.—(1) In this Act, the "GloBE income or loss" of a constituent entity (including the ultimate parent entity) of an MNE group for a financial year means the FANIL of the constituent entity for the financial year after —

(*a*) taking into account any FANIL of a flow-through entity for the financial year that is allocated to the constituent entity under sub-paragraph (9), (11) or (12);

(*b*) making the adjustments (including any allocation of FANIL to or from another constituent entity) required under the regulations; and

(*c*) making any adjustment (including any allocation of FANIL to or from another constituent entity) permitted under the regulations.

(2) The Minister may make regulations under section 84 to prescribe —

(*a*) for the purpose of sub-paragraph (1)(*b*) — the adjustments that must be made in accordance with the GloBE rules including for any FANIL that is allocated to or from another constituent entity;

(*b*) for the purpose of sub-paragraph (1)(*b*) — the adjustments that must be made in accordance with the GloBE rules (including for any FANIL that is allocated to or from another constituent entity) where there is any restructuring or reorganisation or where a constituent entity joins or leaves an MNE group;

(*c*) for the purpose of sub-paragraph (1)(*b*) — the adjustments that must be made for transactions that are not made under arm's length conditions as defined by the regulations; and

(*d*) for the purpose of sub-paragraph (1)(*c*) — the optional adjustments that may be made in accordance with the GloBE rules, including for any FANIL that is allocated to or from another constituent entity.

FANIL of constituent entity other than permanent establishment

(3) In this Act, "FANIL" or "financial accounting net income or loss", in relation to a constituent entity (including the ultimate parent entity) of an MNE group other than a permanent establishment, means —

(*a*) the net income or loss determined for that constituent entity (but before making any consolidation adjustments to eliminate any income, expense, gain or loss arising from transactions between members of

the same group) in preparing the consolidated financial statements of the ultimate parent entity of the MNE group; or

(*b*) if it is not reasonably practicable to determine the amount in sub-paragraph (*a*) on the basis of the financial accounting standard used in the preparation of the consolidated financial statements of the ultimate parent entity of the MNE group, the net income or loss determined for that constituent entity under an acceptable financial accounting standard or an authorised financial accounting standard, but only if —

(i) the constituent entity prepares its financial statements in accordance with that financial accounting standard;

(ii) the information in the constituent entity's financial statements is reliable; and

(iii) in a case where —

(A) due to the application of a specific principle or procedure of that financial accounting standard, there is a difference of more than EUR 1 million (or its equivalent in other currency as determined under the regulations) between an amount of income or expense in such financial statements and the corresponding amount that would be recognised under the financial accounting standard used in the preparation of the consolidated financial statements of the ultimate parent entity; and

(B) such difference would not be eliminated over time,

adjustments to the amount are made to eliminate the difference, as if the financial accounting standard used in the preparation of the consolidated financial statements of the ultimate parent entity had been applied to determine the amount.

(4) If the FANIL of a constituent entity of an MNE group is not included in the consolidated financial statements of the ultimate parent entity of that MNE group for a financial year (FY1), and the financial year of that constituent entity is different from the financial year of the ultimate parent entity, the FANIL of that constituent entity for FY1 is the FANIL of that constituent entity for the financial year of that constituent entity that ends at any time in FY1.

(5) In sub-paragraph (3)(*b*)(ii), whether information in the financial statements of a constituent entity is "reliable" is to be determined by reference to the GloBE rules.

FANIL of permanent establishment

(6) In this Act, "FANIL" or "financial accounting net income or loss", in relation to a permanent establishment (other than one in section 4(1)(*d*)), means the profits of the permanent establishment as reflected in any separate financial accounts for the permanent establishment or, if there are no separate financial accounts, the net income or loss determined for the main entity under sub-paragraph (3)(*a*) or (*b*) (as the case may be), that is properly attributable to the permanent establishment —

(*a*) in accordance with an applicable tax treaty;

(*b*) if there is no applicable tax treaty, under the law of the jurisdiction where the permanent establishment is located if it is subject to tax of a similar character to income tax in that jurisdiction; or

(*c*) if there is no applicable tax treaty and the permanent establishment is not subject to tax of a similar character to income tax in the jurisdiction where it is located, in accordance with Article 7 of the OECD Model Tax Convention.

(7) In this Act, "FANIL" or "financial accounting net income or loss", in relation to a permanent establishment (X) in section 4(1)(*d*), means the income of X's main entity (Y) that is exempt from tax under the law of the jurisdiction where Y is located that is attributable to Y's operations conducted through X outside that jurisdiction, after deducting expenses attributable to those operations, but only if such expenses are not deductible under that law by Y in that jurisdiction.

Currency of FANIL

(8) The amount of the "FANIL" under sub-paragraph (3), (6) or (7) is the amount converted to the currency in which the ultimate parent entity prepares or would have prepared its consolidated financial statements, if it is not already so converted.

Exclusion and allocation of FANIL of flow-through entities

(9) The FANIL for a financial year of a flow-through entity (A) of an MNE group (not being the ultimate parent entity of that MNE group) is excluded or allocated in the following manner:

(*a*) first, the part of the FANIL that is attributable to an individual or entity (B) that is not a member of that MNE group, where —

(i) B holds a direct ownership interest in A; or

(ii) B holds an indirect ownership interest in A through one or more flow-through entities of that MNE group (each of which is treated as fiscally transparent in the jurisdiction where B is located and none of which is the ultimate parent entity of that MNE group),

is excluded from A's FANIL;

(*b*) then, the part of any remaining FANIL that is attributable to any permanent establishment of A is allocated to that permanent establishment;

(*c*) then, the part of any remaining FANIL that is attributable to a constituent entity of that MNE group that holds a direct ownership interest in A —

(i) is allocated to that constituent entity in accordance with its ownership interest in the profits of A, if the constituent entity is located in a jurisdiction that treats A as fiscally transparent; and

(ii) is allocated to A if the constituent entity is located in a jurisdiction that does not treat A as fiscally transparent.

(10) However, where —

(*a*) A is a flow-through entity where the ownership interests in A are held by a flow-through entity that is the ultimate parent entity of the MNE group, directly or through one or more flow-through entities each of which is treated as fiscally transparent in the jurisdiction where the ultimate parent entity is located; and

(*b*) A itself is also fiscally transparent in that jurisdiction,

then sub-paragraph (9) applies with the omission of sub-paragraph (*a*) of that sub-paragraph.

(11) In allocating under sub-paragraph (9) the FANIL of a flow-through entity (C) of an MNE group for a financial year to the constituent entities of that group in a case where the FANIL for a financial year of another flow-through entity (A) of the MNE group has been allocated to C on the application of sub-paragraph (9)(*c*)(i) to the FANIL of A —

(*a*) sub-paragraph (9)(*a*)(i) does not apply in relation to the part of the FANIL of C that is allocated from A, but only if B is located in a jurisdiction where C is treated as fiscally transparent; and

(*b*) sub-paragraph (9)(*a*)(ii) does not apply in relation to the part of the FANIL of C that is allocated from A.

