



INLAND REVENUE
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Global Minimum Tax in Singapore: Multinational Enterprise Top-up Tax and Domestic Top-up Tax

2 October 2025

Abbreviations

- **CE** : constituent entity
- **CFS** : consolidated financial statements
- **CIT** : corporate income tax
- **CPF** : Central Provident Fund
- **DFE** : designated local DTT filing entity
- **DTL** : deferred tax liability
- **DTT** : domestic top-up tax
- **ETR** : effective tax rate
- **FANIL** : financial accounting net income or loss
- **FS** : financial statements
- **FTE** : flow-through entity
- **FY / FYE** : financial year / FY end
- **GloBE** : Global Anti-Base Erosion
- **IE** : investment entity
- **IIR** : income inclusion rule
- **JV** : joint venture
- **LP** : limited partnership
- **LTCE** : lowed-taxed CE
- **MMT Act** : Multinational Enterprise (Minimum Tax) Act 2024 of Singapore
- **MMT Regulations** : Multinational Enterprise (Minimum Tax) Regulations 2024 of Singapore
- **MNE** : multinational enterprise
- **MOCE** : minority-owned CE
- **MTT** : multinational enterprise top-up tax
- **MTTC** : marketable transferable tax credit
- **OCI** : other comprehensive income
- **PBT** : profits before tax
- **PE** : permanent establishment
- **POPE** : partially-owned parent entity
- **PPE** : property, plant and equipment
- **P&L** : profit & loss statement
- **QIIR** : qualified IIR
- **QDMTT** : qualified domestic minimum top-up tax
- **QRTC** : qualified refundable tax credit
- **RHE** : reverse hybrid entity
- **SBIE** : substance based income exclusion
- **TCSH** : transitional country-by-country reporting safe harbour
- **TTE** : tax transparent entity
- **UPE** : ultimate parent entity
- **UTPR** : undertaxed profits rule

Recap – A Snapshot of the Mechanics

Step 1 – Determine if an MNE group is in-scope

- Determine whether an MNE group meets or exceeds the revenue threshold in the applicable FYs.

Step 2 – CE within scope

- If the MNE group is in-scope, identify the location of each CE within the MNE group.

Step 3 – Safe harbours and de minimis rules

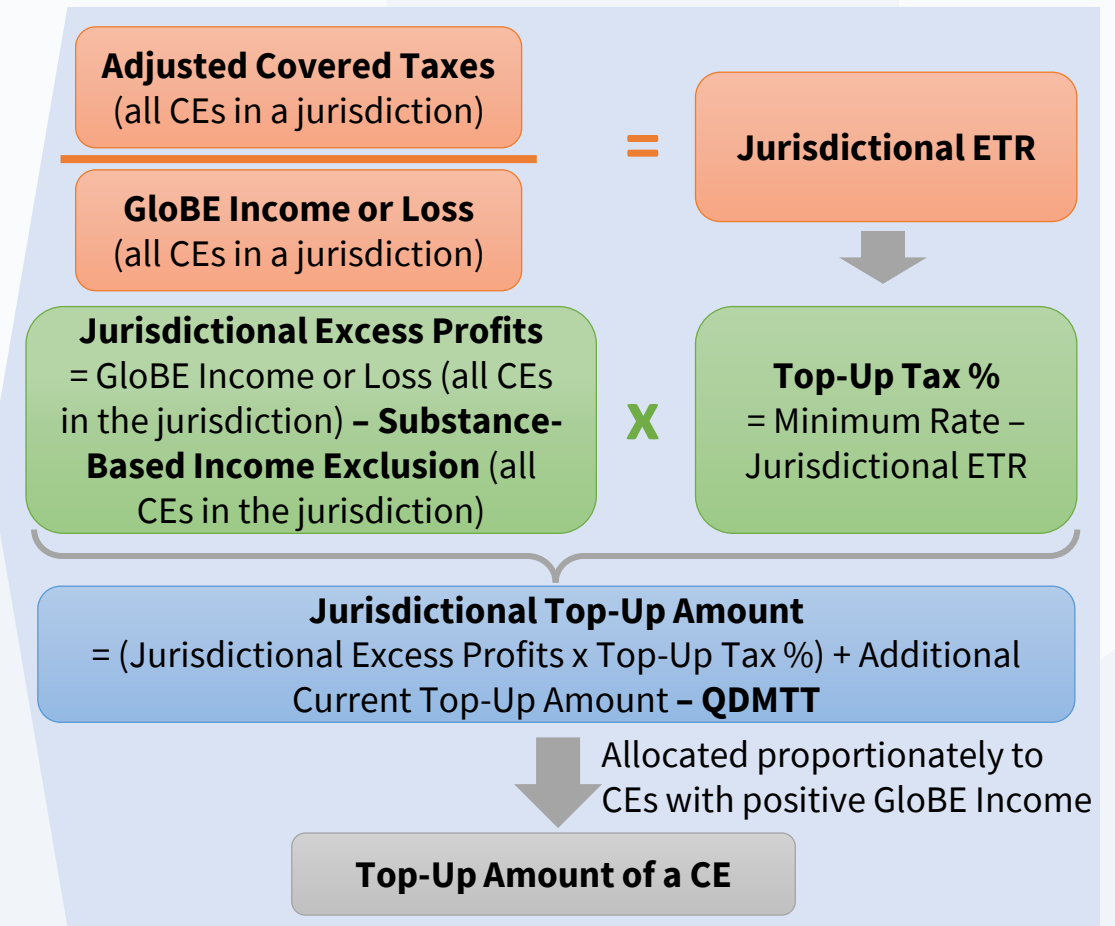
- Consider if the safe harbour and/or de minimis rule applies to the jurisdiction.

Step 4 – GloBE Income / Loss and Covered Taxes

- Determine the GloBE Income or Loss and Adjusted Covered Taxes of each CE.

Step 5 – ETR and Top-Up Amount

- Compute the ETR of all CEs located in the jurisdiction and determine the Jurisdictional Top-Up Amount.



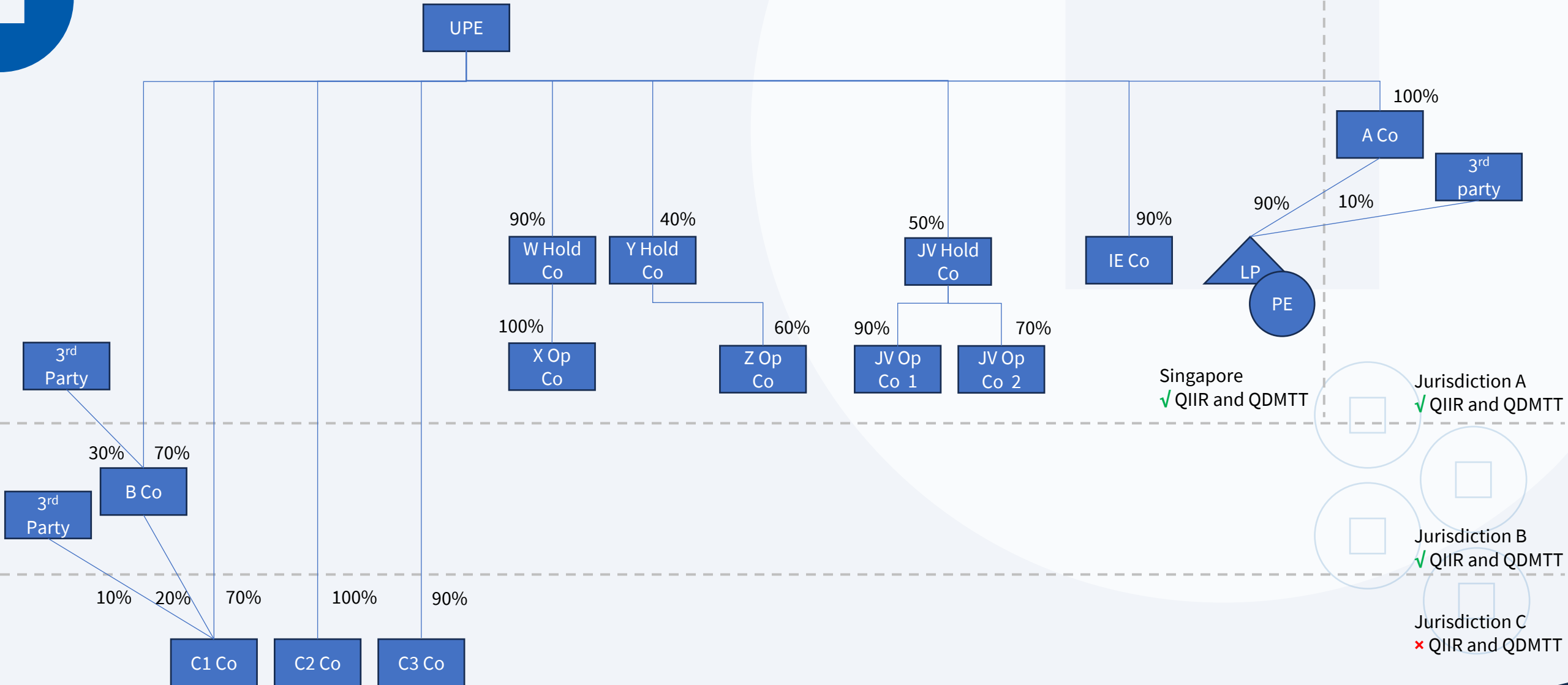


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Case Study: Singapore headquartered group

Case Study: Singapore-Headquartered Group



Case Study: Background Facts and Assumptions (1/6)

- The UPE of an MNE Group is located in Singapore.
- The annual revenue in the CFS of UPE is more than EUR 750 million in all four preceding FYs.
- The assets, liabilities, income, expenses and cash flow of the following entities are consolidated in the CFS of UPE on a line-by-line basis: A Co, B Co, C1 Co, C2 Co, C3 Co, W Hold Co, X Op Co, Y Hold Co, Z Op Co, IE Co and LP.
- UPE holds direct ownership interest in A Co, B Co, C1 Co, C2 Co, C3 Co, W Hold Co, Y Hold Co, and IE Co. In turn, B Co, W Hold Co and Y Hold Co holds direct ownership interest in C1 Co, X Op Co and Z Op Co respectively. All these ownership interest are ordinary common stock that carry an equal right to profit distributions and capital. All other ownership interests in the entities are held by persons that are not part of the MNE group.
- The financial results of JV Hold Co are reported under the equity method in the CFS of UPE.
- The assets, liabilities, income, expenses, and cash flow of JV Op Co 1 and JV Op Co 2 are consolidated by JV Hold Co. The annual revenue in CFS of JV Hold Co does not exceed EUR 750 million in any of the four preceding FYs.