FIRST SCHEDULE — *continued*

(12) The FANIL for a financial year of a constituent entity that is —

(*a*) a flow-through entity (D) that is the ultimate parent entity of an MNE group;

(*b*) a permanent establishment of D through which D wholly or partly carries out its business; or

(*c*) a permanent establishment of a flow-through entity (E) through which E wholly or partly carries out its business where —

(i) E is treated as fiscally transparent in the jurisdiction where D is located; and

(ii) the ownership interests in E are held by D directly or through one or more flow-through entities (each of which is treated as fiscally transparent in the jurisdiction where D is located),

is excluded or allocated in the following manner:

(*d*) first, the part of the FANIL that is attributable to a relevant owner of D or E is excluded from the constituent entity's FANIL, except that a loss attributable to a relevant owner is only so excluded if the relevant owner is allowed to use the loss in computing its income for tax purposes in the jurisdiction where it is located;

(*e*) then, the part of D's FANIL that is attributable to any permanent establishment of D is allocated to the permanent establishment;

(*f*) then, any remaining FANIL is allocated to the constituent entity.

(13) In sub-paragraph (12), "relevant owner", in relation to a flow-through entity (X) for a financial year, means a person who holds a direct ownership interest in X and who is —

(*a*) subject to tax under the law of the jurisdiction where that person is located or resident on X's income for that financial year that is attributable to that person's ownership interest in X, in the period that ends within 12 months of the end of that financial year, where either of the following is satisfied:

(i) the full amount of that income is subject to tax at a nominal rate that is not less than the minimum rate;

(ii) it is reasonable to expect that the sum of that tax and the adjusted covered taxes of X on that income is not less than the amount of that income multiplied by the minimum rate;

(*b*) a natural person who is a tax resident of the jurisdiction where X is located, and all the direct ownership interests in X held by natural

persons do not carry rights to more than 5% of the profits or the assets of X at the end of that financial year; or

(*c*) an excluded entity in paragraph 4(1)(*a*), (*b*), (*c*) or (*d*) which is a tax resident of the jurisdiction where X is located, and all the direct ownership interests in X held by such excluded entities do not carry rights to more than 5% of the profits or the assets of X at the end of that financial year.

FANIL for DTT purposes of constituent entities of MNE group whose financial statements were prepared according to Accounting Standards

(14) For the purpose of Part 3, where all the constituent entities of an MNE group located in Singapore —

(*a*) have the same financial year as the ultimate parent entity of the MNE group; and

(*b*) prepare their financial statements for that financial year in accordance with the Accounting Standards made or formulated under Part 3 of the Accounting Standards Act 2007, where either —

(i) they are required to do so under any written law in Singapore; or

(ii) the financial statements are audited by an external auditor,

the "FANIL" or "financial accounting net income or loss" of each of those entities for that financial year is the net income or loss determined for that entity in its financial statements, and sub-paragraphs (3), (6) and (7) do not apply in such a case.

(15) Sub-paragraph (14) does not apply to a constituent entity that is a permanent establishment located in Singapore if there are no separate financial accounts for that permanent establishment for the financial year.

"Investment entity", "investment fund", "real estate investment vehicle" and "insurance investment entity"

7.—(1) In this Act, an "investment entity" is —

(*a*) an investment fund or a real estate investment vehicle;

(*b*) an entity —

(i) at least 95% of the total value of the ownership interests of which is held directly by an entity mentioned in sub-paragraph (*a*) or indirectly through a chain of such entities; and

FIRST SCHEDULE — *continued*

(ii) whose activities consist exclusively or almost exclusively of holding assets or investing funds for the benefit of those owners; or

(*c*) an entity at least 85% of the total value of the ownership interests of which is held directly by an entity mentioned in sub-paragraph (*a*) or indirectly through a chain of such entities, but only if almost all of the firstmentioned entity's income is excluded dividends or excluded equity gain or loss (or a mixture of both) that is excluded from the computation of GloBE income or loss.

(2) In this Act, an "investment fund" is an entity that meets all of the following conditions:

(*a*) it is designed to pool assets (which may be financial or non-financial in nature) from a number of investors (who are not all connected with one another);

(*b*) it carries out its investment activities in accordance with a defined investment policy;

(*c*) it allows investors to reduce transaction, research, and analytical costs, or to spread risk, collectively;

(*d*) it is primarily designed to generate investment income or gains, or for protection against a particular or general event or outcome;

(*e*) investors have a right to a return from the assets of the entity or income earned on those assets, based on the contributions made by those investors;

(*f*) it or its manager is subject to a regulatory regime in the jurisdiction in which it is established or managed (including appropriate anti-money laundering and investor protection regulation);

(*g*) it is managed by investment fund management professionals on behalf of its investors.

(3) In this Act, a "real estate investment vehicle" is an entity that meets all of the following conditions:

(*a*) it is widely held by investors who are generally not connected with one another through any relationship of common ownership or control;

(*b*) it is primarily designed to invest directly or indirectly in immovable property;

(*c*) its income is subject to taxation in any jurisdiction either as the income of the entity or as the income of the holders of its direct ownership

interests, and if there is any deferral of the taxation of the income, the period of such deferral is not more than one year.

(4) In this Act, an "insurance investment entity" is an entity that meets all of the following conditions:

(*a*) it is not an investment fund or real estate investment vehicle, but would be —

(i) an investment fund if it were designed to pool assets from more than one investor who are not connected with one another; or

(ii) a real estate investment vehicle if it were widely held by investors who are generally not connected with one another through any relationship of common ownership or control;

(*b*) it is established in relation to liabilities under insurance or annuity contracts;

(*c*) it is wholly-owned by one or more persons, all of whom are members of an MNE group, and each person with a direct ownership interest in the entity is subject to a regulatory regime in the jurisdiction in which it is established or managed, and that regime is specific to persons engaged in the business of entering into insurance or annuity contracts or of performing activities ancillary to such business.

"Joint venture", "JV group", "JV subsidiary" and related expressions

8.—(1) In this Act —

(*a*) a "joint venture" is an entity whose financial results are reported under the equity method in the consolidated financial statement of its ultimate parent entity, being one that holds (whether directly or indirectly) at least 50% of the entity's ownership interest;

(*b*) a "standalone JV" means a joint venture without a JV subsidiary; and

(*c*) a joint venture is "connected to" an MNE group if the ultimate parent entity mentioned in sub-paragraph (*a*) is also the ultimate parent entity of the MNE group.

(2) However, the following are not "joint ventures":

(*a*) the ultimate parent entity of an MNE group, being an MNE group that satisfies section 8(1);

(*b*) an excluded entity, other than a pension fund in paragraph 4(7)(*b*), qualifying non-profit subsidiary, qualifying service entity or qualifying exempt income entity;

(*c*) an entity (X) whose ownership interests held by entities of an MNE group are held (directly or through a chain of excluded entities) by an excluded entity (Y) (other than a pension fund in paragraph 4(7)(*b*), qualifying non-profit subsidiary, qualifying service entity or qualifying exempt income entity), and where one of the following applies:

(i) X operates exclusively or almost exclusively to hold assets or invest funds for the benefit of its investors;

(ii) X only carries on activities that are ancillary to those carried out by Y;

(iii) all, or almost all, of X's activities (disregarding activities that are ancillary to those carried out by Y) consist of holding assets or investing funds for the benefit of its investors;

(iv) almost all of X's income is excluded dividends or excluded equity gain or loss, or both;

(*d*) an entity held by entities of an MNE group that comprises exclusively of excluded entities;

(*e*) a JV subsidiary.

(3) In this Act —

(*a*) a "JV group" is a joint venture and its JV subsidiaries, and each of these is an "entity of a JV group";

(*b*) a "JV subsidiary" is an entity whose assets, liabilities, income, expenses and cash flows are consolidated by a joint venture under an acceptable financial accounting standard, or would have been so consolidated had it been required by the law or a regulatory body of the jurisdiction in which the joint venture is located to consolidate such items in accordance with an acceptable financial accounting standard;

(*c*) a permanent establishment whose main entity is a joint venture or a JV subsidiary as defined in sub-paragraph (*b*) is deemed to be a separate "JV subsidiary"; and

(*d*) a JV subsidiary is "connected to" an MNE group if the joint venture mentioned in sub-paragraph (*b*) is connected to the MNE group within the meaning of sub-paragraph (1)(*c*).

"Minority-owned constituent entity" and "minority-owned subgroup"

9.—(1) In this Act —

(*a*) a "minority-owned constituent entity" is a constituent entity of a group whose ultimate parent entity holds (whether directly or indirectly) 30%

or less of the entity's ownership interest in the financial year concerned; and

(*b*) a "minority-owned subgroup" is a minority-owned parent entity and its minority-owned subsidiaries.

(2) In this paragraph —

(*a*) a "minority-owned parent entity" is a minority-owned constituent entity that holds directly or indirectly the controlling interests of another minority-owned constituent entity, except where the controlling interests of the firstmentioned entity are held by another minority-owned constituent entity; and

(*b*) a "minority-owned subsidiary" is a minority-owned constituent entity whose controlling interests are held (whether directly or indirectly) by a minority-owned parent entity.

"Stateless entity"

10. In this Act, a "stateless entity" is —

(*a*) a flow-through entity that is treated as a stateless entity under section 5(3); or

(*b*) a permanent establishment in section 5(5).

SECOND SCHEDULE

Section 18(2) and (3)

1. In section 18(2), the applicable percentage is —

(*a*) for a financial year beginning in 2023, 10.0%;

(*b*) for a financial year beginning in 2024, 9.8%;

(*c*) for a financial year beginning in 2025, 9.6%;

(*d*) for a financial year beginning in 2026, 9.4%;

(*e*) for a financial year beginning in 2027, 9.2%;

(*f*) for a financial year beginning in 2028, 9.0%;

(*g*) for a financial year beginning in 2029, 8.2%;

(*h*) for a financial year beginning in 2030, 7.4%;

(*i*) for a financial year beginning in 2031, 6.6%;

(*j*) for a financial year beginning in 2032, 5.8%; and

SECOND SCHEDULE — *continued*

(*k*) for a financial year beginning after 2032, 5.0%.

2. In section 18(3), the applicable percentage is —

(*a*) for a financial year beginning in 2023, 8.0%;

(*b*) for a financial year beginning in 2024, 7.8%;

(*c*) for a financial year beginning in 2025, 7.6%;

(*d*) for a financial year beginning in 2026, 7.4%;

(*e*) for a financial year beginning in 2027, 7.2%;

(*f*) for a financial year beginning in 2028, 7.0%;

(*g*) for a financial year beginning in 2029, 6.6%;

(*h*) for a financial year beginning in 2030, 6.2%;

(*i*) for a financial year beginning in 2031, 5.8%;

(*j*) for a financial year beginning in 2032, 5.4%; and

(*k*) for a financial year beginning after 2032, 5.0%.

EXPLANATORY STATEMENT

This Bill seeks to implement the Global Anti-Base Erosion Model Rules (Pillar 2) (called the GloBE rules) of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting relating to the Income Inclusion Rule, and domestic top-up tax. Broadly, the GloBE rules apply to a multinational group (MNE group) that has a consolidated group revenue of at least EUR 750 million annually in at least 2 of the 4 preceding financial years.

Part 1 defines the terms used in the Bill.

Part 2 provides for a multinational enterprise top-up tax (MTT). A constituent entity of an MNE group that is located in Singapore is liable to pay MTT if it holds an ownership interest in another constituent entity located in another jurisdiction and the constituent entities located in that jurisdiction have an effective tax rate that is less than a minimum rate of 15%. Such a constituent entity is called a chargeable entity. Broadly, the amount of MTT payable by a chargeable entity is the sum of the top-up amounts computed for each of those constituent entities that it holds an ownership interest in. MTT is generally not applicable if an equivalent top-up tax is paid elsewhere by a constituent entity that is a parent entity of the chargeable entity.

Part 3 provides for a domestic top-up tax (DTT). A designated local DTT filing entity of an MNE group that is located in Singapore is liable to pay DTT if the constituent entities located in Singapore have an effective tax rate that is less than the minimum rate of 15%. The purpose of DTT is to ensure that the rate of tax imposed on the constituent entities located in Singapore is at least 15%. With the imposition of DTT, a foreign equivalent of MTT will generally not be payable in respect of the constituent entities of the MNE group located in Singapore. DTT is payable by the designated local DTT filing entity (also called a chargeable entity), but if the designated local DTT filing entity fails to pay any DTT, the DTT may be collected from the other constituent entities located in Singapore on a joint and several basis.

Part 4 provides for the registration and deregistration of MNE groups for the purpose of MTT and DTT, and the designation of constituent entities to comply with the requirements of the Bill.

Part 5 provides for the requirements for the submission of returns for MTT and DTT, and for the payment of MTT and DTT. Part 5 also provides for the information-gathering powers of the Comptroller of Income Tax (the Comptroller).

Part 6 provides for the power of the Comptroller to assess any MTT and DTT payable if no return is submitted for an MNE group, the return is incomplete or incorrect, or if an MNE group has failed to register. Part 6 also provides for the process for any objection or appeal against an assessment made by the Comptroller.