Case Study: Background Facts and Assumptions (2/6)

- The entities are tax resident (except for LP) in their respective jurisdictions of incorporation as follows:

Jurisdictions	Entities
Singapore	UPE, W Hold Co, X Op Co, Y Hold Co, Z Op Co, JV Hold Co, JV Op Co 1, JV Op Co 2, IE Co, LP*
Jurisdiction A	A Co
Jurisdiction B	B Co
Jurisdiction C	C1 Co, C2 Co, C3 Co

**LP is not regarded as a tax resident in any jurisdiction.*

- All jurisdictions (i.e. Singapore, Jurisdictions A and B) have implemented a Qualified IIR and QDMTT from FY 2025, except for jurisdiction C which has not implemented IIR or QDMTT.
- Assume no implementation of UTPR in all jurisdictions.
- The entities in Singapore qualify for QDMTT safe harbour and the MNE group is not required to switch to the credit method for the QDMTT in its application of IIR in respect of Singapore CEs.

Case Study: Background Facts and Assumptions (3/6)

The entities' GloBE Income / Loss, Adjusted Covered Taxes, tangible assets and payroll carve-out for FYE 31 Dec 2025:

Entity (SGD)	GloBE Income / (Loss)	Adjusted Covered Taxes	Carrying value of eligible tangible assets	Eligible payroll costs
UPE	54,000	9,180	-	-
C1 Co	5,000	500	3,500	3,000
C2 Co	(1,000)	(100)	-	-
C3 Co	4,000	400	3,000	2,270
W Hold Co	15,000	750	500	600
X Op Co	To be determined	To be determined	30,000	20,000
Y Hold Co	18,000	2,250	300	200
Z Op Co	150,000	7,500	10,000	15,000
JV Hold Co	(10,000)	-	-	-
JV Op Co 1	120,000	11,500	50,000	1,800
JV Op Co 2	80,000	7,800	8,000	1,200
IE Co	60,000	7,500	-	-
LP	To be determined	-	-	-
PE	9,000	1,530	-	-

Case Study: Background Facts and Assumptions (4/6)

Assume the following:

- The Jurisdictional ETR of the MNE group in Jurisdiction A and B is more than 15%.
- The additional current top-up amount for Jurisdiction C is computed to be SGD 550 for FYE 31 Dec 2025.
- IE Co meets the definition of investment fund under paragraph 7(2) of the First Schedule of the MMT Act.

Facts relating to the LP in Singapore:

- Singapore treats the LP as fiscally transparent, but Jurisdiction A does not treat it as fiscally transparent.
- The LP has a PE in Singapore in accordance with Singapore-Jurisdiction A tax treaty.
- For the FYE 31 Dec 2025, the FANIL of the LP is SGD 100,000, of which SGD 9,000 is attributable to the PE.
- No adjustments to LP's FANIL are required to arrive at GloBE Income / Loss.
- No adjustments to current and deferred tax expenses accrued in LP's FANIL are required to arrive at Adjusted Covered Taxes.

Case Study: Background Facts and Assumptions (5/6)

The table below provides the financial information of X Op Co for the FYE 31 Dec 2025:

Item	Amount (SGD)	Additional information
Gain on disposal of investments recorded in P&L	7,000	5% shareholding (held for 18 months) – SGD 7,000
Dividend income	11,000	Received from foreign investments – D Co (SGD 5,000) and E Co (SGD 6,000). Both D Co and E Co are not part of the MNE group to which X Op Co belongs. D Co has 100,000 ordinary shares on issue that carry an equal right to profit distributions and capital. X Op Co acquired 10,000 common shares in D Co on 1 Jul 2025. D Co has only one class of shares and distributed a dividend of SGD 0.50 per share on 31 Dec 2025. E Co has 200,000 ordinary shares on issue that carry an equal right to profit distributions and capital. X Op Co acquired 10,000 common shares in E Co on 1 Jul 2024. E Co has only one class of shares and distributed a dividend of SGD 0.60 per share on 31 Dec 2025.
Accrued CPF expense	(2,500)	Accrued CPF expense – SGD 2,500 Actual contribution to CPF – SGD 2,000
Profit before tax	230,000	
Tax expense	(30,000)	
Profit after tax	200,000	
Revaluation gain on PPE recorded in OCI	3,000	The revaluation gain recorded in OCI is not subsequently passed through the P&L.

Case Study: Background Facts and Assumptions (6/6)

The table below provides the financial information of X Op Co for the FYE 31 Dec 2025:

Item	Amount (SGD)
Withholding tax on interest income (recorded as an expense in the PBT)	1,800
Withholding tax borne on behalf of payee (i.e., withholding tax was not imposed on X Op Co's income but recorded as an expense in its PBT)	800
Tax expense accrued in the FANIL (all tax expense relates to covered taxes)	
- Current tax expense	28,300
- Deferred tax expense	1,700
Current tax expense accrued in FANIL includes tax expense in relation to excluded dividends	1,870
Current tax expense in relation to uncertain tax position:	
- Accrued during current year	1,500
- Paid during current year (accrued in prior year)	1,000
- Reversed during current year (accrued in prior year)	1,200
Deferred tax expense accrued in the FANIL includes tax expense in respect of DTL on unremitted foreign income accrued during current year	500
Income tax payable as per the tax return	18,000

Note: X Op Co is subject to the prevailing CIT rate of 17% in Singapore.

Case Study: Questions

1. Identify the jurisdiction(s) in which the MNE Group has IIR and/or QDMTT exposure
2. Calculate the MTT payable by UPE in Singapore for FY 2025
3. Calculate the DTT payable for FY 2025 in respect of the entities located in Singapore.
4. Compute the DTT payable for FY 2025 based on the allocation in section 45(1) of the MMT Act assuming an election has been made by:
 - i. X Op Co
 - ii. Z Op Co
 - iii. JV Op Co 1

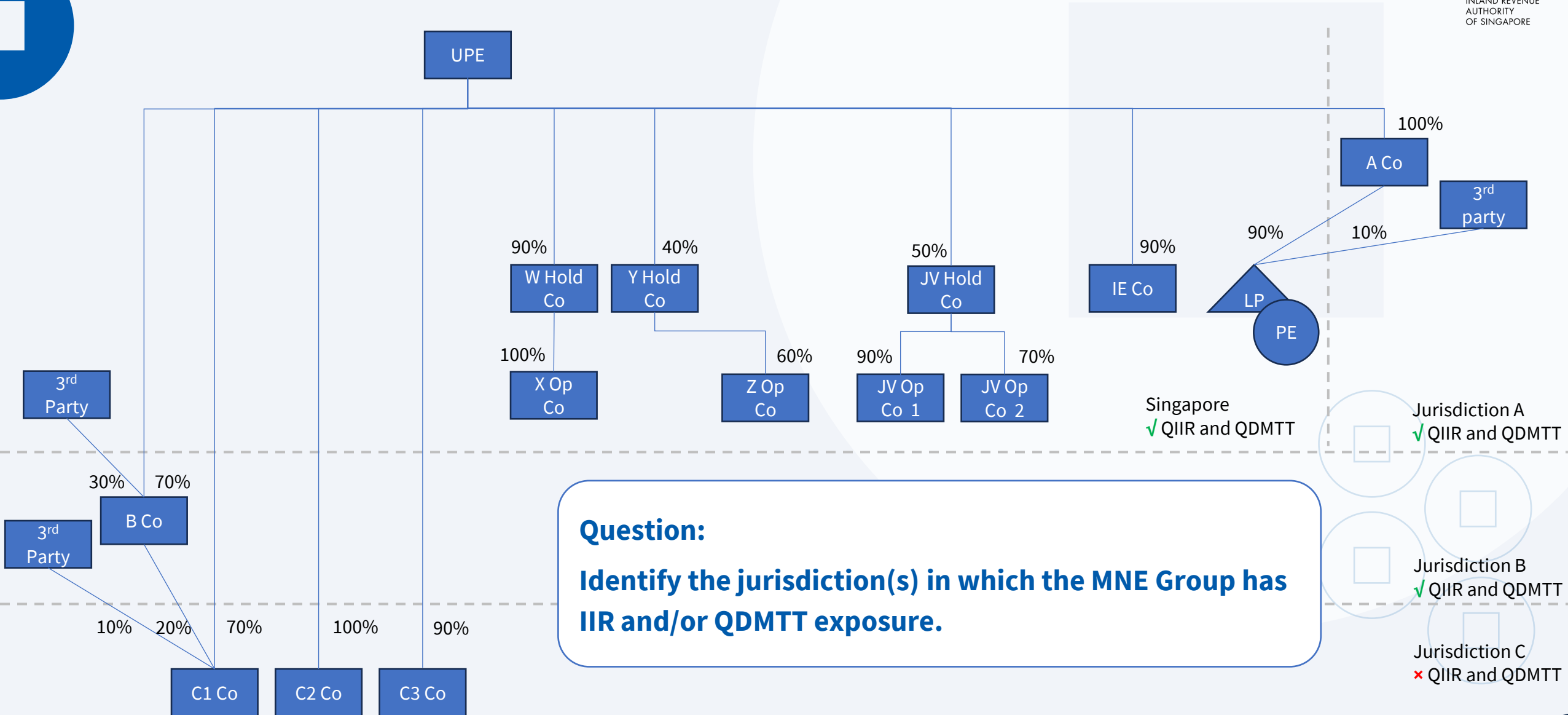


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Case Study: Question 1

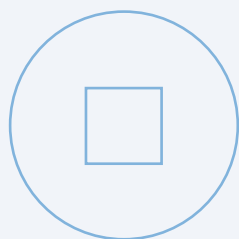
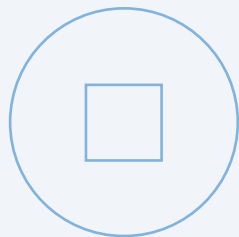
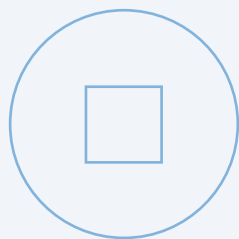
Case Study: Question 1





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Recap



Recap – A Snapshot of the Mechanics

Step 1 – Determine if MNE group is in-scope

- Determine whether MNE group meets or exceeds the revenue threshold in the applicable FYs.

Step 2 – CEs within scope

- If the MNE group is in-scope, identify the location of each CE within the MNE group.

Step 3 – Safe harbours and de minimis rules

- Consider if safe harbour and/or de minimis rule applies to the jurisdiction.