Part 7 provides for the recovery of unpaid MTT and DTT (including any interest or penalty imposed under the Bill) by the Comptroller.

Part 8 provides for various offences under the Bill.

Part 9 contains various miscellaneous provisions.

PART 1

PRELIMINARY

Clause 1 relates to the short title and commencement.

Clause 2 is a general interpretation provision. It contains definitions of terms used in the Bill.

A "constituent entity" is an entity that is part of a group and includes a permanent establishment, but excludes excluded entities.

A "group" is a collection of entities that are related through ownership or control such that the financial results of the entities are consolidated in the consolidated financial statements of the ultimate parent entity of the group. A

group is an "MNE group" if it has at least one entity or permanent establishment located in a different jurisdiction from its ultimate parent entity.

An "intermediate parent entity" is a constituent entity of an MNE group (not being an ultimate parent entity, a partially-owned parent entity, a permanent establishment, an investment entity or an insurance investment entity) that holds an ownership interest in another constituent entity of that MNE group.

A "partially-owned parent entity" is a constituent entity of an MNE group (not being an ultimate parent entity, a permanent establishment, an investment entity or an insurance investment entity) that holds an ownership interest in another constituent entity of that MNE group, and more than 20% of the ownership interest in the profits of the partially-owned parent entity is held (directly or indirectly) by persons who are not constituent entities of that MNE group.

A "special entity" is a constituent entity of an MNE group that is an investment entity, an insurance investment entity, a minority-owned constituent entity or a stateless entity. A joint venture or a JV subsidiary is treated as a special entity for the purposes of the Bill.

An "ultimate parent entity" is an entity that owns (directly or indirectly) a controlling interest in another entity and is not owned (directly or indirectly), with a controlling interest, by another entity. Where a group comprises a main entity and its permanent establishments only, the main entity is the ultimate parent entity of the group.

Clause 3 defines "flow-through entity" and "reverse hybrid entity". A "flow-through entity" is an entity that is treated as fiscally transparent with respect to its income, expenditure, profit or loss in the jurisdiction where it is established, formed, incorporated or registered, unless it is a tax resident of, and subject to tax on its income under the law of, another jurisdiction. If it is not regarded as fiscally transparent with respect to its income, expenditure, profit or loss in the jurisdiction where its owner is located, it is a "reverse hybrid entity" with respect to the income, expenditure, profit or loss attributable to that owner.

Clause 3 also provides that an entity is considered "fiscally transparent" under a law if the law treats its income, expenditure, profit or loss as having been derived or incurred by its direct owner in proportion to the owner's interest in the entity.

Clause 4 defines "permanent establishment" and "main entity". A "permanent establishment" is (broadly) a place of business that is treated as a permanent establishment under an applicable tax treaty or the OECD Model Tax Convention where the jurisdiction where it is situated has the right to tax the income attributable to the permanent establishment. A "permanent establishment" is also a place of business situated in a jurisdiction where the income attributable to the permanent establishment is subject to income tax in a manner similar to tax residents of the jurisdiction. Any other place of business may also be a "permanent establishment" if the jurisdiction where its main entity is located exempts from tax

the income attributable to the operations conducted outside that jurisdiction through that place of business.

A "main entity" is an entity that includes in its financial statements the financial accounting net income or loss of its permanent establishments.

Clause 5 provides for the rules to determine the jurisdiction in which an entity is located. Generally, an entity is located in a jurisdiction if it is a tax resident of that jurisdiction. If an entity is not a tax resident of any jurisdiction, it is located in the jurisdiction where it is established, formed, incorporated or registered.

Clause 6 provides for special rules to determine the jurisdiction in which an entity is located where by the operation of clause 5 it is located in more than one jurisdiction.

Clause 7 provides that the minimum rate is 15%.

Clause 8 provides that the Bill applies to MNE groups that have consolidated annual group revenue of EUR 750 million or more for at least 2 of the 4 preceding financial years. In determining the consolidated group revenue for any financial year, adjustments prescribed in regulations are to be made where there is any prescribed change to the composition of the MNE group.

Clause 9 provides for the general rule that calculations under the Bill are to be done in the currency used to prepare the consolidated financial statements of the ultimate parent entity of the MNE group, but payments are to be made in Singapore dollars. For the purpose of DTT, in specified circumstances, calculations under the Bill are to be done in Singapore dollars.

Clause 10 provides that MTT and DTT are taxes on income and the Bill is to be construed as one with the Income Tax Act 1947.

PART 2

MTT

Clause 11 sets out the purpose of Part 2.

Clause 12 provides that a chargeable entity is chargeable with MTT if it is a responsible member located in Singapore of an MNE group that the Bill applies to, and holds an ownership interest in a constituent entity located outside Singapore that has a top-up amount for the financial year (called a relevant entity).

Clause 13 provides that a responsible member of an MNE group is the ultimate parent entity or an intermediate parent entity of the MNE group if such an entity is located in Singapore or a jurisdiction with a top-up tax equivalent to the MTT, and (in the case of an intermediate parent entity) no other constituent entity of the MNE group that owns a controlling interest in the entity is a responsible member. A partially-owned parent entity is also a responsible member if it is located in

Singapore or a jurisdiction with a top-up tax equivalent to the MTT, and it is not wholly held (directly or indirectly) by another partially-owned parent entity located in Singapore or a jurisdiction with a top-up tax equivalent to the MTT.

Clause 14 provides that the amount of MTT chargeable on a chargeable entity for a financial year is the sum of the top-up tax of each relevant entity of the chargeable entity for the financial year. Where the chargeable entity holds an indirect ownership interest in a relevant entity through another responsible member of the MNE group, the amount of MTT payable is reduced by the proportionate amount of MTT or equivalent top-up tax chargeable on the other responsible member in respect of the relevant entity.

Clause 15 provides for the determination of the top-up tax for a relevant entity of a chargeable entity that is not an investment entity or an insurance investment entity. The top-up tax for such an entity for a financial year is the top-up amount of the entity for the financial year multiplied by the chargeable entity's inclusion ratio for the entity for the financial year.

The chargeable entity's inclusion ratio for a relevant entity for a financial year is the proportion of the GloBE income or loss of the relevant entity for the financial year that is not attributable to entities other than the chargeable entity. This is determined according to accounting principles if (or as if) consolidated financial statements were prepared by the chargeable entity on the bases specified in the clause.

Clause 16 provides for the steps to be taken to determine the top-up amount of a constituent entity (not being a special entity) of an MNE group for a financial year.

The jurisdictional top-up amount for the MNE group for a jurisdiction for a financial year is apportioned between the constituent entities (not being special entities) of the MNE group that are located in that jurisdiction, and the part so apportioned to an entity is its top-up amount. The apportionment is generally based on the positive amount of GloBE income or loss of the constituent entities for the financial year. An exception is where the jurisdictional top-up amount arises from an additional current top-up amount under clause 21(1), in which case the additional current top-up amount is apportioned between the constituent entities that generated that amount.

The jurisdictional top-up amount for constituent entities (not being special entities) of the MNE group for a jurisdiction for a financial year is determined based on the product of the top-up tax percentage for those entities for the financial year and the excess profits for those entities for the financial year. Any additional current top-up amount determined for those entities for the financial year is added to, and any qualified domestic minimum top-up tax payable for those entities for the financial year is deducted from, the resulting amount.

The top-up tax percentage for the MNE group for a jurisdiction for a financial year is the difference between the minimum rate of 15% and the effective tax rate

for the constituent entities of the MNE group for the jurisdiction for the financial year. The top-up tax percentage is nil if the effective tax rate for the MNE group for the jurisdiction for the financial year is 15% or more.

The excess profits of the constituent entities (not being special entities) of the MNE group located in a jurisdiction for a financial year is the total GloBE income or loss for the financial year of the constituent entities (less their substance-based income exclusion for the financial year). The excess profits for the MNE group for the jurisdiction for the financial year cannot be less than nil.

Clause 17 provides for the computation of the effective tax rate for the constituent entities (not being special entities) of an MNE group located in a jurisdiction for a financial year. This is determined by dividing the sum of their adjusted covered taxes for the financial year by the sum of their GloBE income or loss for the financial year, and then multiplying by 100%. Where the sum of the GloBE income or loss for the financial year of the entities is nil or a negative amount, the effective tax rate is 15%.

Where the sum of the adjusted covered taxes for the financial year of the entities is a negative amount, but the sum of the GloBE income or loss for the financial year of the entities is a positive amount, the effective tax rate is nil and an amount of negative tax carried forward arises. The negative tax carried forward is deducted against any positive total amount of adjusted covered taxes of the entities in a subsequent financial year (hence, reducing the effective tax rate for the MNE group for the jurisdiction for that subsequent financial year).

Clause 18 provides for the computation of the substance-based income exclusion for the constituent entities (not being special entities) of an MNE group located in a jurisdiction for a financial year. The substance-based income exclusion has 2 components: a payroll carve-out amount for each constituent entity (not being a special entity) located in the jurisdiction and a tangible asset carve-out amount for each such entity.

The payroll carve-out amount of an entity is the relevant percentage of the eligible payroll costs of the eligible employees of the entity. The eligible employees of an entity include independent contractors participating in the ordinary operating activities of the entity or the MNE group under the direction and control of the MNE group, and who perform activities for the MNE group in the jurisdiction.

The tangible asset carve-out amount of an entity is the relevant percentage of the carrying value of the eligible tangible assets of the entity. In determining the carrying value of an eligible tangible asset, any increase in value or increase in accumulated depreciation due to a revaluation of the asset is disregarded.

An MNE group may, through its filing entity, elect that the substance-based income exclusion for the constituent entities of the MNE group located in a jurisdiction is treated as nil.

Clause 19 provides for a de minimis exclusion at the election of an MNE group made through its filing entity. The election may be made for a jurisdiction for a financial year if constituent entities (not being stateless entities, investment entities and insurance investment entities) of the MNE group located in the jurisdiction in that financial year and in the 2 preceding financial years have for those financial years, (ignoring any preceding financial year where none of the entities had any adjusted revenue or GloBE income or loss), an average total adjusted revenue of less than EUR 10 million per year and an average total GloBE income or loss of less than EUR 1 million per year. If the election is made, the top-up amounts for the entities of the MNE group for that financial year are deemed to be nil.

Clause 20 provides for the application of a GloBE Safe Harbour on the election of an MNE group made through its filing entity. If the election is made and the prescribed conditions for the GloBE Safe Harbour are met, the top-up amounts for the constituent entities of the MNE group located in the jurisdiction concerned for the financial year are treated as nil.

Clause 21 provides for 2 situations where an additional current top-up amount may arise for constituent entities (not being special entities) of an MNE group for a jurisdiction for a financial year.

The first situation is where the sum of their GloBE income or loss for the financial year is nil or a negative amount, and the sum of their adjusted covered taxes for the financial year is less than 15% of that amount. In other words, the negative taxes of the entities for the financial year is greater than what would be the notional tax deduction value of the combined losses of the entities at the minimum rate of 15%. In this situation, the excess negative taxes is treated as an additional current top-up amount for the jurisdiction. However, an MNE group may elect, through its filing entity, to treat the excess negative taxes for a jurisdiction for a financial year as negative tax carried forward (similar to the negative tax carried forward under clause 17).

The second situation is where there is any recalculation made in a current financial year of the top-up amounts of the constituent entities (not being special entities) of an MNE group located in a jurisdiction for a previous financial year or of the effective tax rate for those entities for a previous financial year. If the recalculation would result in a greater total top-up amount for a jurisdiction for that previous financial year, the difference between the recalculated total top-up amount and the previous total top-up amount is treated as an additional current top-up amount for the jurisdiction.

Clause 22 provides for the determination of the top-up amount of a constituent entity that is a stateless entity. Broadly, clauses 16, 17, 18 and 21 apply as if the references to a constituent entity (not being a special entity) were to the stateless entity. In other words, the top-up amount of a constituent entity that is a stateless

entity is determined as if it were the only constituent entity (not being a special entity) of the MNE group located in a hypothetical jurisdiction.

Clause 23 provides for the determination of the top-up amount of a constituent entity that is a minority-owned constituent entity or a member of a minority-owned subgroup. Clauses 16, 17, 18, 20 and 21 apply as if the references to a constituent entity (not being a special entity) were to the minority-owned constituent entity or the member of the minority-owned subgroup located in a jurisdiction, as the case may be.

In other words, the top-up amount of a constituent entity that is a minority-owned constituent entity is determined as if it were the only constituent entity of the MNE group located in the jurisdiction, and the top-up amounts of the constituent entities located in a jurisdiction that are members of a minority-owned subgroup are determined as if they were the only constituent entities of the MNE group located in the jurisdiction.

Clause 24 provides for the determination of the top-up tax for a relevant entity of a chargeable entity that is an investment entity or an insurance investment entity. The top-up tax for such an entity for a financial year is the top-up amount of the entity for the financial year.

The top-up amount of an investment entity or an insurance investment entity is computed in a similar manner as the computation of the top-up amount of a constituent entity (not being a special entity) under clauses 16, 17, 18 and 21. The 2 main differences are that —

(*a*) the top-up amounts (including the effective tax rate, the substance-based income exclusion, any additional current top-up tax and any negative tax carried forward) of the investment entities and insurance investment entities of an MNE group located in a jurisdiction are computed separately from the other constituent entities of the MNE group located in that jurisdiction; and

(*b*) the chargeable entity's inclusion ratio for the entity under clause 15(2) is replaced by a ratio based on the ownership interest in the investment entity or insurance investment entity held by the ultimate parent entity of the MNE group.