Step 4 – GloBE Income / Loss and Covered Taxes

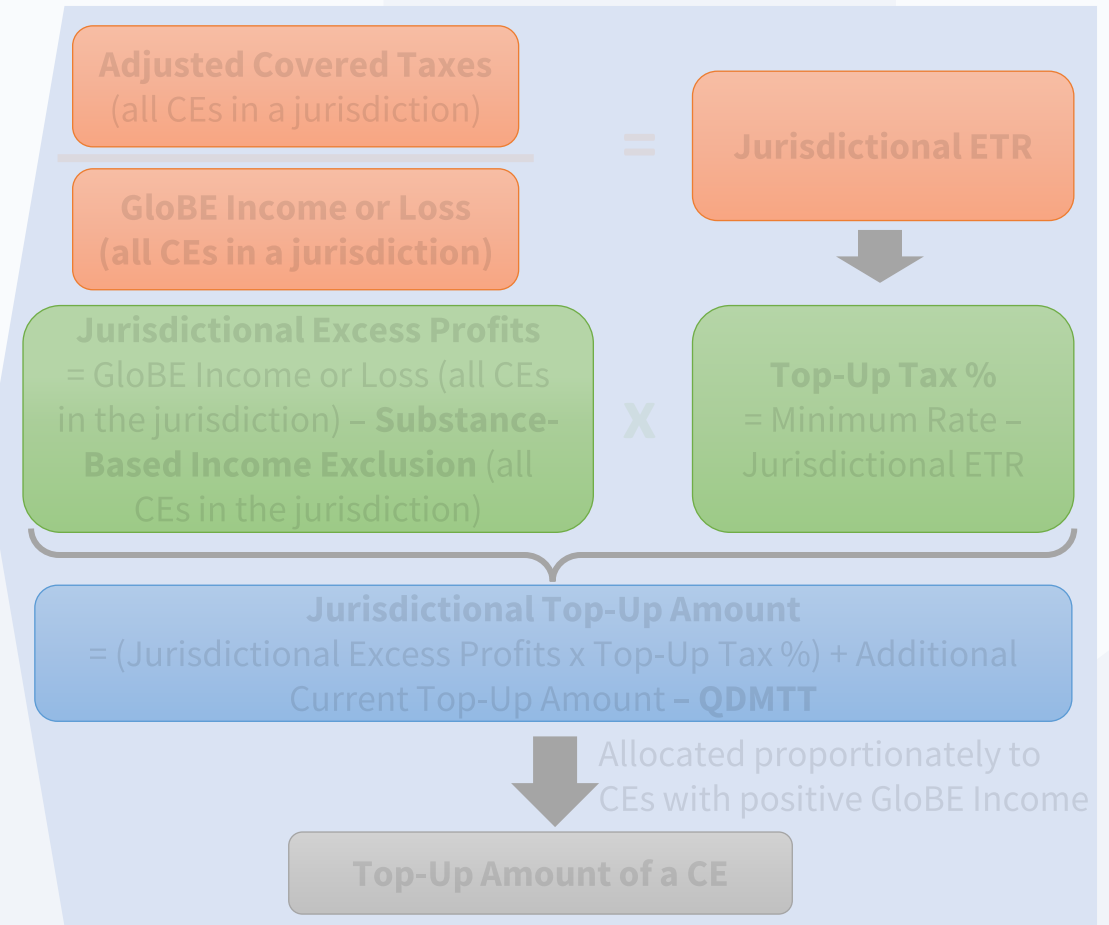
- Determine the GloBE Income or Loss and Adjusted Covered Taxes of each CE.

Step 5 – ETR and Top-Up Amount

- Compute ETR of all CEs located in the jurisdiction and determine the Jurisdictional Top-Up Amount.

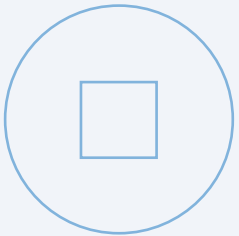
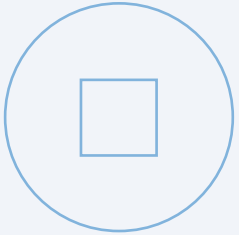
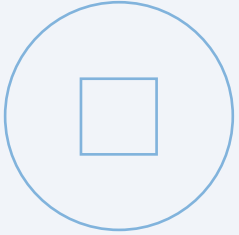
Step 6 – MTT and DTT

- Impose top-up tax under MTT or DTT in accordance with agreed rule order.





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Suggested Solution

Case Study: Question 1 Suggested Solution

Step (i): Identify in-scope entities

Type of entity	Name of entity
UPE	
Excluded entity	
CE (not special entity) • POPE	
MOCE	
JV and JV subsidiary	
IE	
Section 29(b) entity	

Which entities are responsible members for MTT purposes?

Case Study: Question 1 Suggested Solution

Step (i): Identify in-scope entities

Type of entity	Name of entity
UPE	UPE
Excluded entity	
CE (not special entity) • POPE	
MOCE	
JV and JV subsidiary	
IE	
Section 29(b) entity	

Definition of UPE in section 2(1) of MMT Act:

(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

.....

Case Study: Question 1 Suggested Solution

Step (i): Identify in-scope entities

Type of entity	Name of entity
UPE	UPE
Excluded entity	Nil
CE (not special entity) • POPE	
MOCE	
JV and JV subsidiary	
IE	
Section 29(b) entity	

Excluded entities in paragraph 4 of the First Schedule of MMT Act:

- (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;
- (g) a qualifying exempt income entity; or
- (h) an investment fund or real estate investment vehicle if it is the UPE of an MNE group, or would be the UPE but for the fact that it does not prepare CFS that include assets, liabilities, income, expenses and cash flows of entities in which it holds an ownership interest.

Case Study: Question 1 Suggested Solution

Step (i): Identify in-scope entities

Type of entity	Name of entity
UPE	UPE
Excluded entity	Nil
CE (not special entity) • POPE	C1 Co, C2 Co, C3 Co, W Hold Co, X Op Co, Y Hold Co, A Co, PE

Y Hold Co is a CE since it is consolidated in UPE's CFS, notwithstanding that UPE only has 40% shareholding in it.

Takeaway:

CE test based on an accounting consolidation test of ownership / control and not a shareholding threshold.

Definition of constituent entity in section 2(1) of MMT Act:

A CE is 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.

Case Study: Question 1 Suggested Solution

Step (i): Identify in-scope entities

Type of entity	Name of entity
UPE	UPE
Excluded entity	Nil
CE (not special entity) • POPE	C1 Co, C2 Co, C3 Co, W Hold Co, X Op Co, Y Hold Co, A Co, PE • B Co → Has ownership interest in C1 Co, and 30% of ownership interest in its profits is held by 3 rd party
MOCE	
JV and JV subsidiary	
IE	
Section 29(b) entity	

Definition of POPE in section 2(1) of MMT Act:

A POPE is a CE of an MNE group (other than a UPE, PE, investment entity or insurance investment entity) —

(a) that **holds an ownership interest in another CE** 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 CEs** of that MNE group.

Case Study: Question 1 Suggested Solution

Step (i): Identify in-scope entities

Type of entity	Name of entity
UPE	UPE
Excluded entity	Nil
CE (not special entity) • POPE	C1 Co, C2 Co, C3 Co, W Hold Co, X Op Co, Y Hold Co, A Co, PE • B Co
MOCE	Z Op Co → Is a CE of the group since consolidated in UPE's CFS, and UPE holds 24% (i.e. 40% x 60%) ownership interest in it
JV and JV subsidiary	
IE	
Section 29(b) entity	

Definition of MOCE in paragraph 9(1) of the First Schedule of MMT Act:

A MOCE is a **CE of a group** whose **UPE holds (whether directly or indirectly) 30% or less** of the entity's ownership interest in the financial year concerned.

Case Study: Question 1 Suggested Solution

Step (i): Identify in-scope entities

Type of entity	Name of entity
UPE	UPE
Excluded entity	Nil
CE (not special entity) • POPE	C1 Co, C2 Co, C3 Co, W Hold Co, X Co • B Co
MOCE	Z Op Co
JV and JV subsidiary	JV Hold Co, JV Op Co 1, JV Op Co 2
IE	
Section 29(b) entity	

Definitions in paragraph 8 of the First Schedule of MMT Act:

JV

An entity whose financial results are reported under the **equity method** in the consolidated financial statement of its UPE, being one that holds (whether directly or indirectly) **at least 50% of the entity's ownership interest**.

(Exclusions applicable in paragraph 8(2))

JV subsidiary

An entity whose assets, liabilities, income, expenses and cash flows are **consolidated by a JV** 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 JV is located to consolidate such items in accordance with an acceptable financial accounting standard.

Case Study: Question 1 Suggested Solution

Step (i): Identify in-scope entities

Type of entity	Name of entity
UPE	UPE
Excluded entity	Nil
CE (not special entity) • POPE	C1 Co, C2 Co, C3 Co, W Hold Co, X Op Co, Y Hold Co, A Co, PE • B Co
MOCE	Z Op Co
JV and JV subsidiary	JV Hold Co, JV Op Co
IE	IE Co
Section 29(b) entity	

Definition of IE in paragraph 9(1) of the First Schedule of MMT Act:

An IE is –

(a) an **investment fund** or a **real estate investment vehicle**; ...

Case Study: Question 1 Suggested Solution

Step (i): Identify in-scope entities

Type of entity	Name of entity
UPE	UPE
Excluded entity	Nil
CE (not special entity) • POPE	C1 Co, C2 Co, C3 Co, W Hold Co, X Op Co, Y Hold Co, A Co, PE • B Co
MOCE	Z Op Co
JV and JV subsidiary	JV Hold Co, JV Op Co
IE	IE Co
Section 29(b) entity	LP

Section 29(b) entity in the MMT Act:

A CE of the MNE group 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.

Case Study: Question 1 Suggested Solution

Step (i): Identify in-scope entities

Type of entity	Name of entity
UPE	UPE
Excluded entity	Nil
CE (not special entity) • POPE	C1 Co, C2 Co, C3 Co, W Hold Co, X Op Co, Y Hold Co, A Co, PE • B Co
MOCE	Z Op Co
JV and JV subsidiary	JV Hold Co, JV Op Co 1, JV Op Co 2
IE	IE
Section 29(b) entity	LP

Which entities are responsible members for MTT purposes?

- UPE
- B Co (POPE)

Case Study: Question 1 Suggested Solution

Step (ii): Determine the location of the entities

Jurisdiction	CEs that are not special entities	MOCE	IE	JV and JV subsidiary	Section 29(b) entity
Singapore	UPE, W Hold Co, X Op Co, Y Hold Co, PE	Z Op Co	IE Co	JV Hold Co, JV Op Co 1, JV Op Co 2	Nil
Jurisdiction A	A Co	Nil	Nil	Nil	Nil
Jurisdiction B	B Co	Nil	Nil	Nil	Nil
Jurisdiction C	C1 Co, C2 Co, C3 Co	Nil	Nil	Nil	Nil
Stateless	Nil	Nil	Nil	Nil	LP

An entity (non-FTE) 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.

An entity (FTE) is located:

- (a) if it is a UPE or responsible member of the MNE group — in the jurisdiction where it is **established, formed, incorporated, registered**;
- (b) in any other case — it is a **stateless entity**.

A PE is located in a jurisdiction if:

- (a) tax treaty in force – it is treated as a PE under the laws of that jurisdiction and is taxed in accordance with that tax treaty;
 - (b) no tax treaty in force – it is subject to net basis taxation under the laws of that jurisdiction based on its business presence there; or
 - (c) jurisdiction has no CIT system – it is situated in that jurisdiction.
- If none of the above apply, it is a stateless entity.

Case Study: Question 1 Suggested Solution

Step (ii): Determine the location of the entities

Jurisdiction	CEs that are not special entities	MOCE	IE	JV and JV subsidiary	Section 29(b) entity
Singapore	UPE, W Hold Co, X Op Co, Y Hold Co, PE	Z Op Co	IE Co	JV Hold Co, JV Op Co 1, JV Op Co 2	Nil
Jurisdiction A	A Co	Nil	Nil	Nil	Nil
Jurisdiction B	B Co	Nil	Nil	Nil	Nil
Jurisdiction C	C1 Co, C2 Co, C3 Co	Nil	Nil	Nil	Nil
Stateless	Nil	Nil	Nil	Nil	LP

Takeaway:

- Determine the jurisdiction(s) where entity or PE is located based on section 5 of the MMT Act.
- If an entity is located in 2 more jurisdictions, apply the tie-breaker rule in section 6 of the MMT Act.

Case Study: Question 1 Suggested Solution

Step (iii): Determine IIR and/or QDMTT exposure in jurisdictions

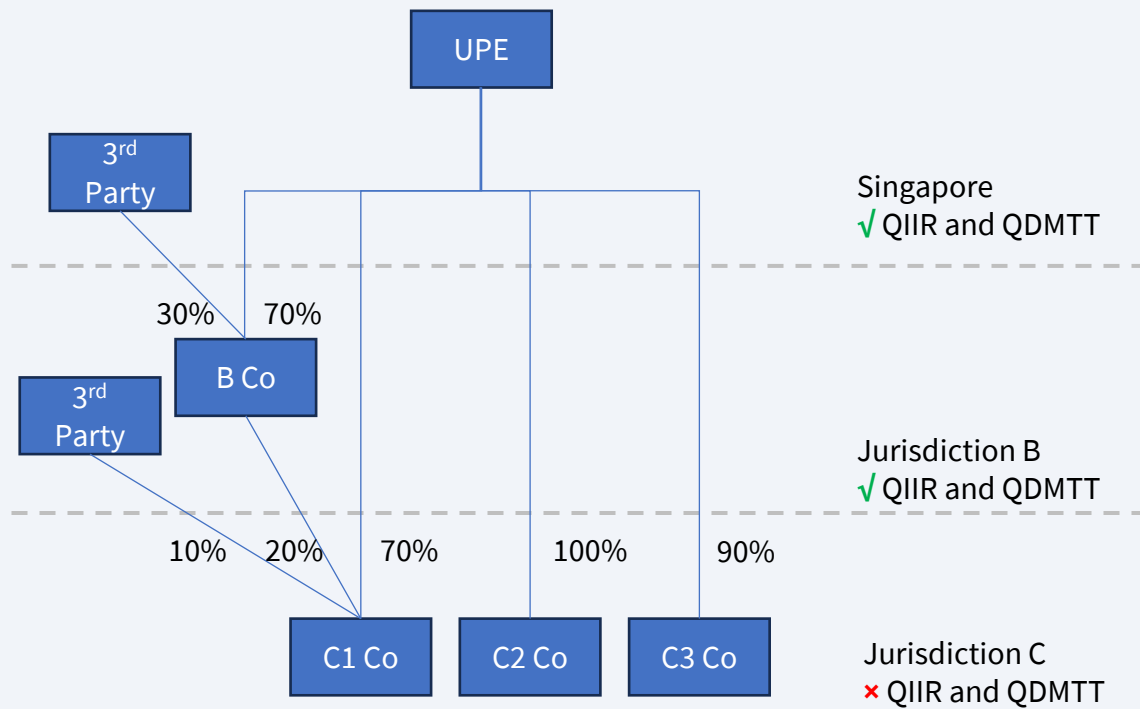
Name of entity	Type of entity	Separate ETR computation from CEs not being special entities	Location of the entities	IIR and/or QDMTT exposure
UPE, W Hold Co, X Op Co, Y Hold Co, PE	CE	N/A	Singapore	DTT in Singapore
A Co	CE	N/A	Jurisdiction A	QDMTT in Jurisdiction A [#]
B Co	CE (POPE)	No	Jurisdiction B	QDMTT in Jurisdiction B [#]
C1 Co, C2 Co, C3 Co	CE	N/A	Jurisdiction C	IIR in Jurisdiction B and MTT in Singapore (see takeaway in next slide)
Z Op Co	MOCE	Yes	Singapore	DTT in Singapore
JV Hold Co, JV Op Co 1, JV Op Co 2	JV and JV subsidiary	Yes	Singapore	DTT in Singapore
IE Co	IE	Yes	Singapore	DTT in Singapore [^]
LP	Section 29(b) entity	Yes	Stateless [*]	DTT in Singapore

^{*} Stateless entities are not located in any jurisdiction but to take note whether the jurisdiction in which it is created or registered has a QDMTT.

[#] May still have registration and filing obligations (i.e., still need to file nil tax returns) notwithstanding that there is no actual top-up tax liability.

[^] The DTT top-up amount of IE and IIE is treated as nil.

Case Study: Question 1 Suggested Solution

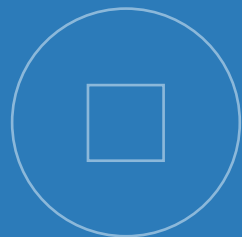
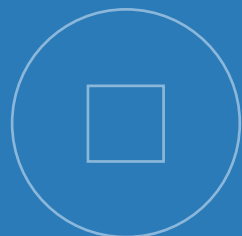


Takeaway

- As UPE is in Singapore, the MNE Group is subject to MTT in Singapore, in respect of the low-taxed income in Jurisdiction C, where applicable.
- As B Co is a POPE, the MNE Group is also subject to IIR in Jurisdiction B, in respect of the low-taxed income in Jurisdiction C, where applicable.
- The POPE is required to apply the IIR based on its Allocable Share of the Top-up Tax, notwithstanding that UPE is also required to apply the IIR / MTT.
- The existence of a POPE does not preclude UPE from also applying a Qualified IIR. However, the IIR offset mechanism requires UPE to reduce its Allocable Share of the Top-up Tax by the portion that is brought into charge by B Co.

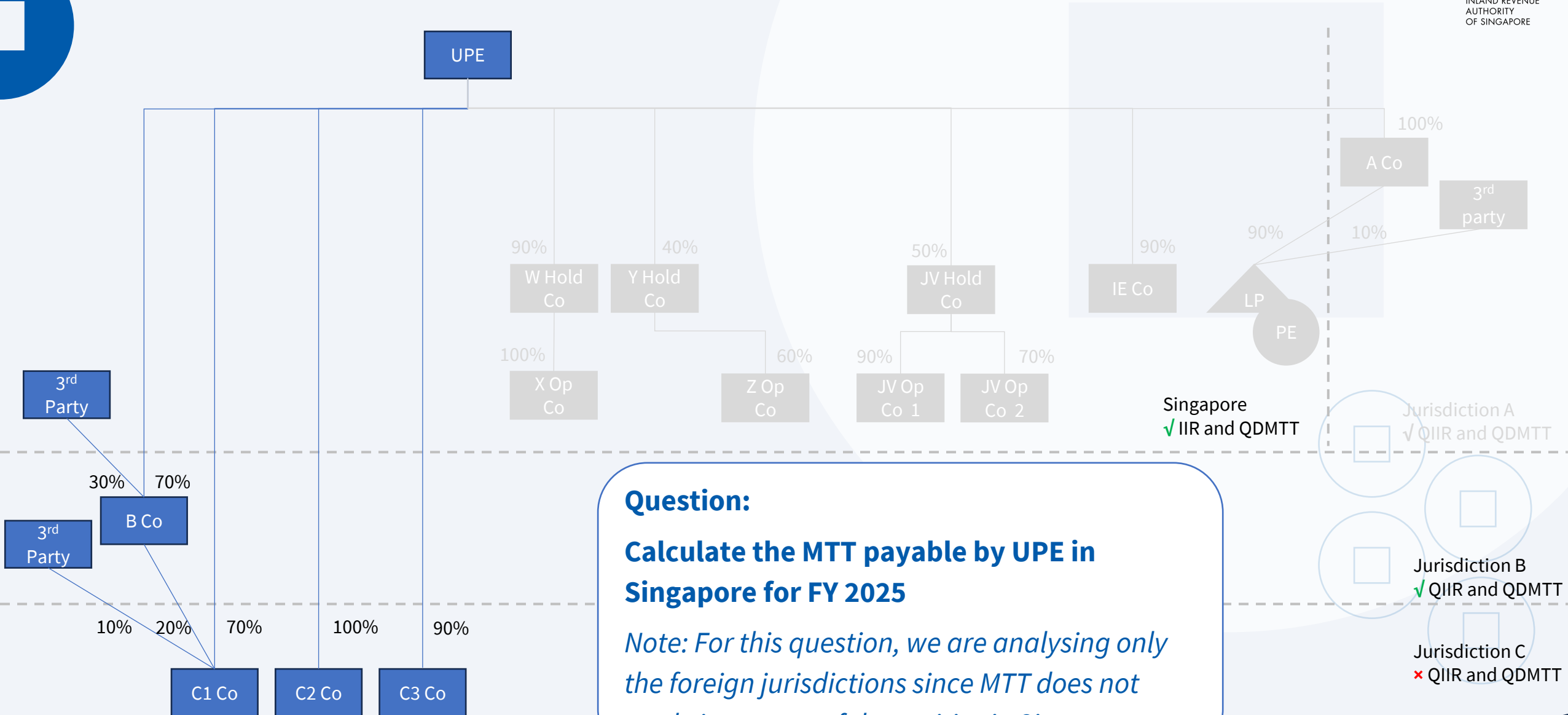


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Case Study: Question 2

Case Study: Question 2



Question:

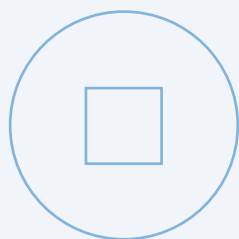
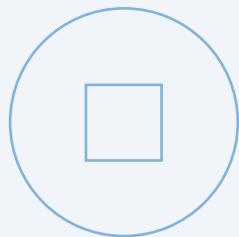
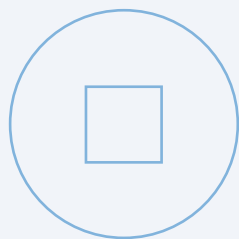
Calculate the MTT payable by UPE in Singapore for FY 2025

Note: For this question, we are analysing only the foreign jurisdictions since MTT does not apply in respect of the entities in Singapore.



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Recap



Recap – A Snapshot of the Mechanics

Step 1 – Determine if an MNE group is in-scope

- Determine whether an MNE group meets or exceeds the revenue threshold in the applicable FYs.

Step 2 – CE within scope

- If the MNE group is in-scope, identify the location of each CE within the MNE group.

Step 3 – Safe harbours and de minimis rules

- Consider if the safe harbour and/or de minimis rule applies to the jurisdiction.

Step 4 – GloBE Income / Loss and Covered Taxes

- Determine the GloBE Income or Loss and Adjusted Covered Taxes of each CE.

Step 5 – ETR and Top-Up Amount

- Compute the ETR of all CEs located in the jurisdiction and determine the Jurisdictional Top-Up Amount.