Clause 25 provides for the determination of the top-up amount of a joint venture or a JV subsidiary. Clauses 16, 17, 18, 20, 21 and 24 apply for this purpose with the necessary modifications. Paragraphs 1 and 6 of the First Schedule also apply with the necessary modifications to determine the FANIL, GloBE income or loss, qualifying current tax expenses, qualifying deferred tax expenses and adjusted covered taxes of a joint venture or a JV subsidiary.

In other words, the top-up amounts of entities of a JV group (i.e. a joint venture and its JV subsidiaries), and a standalone JV, are determined as if the entities of the JV group, and the standalone JV, were respectively a separate MNE group.

If a joint venture (including a standalone JV) or a JV subsidiary has a top-up amount, it is treated as a relevant entity of an MNE group if it is connected to the MNE group i.e. the ultimate parent entity of the MNE group holds (directly or indirectly) at least 50% of the ownership interest in the joint venture. A chargeable entity of the MNE group that holds any ownership interest in the joint venture or JV subsidiary would then be liable for MTT payable in respect of the top-up amount of the joint venture or JV subsidiary.

In addition, clause 19 (de minimis election) applies to a standalone JV and the entities of a JV group as if the standalone JV and the entities were (respectively) constituent entities of a separate MNE group.

Clause 26 allows the Minister to make regulations to prescribe for the application of Part 2 to multi-parent groups.

PART 3

DTT

Clause 27 sets out the purpose of Part 3.

Clause 28 provides that an MNE group is liable to DTT for a financial year if it is an MNE group that the Bill applies to, it has a constituent entity located in Singapore or a constituent entity in clause 29(*b*), and it has a top-up amount for the financial year. The amount of DTT chargeable for a financial year is the top-up amount for the MNE group for that financial year. A joint venture (including a standalone JV) or a JV subsidiary located in Singapore is treated as a constituent entity of an MNE group located in Singapore if the joint venture or JV subsidiary is connected to the MNE group.

Clause 29 provides that the top-up amount for an MNE group for a financial year is the sum of the top-up amounts of its constituent entities located in Singapore (including a reverse hybrid entity that is not a responsible member (called in the Bill a section 29(*b*) entity) and a joint venture or joint venture entity that is treated as a constituent entity of the MNE group).

Clause 30 provides that the top-up amount of an entity for a financial year is determined under clauses 16 to 25 as those clauses would apply to the constituent entities of an MNE group with specified modifications. The top-up amount of a constituent entity that is an investment entity or an insurance investment entity is treated as nil.

PART 4

REGISTRATION OF MNE GROUP AND DESIGNATION OF DESIGNATED LOCAL GIR FILING ENTITY AND DESIGNATED LOCAL DTT FILING ENTITY

Clause 31 provides for the registration of MNE groups that the Bill applies to and that has a constituent entity located in Singapore (including a joint venture or JV subsidiary located in Singapore and connected to the MNE group or a section 29(*b*) entity). The ultimate parent entity of such an MNE group must notify the Comptroller of its liability to be registered.

Clause 32 provides that the Comptroller may register an MNE group if there are reasonable grounds for believing that the MNE group is one that must be registered but has yet to be registered.

Clause 33 provides that the constituent entities of an MNE group located in Singapore must appoint an entity that satisfies the prescribed conditions as the designated local GIR filing entity. If they are unable or fail to do so, or the Comptroller registers the MNE group under clause 32, the Comptroller must deem one of the represented entities of the MNE group in the clause as the designated local GIR filing entity. The clause also provides for other scenarios where an MNE group must or may replace an existing designation.

Clause 34 provides that the ultimate parent entity of a registered MNE group must designate a constituent entity located in Singapore that satisfies the prescribed conditions as the designated local DTT filing entity for DTT purposes. If the ultimate parent entity fails to do so, or the Comptroller registers the MNE group under clause 32, the Comptroller must deem one of the represented entities of the MNE group in the clause as the designated local DTT filing entity. The clause applies provisions of clause 33 regarding the right or duty to replace an existing designation.

Clause 35 provides that the ultimate parent entity of an MNE group must notify the Comptroller of the occurrence of prescribed events.

Clause 36 provides that the Comptroller may assess a surcharge on the ultimate parent entity of an MNE group if it fails to register under the Bill. The surcharge is equal to 10% of the amount of MTT and DTT assessed under clause 50.

Clause 37 enables regulations to be made to prescribe record keeping obligations of specified entities.

Clause 38 provides for the cancellation or suspension of registration of an MNE group if it is not an MNE group that the Bill applies to.

PART 5

RETURNS, PAYMENT OF MTT AND DTT AND INFORMATION-GATHERING POWERS

Clause 39 provides that a return, statement or form purporting to be furnished by or on behalf of an entity is deemed to have been furnished by the entity unless the contrary is proved, and that a person signing such a return, statement or form is deemed to be cognizant of the matters therein.

Clause 40 requires a designated local GIR filing entity to file a GloBE information return if a similar return has not been filed by a filing entity of the MNE group in another jurisdiction. If a similar return has been filed in another jurisdiction, the designated local GIR filing entity must notify the Comptroller of the particulars of the filing entity and the jurisdiction where it is located. The clause also provides that an election under a provision of the Bill or regulations that is inconsistent with an election made in another jurisdiction as disclosed in a GloBE information return is void.

Clause 41 provides for the filing of returns in relation to MTT. Every responsible member of a registered MNE group located in Singapore must file an MTT return for each financial year within 15 months after the end of the financial year or (if the financial year is a transition year) within 18 months after the end of the transition year.

Clause 42 provides for the payment of MTT by a responsible member of a registered MNE group. The MTT payable must be paid without demand no later than one month after the due date for the return. The Comptroller may impose interest for an extension of time for the payment of MTT.

Clause 43 provides for the filing of returns in relation to DTT. The designated local DTT filing entity of a registered MNE group must file a DTT return for each financial year within 15 months after the end of the financial year or (if the financial year is a transition year) within 18 months after the end of the transition year.

Clause 44 provides for the payment of DTT by the designated local DTT filing entity (or an entity for which an election is made under clause 45) of a registered MNE group. The DTT payable must be paid without demand no later than one month after the due date for the return. The Comptroller may impose interest for an extension of time for the payment of DTT.

Clause 45 provides that an MNE group may, through its designated local DTT filing entity, elect for a proportionate part (as determined under the clause) of the DTT for a financial year to be paid by an entity other than the designated local DTT filing entity.