Adjusted Covered Taxes
(all CEs in a jurisdiction)

GloBE Income or Loss
(all CEs in a jurisdiction)

=

Jurisdictional ETR



Jurisdictional Excess Profits
= GloBE Income or Loss (all CEs in the jurisdiction) – **Substance-Based Income Exclusion** (all CEs in the jurisdiction)

X

Top-Up Tax %
= Minimum Rate – Jurisdictional ETR

Jurisdictional Top-Up Amount
= (Jurisdictional Excess Profits x Top-Up Tax %) + Additional Current Top-Up Amount – **QDMTT**

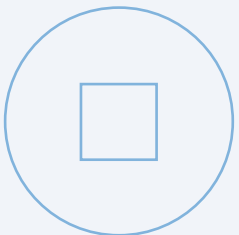
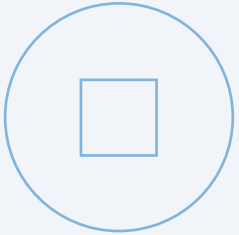
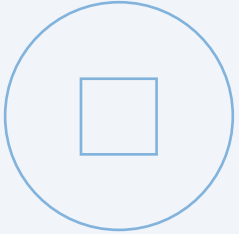


Allocated proportionately to CEs with positive GloBE Income

Top-Up Amount of a CE



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Suggested Solution

Case Study: Question 2 Suggested Solution

Calculation of Jurisdictional ETR

Step (i): Sum of GloBE Income or Loss of all CEs in Jurisdiction C for FY 2025

Step (ii): Sum of Adjusted Covered Taxes of all CEs in Jurisdiction C for FY 2025

Entity	GloBE Income / (Loss) (SGD)	Adjusted Covered Taxes (SGD)
C1 Co	5,000	500
C2 Co	(1,000)	(100)
C3 Co	4,000	400
Total	8,000	800

Step (iii): Calculation of Jurisdictional ETR for FY 2025

$$\begin{aligned}
 \text{Jurisdictional ETR} &= \frac{\text{Sum of Adjusted Covered Taxes of all CEs in Jurisdiction C}}{\text{Sum of GloBE Income of all CEs in Jurisdiction C}} \times 100\% = \frac{800}{8,000} \times 100\% = 10\%
 \end{aligned}$$

Case Study: Question 2 Suggested Solution

Calculation of SBIE

Step (iv): Calculation of SBIE for the CEs in Jurisdiction C

$$\text{SBIE} = \text{Sum of \textbf{tangible asset carve-out amount} for each CE for a FY} + \text{Sum of \textbf{payroll carve-out amount} for each CE for a FY}$$

Singapore CEs that are not special entities	Carrying value of eligible tangible assets (SGD)	Eligible payroll costs (SGD)
C1 Co	3,500	3,000
C2 Co	-	-
C3 Co	3,000	2,270
Total	6,500	5,270

Recap

For FY 2025, the transitional rates are 7.6% for tangible assets carve-out and 9.6% for payroll carve-out.

Tangible assets carve-out (SGD)	Payroll carve-out (SGD)	Total SBIE (SGD)
7.6% x 6,500 = 494	9.6% x 5,270 = 506	1,000

Case Study: Question 2 Suggested Solution

Calculation of Jurisdictional Top-up Amount

$$\text{Jurisdictional Top-up Amount} = \left(\text{Top-up Tax Percentage} \times \text{Excess Profits} \right) + \text{Additional Current Top-up Amount} - \text{Qualified Domestic Minimum Top-up Tax}$$

Step (vii):

Jurisdictional Top-up Amount
= $[5\% \times 7,000] + 550$ - Nil
= 900

Step (v):

Top-up Tax Percentage
= 15% - ETR
= 15% - 10%
= 5%

Step (vi):

Excess Profits
= Sum of GloBE Income or Loss - SBIE
= 8,000 - 1,000
= 7,000

Case Study: Question 2 Suggested Solution

Allocation of Top-up Amount to each CE

**Jurisdictional
Top-up
Amount**

=

900

Top-up amount of a CE for a FY = $[A \times (B \div C)]$

- A = Jurisdictional top-up amount for the CEs located in the jurisdiction for that FY.
- B = If the GloBE income or loss of the CE for that FY ≤ 0 , then **nil**.
= If not, then the **GloBE income or loss of the CE for that FY**.
- C = Sum of the GloBE income or loss of those CEs (with a positive amount of GloBE income or loss) for that FY.

Step (viii):

CEs of Jurisdiction C	GloBE Income / (Loss)	Allocation of Top-up Amount to each CE
C1 Co	5,000	$900 \times (5,000 \div 9,000) = 500$
C2 Co	(1,000)	NIL (GloBE loss)
C3 Co	4,000	$900 \times (4,000 \div 9,000) = 400$
Total	9,000 (excluding losses for allocation purpose)	900

Case Study: Question 2 Suggested Solution

Apply inclusion ratio to determine MTT payable

**Top-up Tax for a
relevant entity**

=

**Top-up amount of a
relevant entity**

X

**Chargeable entity's
inclusion ratio**

Step (ix):

Top-up Tax of UPE for C1 Co

= Top-up amount of C1 Co x Chargeable entity's inclusion ratio

= 500 x 84%

= 420

Top-up Tax of UPE for C3 Co

= Top-up Tax of C3 Co x Chargeable entity's inclusion ratio

= 400 x 90%

= 360

Case Study: Question 2 Suggested Solution

Adjustment for indirect ownership interest held through another responsible member

**MTT on a
chargeable entity**

**Sum of the top up tax of
each relevant entity of the
chargeable entity for the FY**

**IIR chargeable in respect of top up
amount that is attributable to the
chargeable entity's indirect ownership in
the relevant entity held through another
responsible member of the MNE group**

Step (x):

MTT imposed on UPE

= Top-up Tax of UPE for C1 Co + Top-up Tax of UPE for C3 Co – IIR chargeable on B Co in respect of amount attributable to UPE's indirect ownership in C1 Co [500 Top-up amount x 14%]

= 420 + 360 - 70

= 710

The MTT payable by UPE in Singapore for FY 2025 is 710.

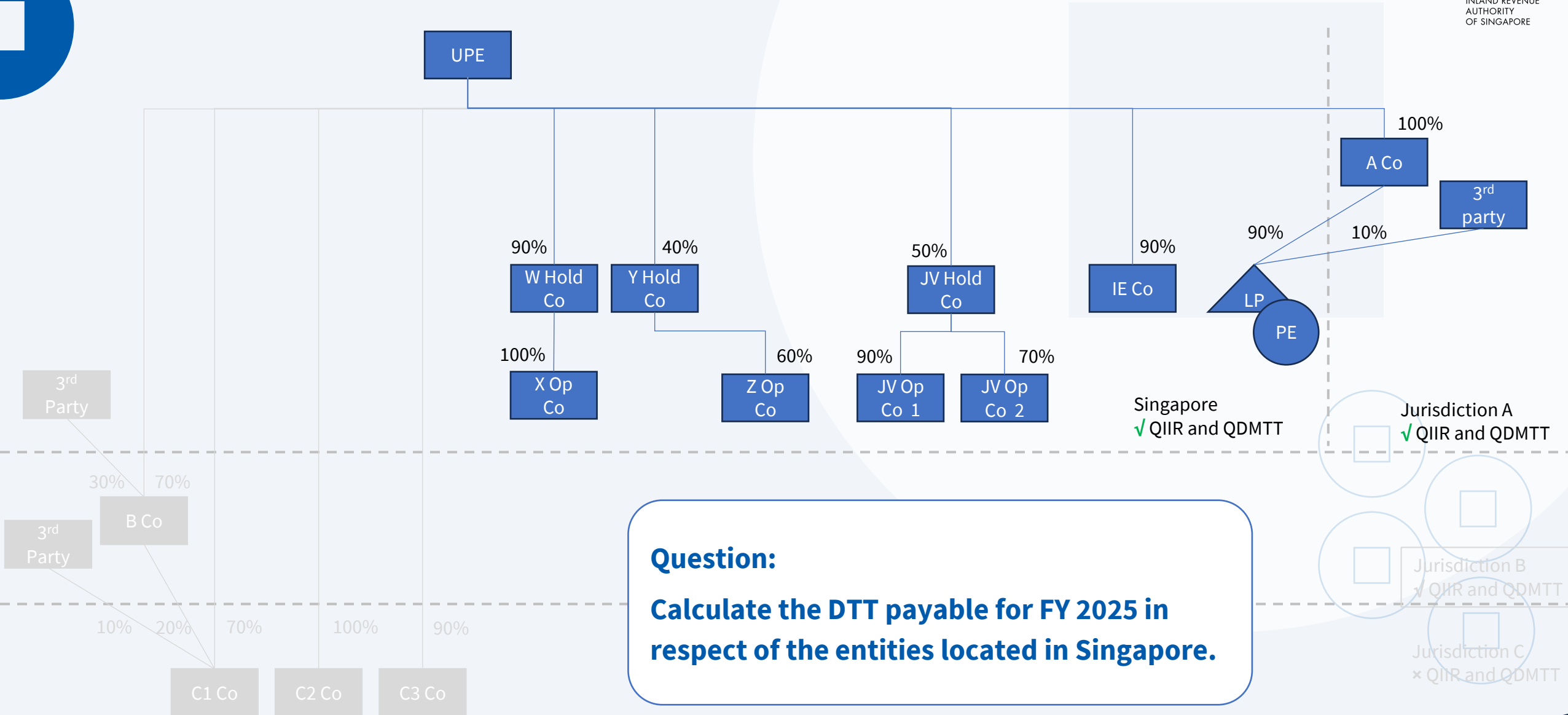


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Case Study: Question 3

Case Study: Question 3



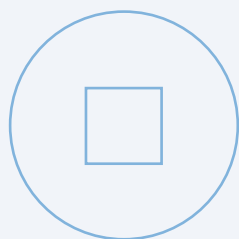
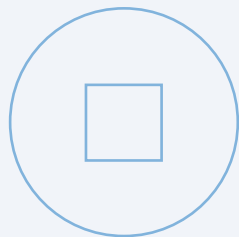
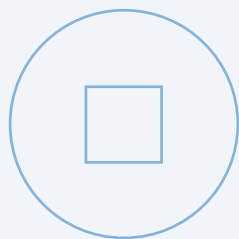
Recap from Question 1 Suggested Solution (Slide 30)

Name of entity	Type of entity	Separate ETR computation from CEs that are not special entities	Location of the entities	IIR and/or QDMTT exposure
UPE, W Hold Co, X Op Co, Y Hold Co, PE	CE	N/A	Singapore	DTT in Singapore
A Co	CE	N/A	Jurisdiction A	QDMTT in Jurisdiction A
B Co	CE (POPE)	No	Jurisdiction B	QDMTT in Jurisdiction B
C1 Co, C2 Co, C3 Co	CE	N/A	Jurisdiction C	IIR in Jurisdiction B and MTT in Singapore
Z Op Co	MOCE	Yes	Singapore	DTT in Singapore
JV Hold Co, JV Op Co 1, JV Op Co 2	JV and JV subsidiary	Yes	Singapore	DTT in Singapore
IE Co	IE	Yes	Singapore	DTT in Singapore
LP	Section 29(b) entity	Yes	Stateless	DTT in Singapore