Clause 46 provides that the Comptroller may exercise the specified powers under the Income Tax Act 1947 to obtain information for the purpose of administering and enforcing the Bill.

Clause 47 provides that the Comptroller or a specially authorised officer may exercise the specified powers under the Income Tax Act 1947 for the arrest of persons and the disposal of items furnished or seized in the exercise of information-gathering powers.

Clause 48 provides that the Comptroller may use information obtained from the Comptroller of Goods and Services Tax, the Comptroller of Property Tax, the Chief Assessor or the Commissioner of Stamp Duties, for the administration or enforcement of the Bill.

PART 6

ASSESSMENTS, OBJECTIONS AND APPEALS

Clause 49 provides that the Comptroller may make an assessment of MTT or DTT or both on a chargeable entity of an MNE group for a financial year if a return is not furnished or if the return is incomplete or incorrect. The Comptroller cannot make an assessment of MTT in respect of a financial year after 31 December of the 5th year after the year in which the MTT return for that financial year is due. The Comptroller cannot make an assessment of DTT in respect of a financial year after 31 December of the 5th year after the financial year ends.

Clause 50 provides that the Comptroller may make an assessment of MTT on a chargeable entity or an assessment of DTT on a designated local DTT filing entity for any financial year for which the MNE group was not registered but should have been registered.

Clause 51 provides that the Comptroller may make an assessment of MTT or DTT at any time if any fraud or wilful default has been committed in connection with or in relation to any liability for MTT or DTT, to make good any loss of revenue attributable to the fraud or default.

Clause 52 provides that an assessment is not affected by any mistake, defect or omission therein, if it is in substance and effect in conformity with the intent and meaning of the Bill.

Clause 53 provides for the process relating to the making of objections against an assessment of MTT or DTT.

Clause 54 provides that the Board of Review established under the Income Tax Act 1947 may hear appeals against assessments made under the Bill. Proceedings of the Board of Review for an appeal under the Bill are conducted in a similar manner as proceedings for an appeal under the Income Tax Act 1947.

Clause 55 provides for appeals to be made to the General Division of the High Court from a decision of the Board of Review.

Clause 56 provides that the Board of Review may state a case on a question of law for the opinion of the General Division of the High Court.

Clause 57 provides that if no notice of appeal is lodged against an assessment within the prescribed time or if the assessment has been determined on appeal, the assessment is final and conclusive.

PART 7

COLLECTION, RECOVERY AND REPAYMENT OF MTT AND DTT

Clause 58 provides that various provisions of the Income Tax Act 1947 relating to the enforcement and recovery of unpaid tax under that Act also apply to the enforcement and recovery of MTT (including any interest or penalty imposed under the Bill), with specified modifications.

Clause 59 provides that entities of or connected to an MNE group on the specified dates are jointly and severally liable to pay the prescribed DTT and interest in arrears. Various provisions of the Income Tax Act 1947 relating to the enforcement and recovery of unpaid tax under that Act also apply to the enforcement and recovery of DTT (including any interest or penalty imposed under the Bill), with specified modifications.

Clause 60 provides that an entity that has paid excess MTT for a financial year may claim a repayment of the excess payment on or before 31 December of the 5th year after the year in which the MTT return for that financial year is due. An entity that has paid excess DTT for a financial year may claim a repayment of the excess payment on or before 31 December of the 5th year after the financial year ends. Further, where an order or decision of the Board of Review gives rise to a refund of tax, the Comptroller may withhold the refund on giving notice, but must pay prescribed interest on the withheld refund if the refund is determined on appeal to be due.

Clause 61 provides that where an entity of or connected to an MNE group that is jointly and severally liable for an amount of DTT (called a liable entity) has paid DTT in respect of the MNE group, it has a right of contribution or indemnity for the prescribed amount from another liable entity.

Clause 62 provides that where a joint venture or JV subsidiary is connected to more than one MNE group and DTT is payable in respect of both MNE groups for a financial year, the designated local DTT filing entity of either MNE group may apply to the Comptroller for the prescribed relief against double-counting of DTT.

Clause 63 provides that an entity that has paid MTT on the basis of an erroneous return for a financial year may apply to the Comptroller for relief on or before 31 December of the 5th year after the year in which the MTT return for that financial year is due. An entity that has paid DTT on the basis of an erroneous return for a financial year may apply to the Comptroller for relief on or before 31 December of the 5th year after the financial year ends.

PART 8

OFFENCES

Clause 64 provides that it is an offence for a person to fail to comply with clause 41(1) or 43(1) (relating to the submission of a return) without reasonable excuse.

Clause 65 provides that it is an offence for a person to fail to comply with regulations made under clause 37(1) (relating to the keeping of records) without reasonable excuse.

Clause 66 provides that it is an offence for a person to fail to comply with clause 40(1) or (3) (relating to the furnishing of a GloBE information return and notice) without reasonable excuse.

Clause 67 provides that it is an offence for a person to produce or provide to the Comptroller any document or information in or relating to a GloBE information return that is false or misleading.

Clause 68 provides that it is an offence for a person to make an incorrect return under clause 41 or 43, or to intentionally evade or assist another person to evade any MTT or DTT.

Clause 69 provides that it is an offence for a person who, wilfully with intent to evade or assist another to evade MTT or DTT, prepares or maintains, or authorises the preparation or maintenance of any false books of accounts or other records, or falsifies or authorises the falsification of any books of account or records, or makes use of or authorises the use of any fraud, art or contrivance.

Clause 70 provides for (among other offences) an offence in relation to the unauthorised collection of MTT or DTT, or the unauthorised diversion of MTT or DTT collected.

Clause 71 provides for an offence in relation to the obstruction of the Comptroller or any other authorised officer in the discharge of official duties.

Clause 72 provides that the imposition of any penalty, fine or imprisonment under the Bill does not relieve any person from any liability to pay MTT or DTT.

Clause 73 provides that no prosecution in respect of an offence under clauses 64 to 69 may commence except with the consent of the Comptroller or the

Public Prosecutor, and that no prosecution in respect of an offence under clause 70, 71 or 83 (relating to breach of official secrecy) may commence except with the consent of the Public Prosecutor.

Clause 74 provides that sections 102 (Service of summons) and 105 (Jurisdiction of court) of the Income Tax Act 1947 apply to offences under the Bill.

Clause 75 provides that the Comptroller or an authorised officer may compound offences under clauses 64 to 69 and 71.

PART 9

MISCELLANEOUS

Clause 76 provides that the Comptroller may authorise an officer authorised under section 4(1) of the Income Tax Act 1947 to investigate offences under the Bill and exercise specified powers under the Bill.

Clause 77 provides that the manager or principal officer in Singapore of an entity is answerable for doing all acts, matters and things required to be done by the entity under the Bill.