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Recap



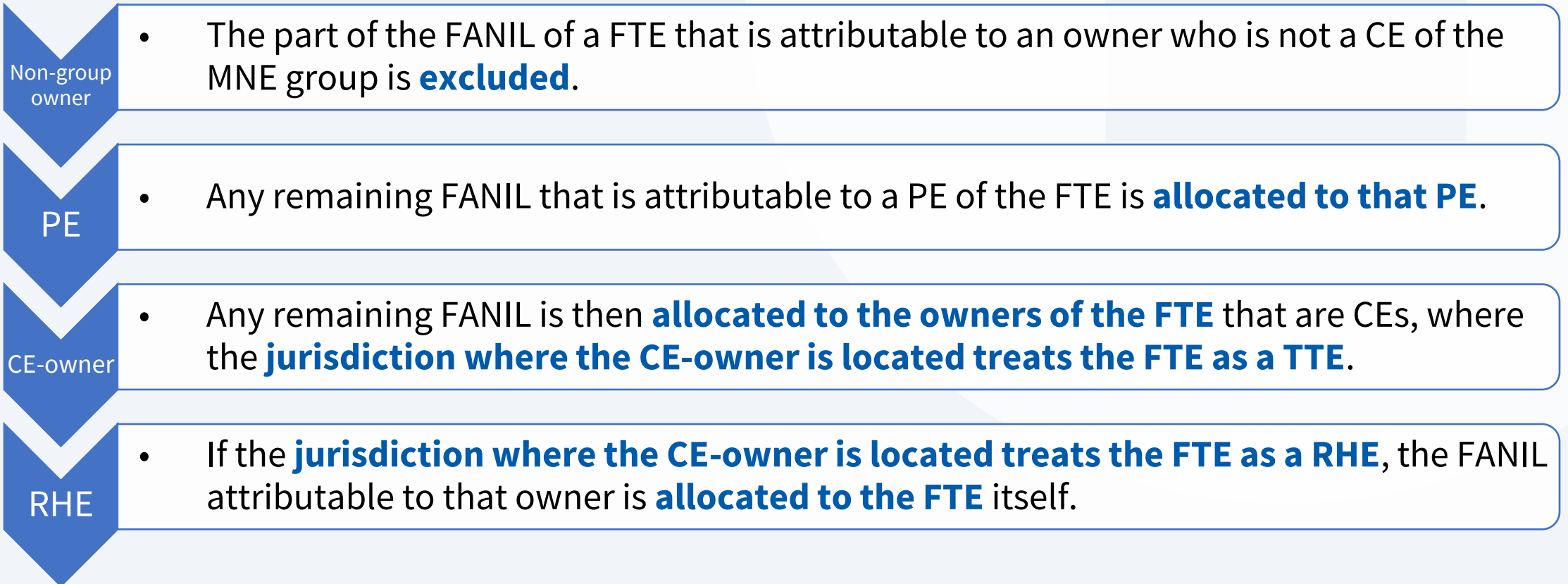
The Starting Point for Computing the GloBE Income or Loss of a CE is its FANIL

- The GloBE Income or Loss of a CE (including the UPE) of an MNE group for a FY is the **FANIL of the CE** for the FY after:^{*}
 - taking into account any FANIL of a FTE, allocated to the CE; and
 - making the adjustments (including any allocation of the FANIL to or from another CE) required or permitted under the relevant regulations.

^{*} Paragraph 6(1) of the First Schedule to the MMT Act.

The FANIL of a FTE

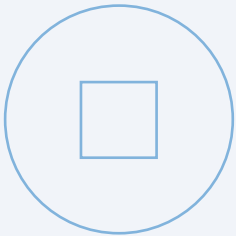
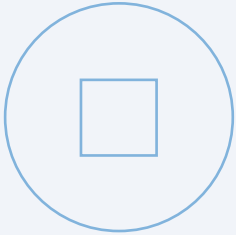
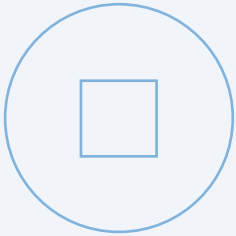
What is the FANIL of a FTE that is not a UPE?*



* Paragraph 6(9) of the First Schedule to the MMT Act.



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Suggested Solution

Case Study: Question 3 Suggested Solution

Determine FANIL of FTE

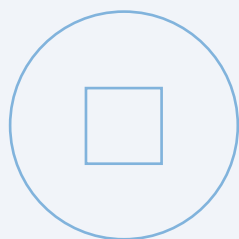
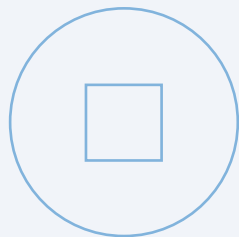
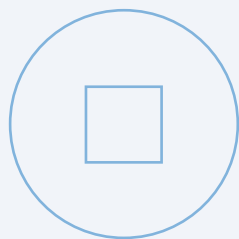
- As Singapore treats the income of the LP as fiscally transparent, LP is a FTE.

	SGD	Remarks
LP's FANIL	100,000	
Less: amount attributable to non-CE owner [10% x 100,000]	(10,000)	Paragraph 6(9)(a) of the First Schedule to the MMT Act: As 3 rd party is a non-group entity, its share of the income of SGD 10,000 is excluded from the LP's FANIL.
	90,000	
Less: amount attributable to LP's PE	(9,000)	Paragraph 6(9)(a) of the First Schedule to the MMT Act.
Amount attributable to LP	81,000	Paragraph 6(9)(c)(ii) of the First Schedule to the MMT Act: As Jurisdiction A does not treat the LP as fiscally transparent, A Co's share of the income follows the treatment of a RHE, and the income is allocated to LP.



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Recap



Recap – A Snapshot of the Mechanics

Step 1 – Determine if an MNE group is in-scope

- Determine whether an MNE group meets or exceeds the revenue threshold in the applicable FYs.

Step 2 – CE within scope

- If the MNE group is in-scope, identify the location of each CE within the MNE group.

Step 3 – Safe harbours and de minimis rules

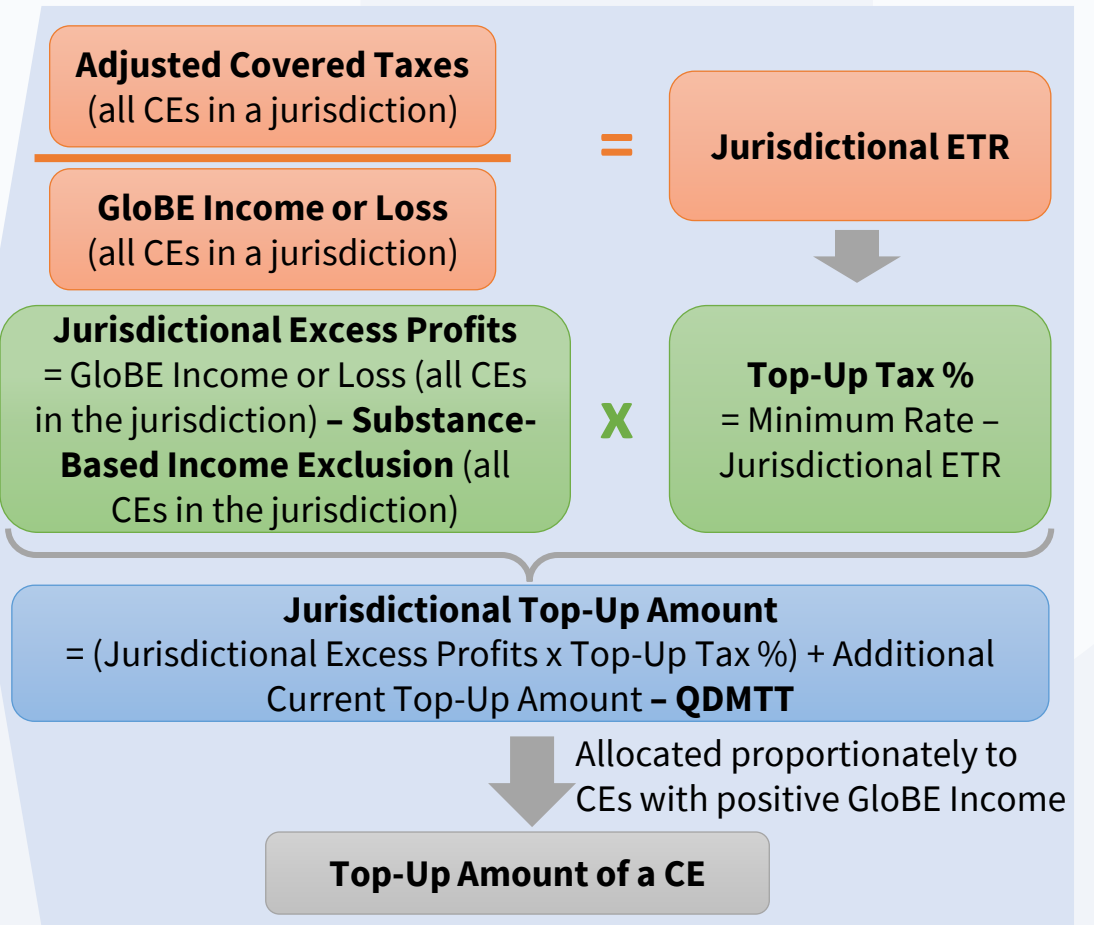
- Consider if the safe harbour and/or de minimis rule applies to the jurisdiction.