Clause 78 provides that where an entity is being wound up or dissolved, its liquidator or receiver or other person overseeing the winding up or dissolution is answerable for doing all acts, matters and things required to be done by the entity under the Bill.

Clause 79 provides that the interest and penalty imposed under the Bill is not part of the tax paid for the purposes of claiming relief under the Bill, and any penalty imposed is considered interest on tax under the Limitation Act 1959.

Clause 80 provides that the Bill does not affect any criminal proceedings under any other written law.

Clause 81 provides for the admissibility of certain statements or documents as evidence in proceedings for the recovery of MTT, DTT, surcharge, interest or penalty under the Bill.

Clause 82 provides for the protection in proceedings of the identity of informants of information concerning offences under the Bill.

Clause 83 provides that various provisions of the Income Tax Act 1947 apply for the purposes of the Bill with specified modifications.

Clause 84 allows the Minister to make regulations for various purposes under the Bill.

Clause 85 provides for related amendments to be made to the Income Tax Act 1947.

The clause inserts a new section 2A which provides that income tax is charged under that Act, and also on an MNE group as MTT and DTT under the Bill. The new section 2A also disapplies certain provisions of that Act in relation to MTT and DTT.

For the purpose of that Act, any qualified IIR or qualified UTPR is an excluded top-up tax and is disregarded for the purpose of the exemption of foreign income under section 13(8) of that Act. The headline foreign tax rate for the purpose of that exemption also disregards the effect of any qualified domestic minimum top-up tax. No deduction under that Act is allowed for any MTT, DTT, excluded top-up tax or qualified domestic minimum top-up tax. No tax credit is given for any excluded top-up tax but tax credit may be given for qualified domestic minimum top-up tax in specified situations.

Clause 86 provides for related amendments to the Inland Revenue Authority of Singapore Act 1992 by including references to the Multinational Enterprise (Minimum Tax) Act 2024 (MMT Act) in the Third Schedule and the Fourth Schedule to enable an officer of the Inland Revenue Authority of Singapore (IRAS) to conduct prosecutions under the MMT Act, and to appear in civil proceedings involving IRAS or the Comptroller of Income Tax in performing his or her duties under the MMT Act.

The First Schedule contains definitions for other terms used in the Bill.

Paragraph 1 provides that the adjusted covered taxes of a constituent entity of an MNE group for a financial year is the qualifying current tax expense and qualifying deferred tax expense of the entity after making the adjustments prescribed in regulations.

The qualifying current tax expense and qualifying deferred tax expense of a constituent entity are the current tax expense and deferred tax expense reflected in its FANIL that relates to covered taxes (as defined in the paragraph), and excludes the qualifying current tax expense and qualifying deferred tax expense of a permanent establishment of the entity, if it is a main entity.

Where the FANIL of a flow-through entity is excluded or allocated to another constituent entity, its qualifying current tax expense and qualifying deferred tax expense is also reduced by the proportion its FANIL is excluded or allocated in determining the FANIL of constituent entities of the MNE group.

Paragraph 2 defines "consolidated financial statements", which are, generally, financial statements prepared in accordance with an acceptable financial accounting standard, or adjusted to prevent any material competitive distortion. If the ultimate parent entity of an MNE group does not prepare such financial statements, "consolidated financial statements" refers to the consolidated financial statements that would have been so prepared if the ultimate parent entity were required to do so in the jurisdiction where it is located in accordance with an authorised financial accounting standard (as defined in clause 2).

Paragraph 3 defines "entity" to include (among others) partnerships and trusts. A government or an entity that carries out a government function is not an entity.

Paragraph 4 defines "excluded entity". Governmental entities, international organisations, non-profit organisations, pension funds, and certain qualifying non-profit subsidiaries, service entities and exempt income entities (among others) are excluded entities. If an entity is an excluded entity, it is not a constituent entity and is generally not subject to the Bill. However, the income of an excluded entity is not excluded from the consolidated financial statements of the ultimate parent entity of its MNE group and would therefore be taken into account in determining whether the MNE group is within the scope of MTT and DTT.

Paragraph 5 provides that an MNE group may, through its filing entity, elect that a member of the group that is an excluded entity be treated as a constituent entity.

Paragraph 6 provides that the GloBE income or loss of a constituent entity of an MNE group for a financial year is its financial accounting net income or loss (or FANIL) after making the adjustments prescribed in regulations.

Generally, the FANIL of a constituent entity (other than a permanent establishment) is the net income or loss of the entity (without making any consolidation adjustments) that is used to prepare the consolidated financial statements of the ultimate parent entity of the MNE group.

Generally, the FANIL of a permanent establishment is the profits of the permanent establishment reflected in the separate financial accounts for the permanent establishment.

Generally, the FANIL of a flow-through entity that is attributable to an owner who is not a constituent entity of the MNE group is excluded in determining the GloBE income or loss of a constituent entity. Any remaining FANIL that is attributable to a permanent establishment of the entity is allocated to that permanent establishment. Any remaining FANIL is then allocated to the owners of the entities that are constituent entities, unless the owner is located in a jurisdiction that does not treat the flow-through entity as fiscally transparent (in which case, the FANIL attributable to that owner is allocated to the entity). Special rules apply in the case of a flow-through entity that is an ultimate parent entity or its permanent establishment, or a permanent establishment of certain flow-through entities.

For the purpose of DTT, in specified circumstances, the FANIL of a constituent entity is the net income or loss for that entity in its financial statements prepared in accordance with financial reporting standards in Singapore.

Paragraph 7 defines "investment entity" (which includes an investment fund and a real estate investment vehicle) and "insurance investment entity" (which is,

broadly, an entity which would qualify as an investment entity but for the fact that it is wholly owned by an insurance company and established in relation to one or more insurance or annuity contracts).

Paragraph 8 defines "joint venture", "JV group" and "JV subsidiary", and related expressions. A joint venture is an entity whose financial results are reported under the equity method in the consolidated financial statements of the ultimate parent entity of an MNE group holding (directly or indirectly) at least 50% of the ownership interest in the entity. A JV group is a group comprising a joint venture and its subsidiaries (each called a JV subsidiary).

Paragraph 9 defines "minority-owned constituent entity" as a constituent entity of a group whose ultimate parent entity holds 30% or less of the ownership interests in the entity. A "minority-owned subgroup" is a group comprising a minority-owned parent entity and its subsidiaries (each called a minority-owned subsidiary).

Paragraph 10 defines "stateless entity" as a flow-through entity that is not an ultimate parent entity or a responsible member of an MNE group, or a permanent establishment in certain circumstances.

The Second Schedule sets out applicable percentages of eligible payroll costs and carrying value of eligible tangible assets, for determining the substance-based income exclusion for constituent entities of an MNE group.

EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.