Step 4 – GloBE Income / Loss and Covered Taxes

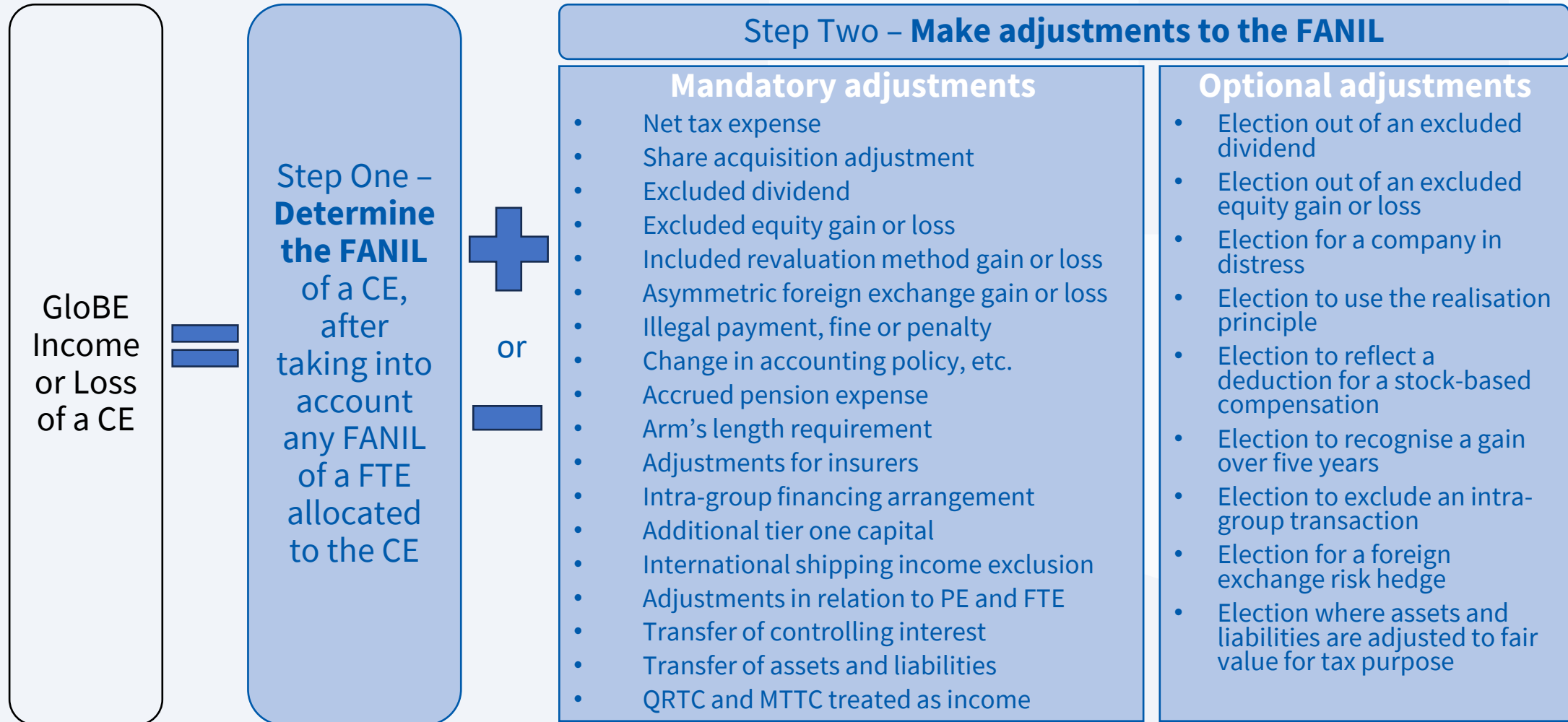
- Determine the GloBE Income or Loss and Adjusted Covered Taxes of each CE.

Step 5 – ETR and Top-Up Amount

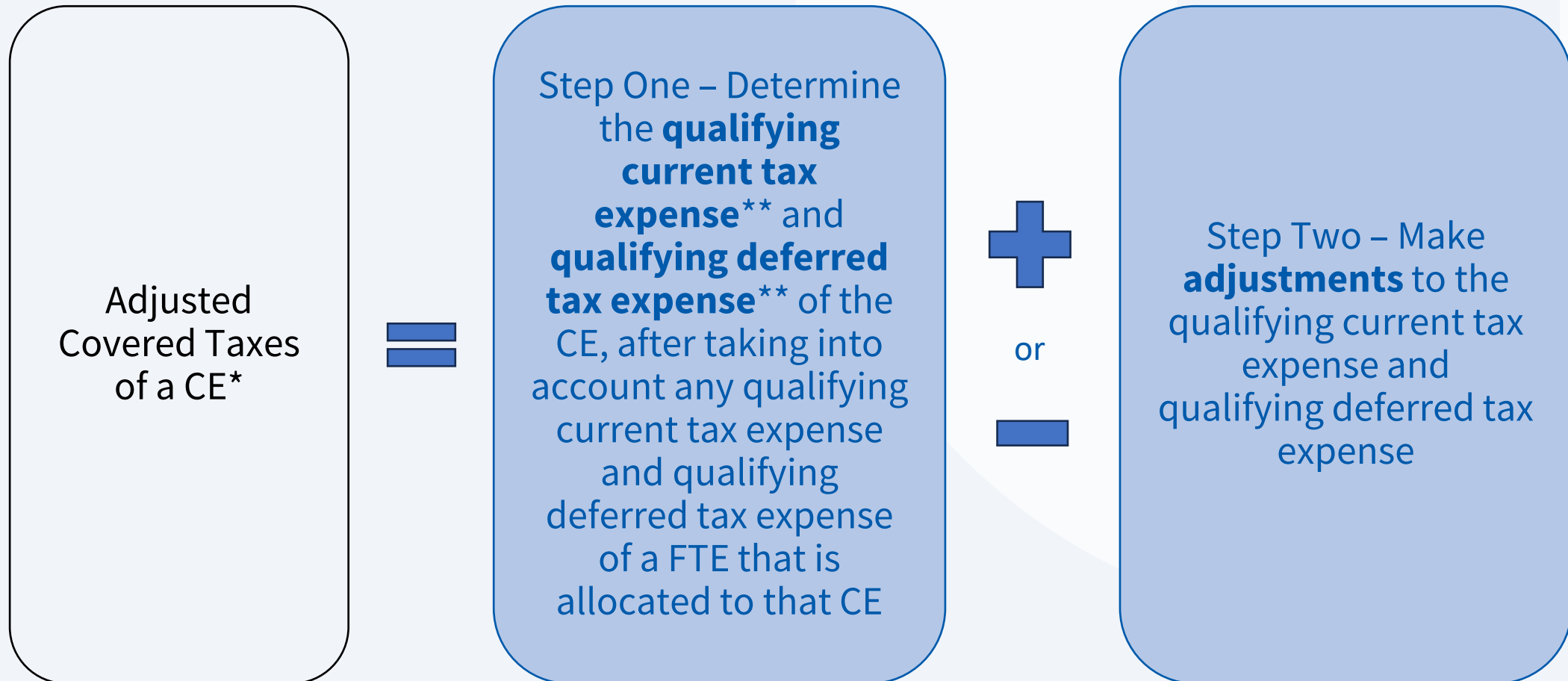
- Compute the ETR of all CEs located in the jurisdiction and determine the Jurisdictional Top-Up Amount.



Determine the GloBE Income or Loss of a CE



Determine the Adjusted Covered Taxes of a CE

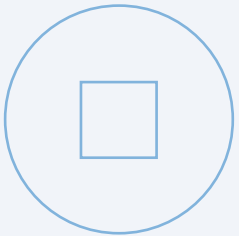
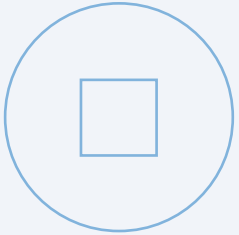
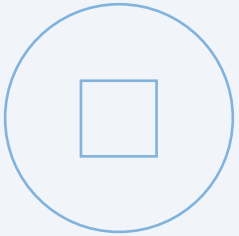


* Paragraph 1(1) of the First Schedule to the MMT Act.

** Paragraph 1(7) of the First Schedule to the MMT Act.



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Suggested Solution

Case Study: Question 3 Suggested Solution

Determine GloBE Income / (Loss) of X Op Co

Item	Amount (SGD)	Additional information	Remarks
FANIL	200,000		Starting point
Tax expense	(30,000)		Regulation 11
WHT on interest income	(1,800)		All taxes in the P/L should be added back.
Dividend income	11,000	10% shareholding (held for 6 months) – SGD 5,000 5% shareholding (held for 18 months) – SGD 6,000	Regulation 13 Excluded dividend [not short-term portfolio dividend i.e. shareholding of less than 10% <u>and</u> held for less than 12 months].
Gain on disposal of investments recorded in the P&L	7,000	5% shareholding (held for 18 months) – SGD 7,000	Regulation 14 Not excluded equity gain or loss. Portfolio shareholding as shareholding of less than 10%. The '12-month holding period' condition is not relevant.
Revaluation gain on PPE recorded in OCI	3,000	The revaluation gain recorded in OCI is not subsequently passed through the P&L	Regulation 15 Included revaluation method gain or loss i.e., revaluation gain in OCI should be added back.
Accrued CPF expense	(2,500)	Accrued CPF expense – SGD 2,500 Actual contribution to CPF – SGD 2,000	Regulation 19 Amount accrued as an expense > contributions = positive adjustment.

Case Study: Question 3 Suggested Solution

Determine GloBE Income / (Loss) of X Op Co

Computation of GloBE Income / (Loss)	SGD
FANIL of X Op Co	200,000
Add:	
Tax expense	30,000
Included revaluation method gain or loss	3,000
Withholding tax on interest income (recorded as an expense in the PBT)	1,800
Accrued CPF expense (2,500 – 2,000)	500
Less:	
Excluded dividend	(11,000)
GloBE Income / (Loss) of X Op Co	<u>224,300</u>

Case Study: Question 3 Suggested Solution

Determine Adjusted Covered Taxes of X Op Co

Item	Amount (SGD)	Remarks
Income tax payable as per the tax return	18,000	Not relevant.
Current tax expense accrued in the FANIL (all current tax expense relates to covered taxes)	28,300	Starting point. If current tax expense accrued in the FANIL includes non-covered taxes, the FANIL must be adjusted.
Current tax expense in relation to excluded dividends	(1,870)	Regulation 38(2)(a) exclusion from tax expense.
Current tax expense in relation to uncertain tax position:		
- Accrued during current year	1,500	Regulation 38(2)(b) exclusion from tax expense.
- Paid during current year (accrued in prior year)	1,000	Regulation 39(2)(b) addition to tax expense.
- Reversed during current year (accrued in prior year)	1,200	Regulation 38(2)(b) exclusion from tax expense.
Withholding tax on interest income (recorded as an expense in the PBT)	1,800	Regulation 39(2)(a) addition to tax expense.
Withholding tax borne on behalf of payee (i.e., withholding tax was not imposed on X Op Co's income but recorded as an expense in its PBT)	800	Not a covered tax. No adjustment required as withholding tax was recorded in PBT and not in current tax expense.
Deferred tax expense accrued at 17% in the FANIL (all deferred tax expense relates to covered taxes)	1,700	Starting point. If deferred tax expense accrued in the FANIL includes non-covered taxes, the FANIL must be adjusted. Regulation 45(4) recast to 15%.
Deferred tax expense accrued in the FANIL includes the following:		
- DTL that is not a Recapture Exception Accrual	500	DTL on unremitted foreign income is not a Recapture Exception Accrual. No adjustment required unless elected to be an unclaimed accrual under Regulation 45(1)(b). To adjust only if is not reversed by FYE 2030.

Case Study: Question 3 Suggested Solution

Determine Adjusted Covered Taxes of X Op Co

	SGD
Current tax expense accrued in the FANIL	28,300
Current tax expense in relation to excluded dividends	(1,870)
Current tax expense in relation to uncertain tax position accrued during current year	(1,500)
Current tax expense in relation to uncertain tax position paid during current year	1,000
Current tax expense in relation to uncertain tax position reversed during current year	1,200
Withholding tax on interest income recorded as an expense in the PBT	1,800
Deferred tax expense accrued in the FANIL (recast to 15%)	1,500
Adjusted covered tax	<u>30,430</u>

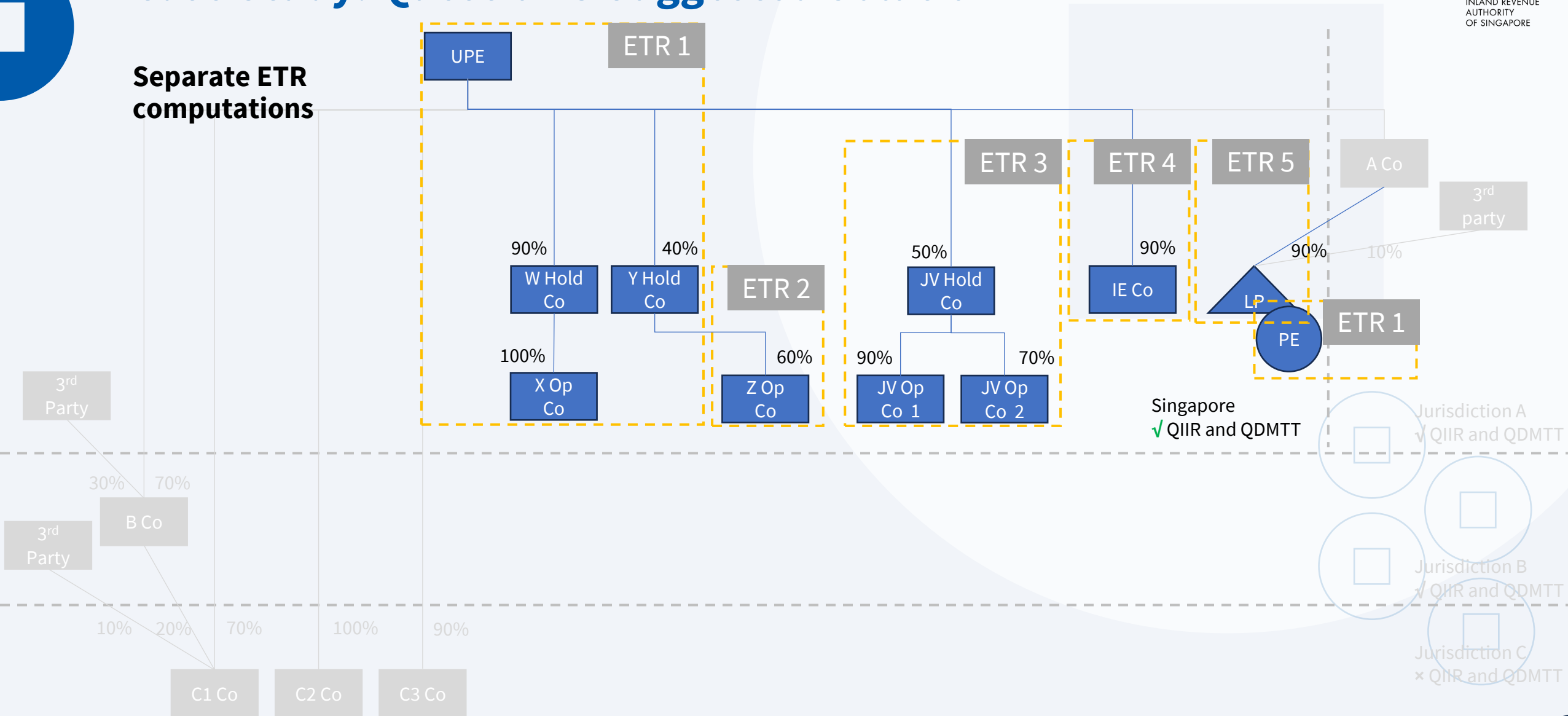
Case Study: Question 3 Suggested Solution

Recap – A snapshot of the relevant entities' financials

Entity	GloBE Income / (Loss)	Adjusted Covered Taxes	Carrying value of eligible tangible assets	Eligible payroll costs
	SGD	SGD	SGD	SGD
UPE	54,000	9,180	-	-
W Hold Co	15,000	750	500	600
X Op Co	224,300	30,430	30,000	20,000
Y Hold Co	18,000	2,250	300	200
Z Op Co	150,000	7,500	10,000	15,000
JV Hold Co	(10,000)	-	-	-
JV Op Co 1	120,000	11,500	50,000	1,800
JV Op Co 2	80,000	7,800	8,000	1,200
IE Co	60,000	7,500	-	-
LP	81,000	-	-	-
PE	9,000	1,530	-	-

Case Study: Question 3 Suggested Solution

Separate ETR computations



Case Study: Question 3 Suggested Solution

Computation of Top-up Amount for CEs that are not special entities

Step (i): Sum of GloBE Income or Loss of Singapore CEs that are not special entities for FY 2025

Step (ii): Sum of Adjusted Covered Taxes of Singapore CEs that are not special entities for FY 2025

Singapore CEs that are not special entities	GloBE Income or Loss (SGD) [determined in accordance with Part 4 of MMT Regulations]	Adjusted Covered Taxes (SGD) [determined in accordance with Part 5 of MMT Regulations]
UPE	54,000	9,180
W Hold Co	15,000	750
X Op Co	224,300	30,430
Y Hold Co	18,000	2,250
PE	9,000	1,530
Total	320,300	44,140

Case Study: Question 3 Suggested Solution

Computation of Top-up Amount for CEs that are not special entities

Step (iii): Calculation of Jurisdictional ETR

$$\text{Jurisdictional ETR} = \frac{\text{Sum of Adjusted Covered Taxes for all CEs that are not special entities in Singapore}}{\text{Sum of GloBE Income for all CEs that are not special entities in Singapore}} \times 100\% = \frac{44,140}{320,300} \times 100\% = 13.7808\%$$

Note: The Jurisdictional ETR should be expressed to 4 decimal places

Step (iv): Calculation of Top-up Tax percentage

$$\text{Top-up Tax Percentage} = 15\% - 13.7808\% = 1.2192\%$$

Case Study: Question 3 Suggested Solution

Computation of Top-up Amount for CEs that are not special entities

Step (v): Calculation of SBIE for all CEs that are not special entities in Singapore

$$\text{SBIE} = \text{Sum of tangible asset carve-out amount for each CE for a FY} + \text{Sum of payroll carve-out amount for each CE for a FY}$$

Singapore CEs that are not special entities	Carrying value of eligible tangible assets (SGD)	Eligible payroll costs (SGD)
UPE	-	-
W Hold Co	500	600
X Op Co	30,000	20,000
Y Hold Co	300	200
PE	-	-
Total	30,800	20,800
Tangible assets carve-out (SGD)	Payroll carve-out (SGD)	Total SBIE (SGD)
7.6% x 30,800 = 2,341	9.6% x 20,800 = 1,997	4,338

Recap

For FY 2025, the transitional rates are 7.6% for tangible assets carve-out and 9.6% for payroll carve-out.

Case Study: Question 3 Suggested Solution

Computation of Top-up Amount for CEs that are not special entities

Step (vi): Determination of Excess Profits

$$\begin{array}{lcl} \text{Excess Profits} & = & \text{Sum of GloBE Income or Loss for all CEs that are not special entities in Singapore} \\ & & - \text{Total SBIE for all CEs that are not special entities in Singapore} \\ & = & 320,300 - 4,338 = 315,962 \end{array}$$

Step (vii): Determination of Jurisdictional Top-up Amount

$$\begin{array}{lcl} \text{Jurisdictional Top-up Amount} & = & \left(\text{Top-up Tax Percentage} \times \text{Excess Profits} \right) + \text{Additional Current Top-up Amount} \\ & = & (1.2192\% \times 315,962) + 0 \\ & = & 3,852 \end{array}$$

Apply the same method for special entities that require separate ETR computation (i.e., MOCE, JV, IE, stateless entity)

Case Study: Question 3 Suggested Solution

Separate ETR computations

Entity	GloBE income / (loss) (A)	Adjusted covered taxes (B)	Carrying value of eligible tangible assets (C)	Eligible payroll costs (D)	
	SGD	SGD	SGD	SGD	
UPE	54,000	9,180	-	-	ETR 1
W Hold Co	15,000	750	500	600	ETR 1
X Op Co	224,300	30,430	30,000	20,000	ETR 1
Y Hold Co	18,000	2,250	300	200	ETR 1
Z Op Co	150,000	7,500	10,000	15,000	ETR 2
JV Hold Co	(10,000)	-	-	-	ETR 3
JV Op Co 1	120,000	11,500	50,000	1,800	ETR 3
JV Op Co 2	80,000	7,800	8,000	1,200	ETR 3
IE Co	60,000	7,500	-	-	ETR 4
LP	81,000	-	-	-	ETR 5
PE	9,000	1,530	-	-	ETR 1

Case Study: Question 3 Suggested Solution

Computation of DTT payable

	CE ETR 1	MOCE ETR 2	JV ETR 3	IE ETR 4	Stateless ETR 5
ETR (E) = (B) ÷ (A)	13.7808%	5.0000%	10.1579%	N.A.	0.0000%
Top-up Tax % (F) = 15% - (E)	1.2192%	10.00%	4.8421%	N.A.	15.0000%
SBIE (Note 1) (G) = 7.6% x (C) + 9.6% x (D)	4,338	2,200	4,696	N.A.	-
Excess Profits (H) = (A) - (G)	315,962	147,800	185,304	N.A.	81,000
Additional Current Top-up Amount (I)	Nil	Nil	Nil	N.A.	Nil
Top-up Amount [(F) x (H)] + (I)	3,852	14,780	8,973	Nil	12,150





Note 1: The SBIE rates follow a declining scale, starting at 8% for eligible tangible assets and 10% for eligible payroll costs, gradually reducing to 5% for both categories. For FY 2025, transitional rates for eligible tangible assets and eligible payroll cost are 7.6% and 9.6% respectively.



DTT payable = SGD 39,755

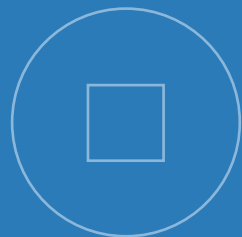
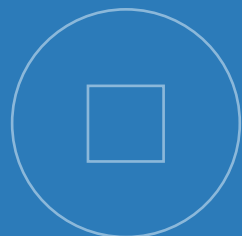
Case Study: Question 3 Suggested Solution

Key takeaways

-  For DTT purposes, LP's PE is treated as being located in Singapore, based on section 4(1)(a) of the MMT Act. The PE's ETR will be blended with other CEs that are not special entities of the MNE group located in Singapore.
-  LP is treated as a stateless CE and will require a standalone ETR.
-  Separate computations of ETR and top-up amount are required for each category of entities, or each special entity (as illustrated in question 3) as follows:
 - ETR 1 - CEs (i.e., UPE, W Hold Co, X Op Co, Y Hold Co and PE)
 - ETR 2 - MOCE (i.e., Z Op Co)
 - ETR 3 - JV and JV subsidiaries (i.e., JV Hold Co, JV Op Co 1 and JV Op Co 2)
 - ETR 4 – IE (i.e., top-up amount of IE Co is treated as nil for DTT purpose)
 - ETR 5 – stateless entity (i.e., LP)
-  DTT is imposed on 100% of the top-up tax, notwithstanding UPE's ownership interests in the CEs of the MNE group, or in JVs and JV subsidiaries connected to the MNE group.

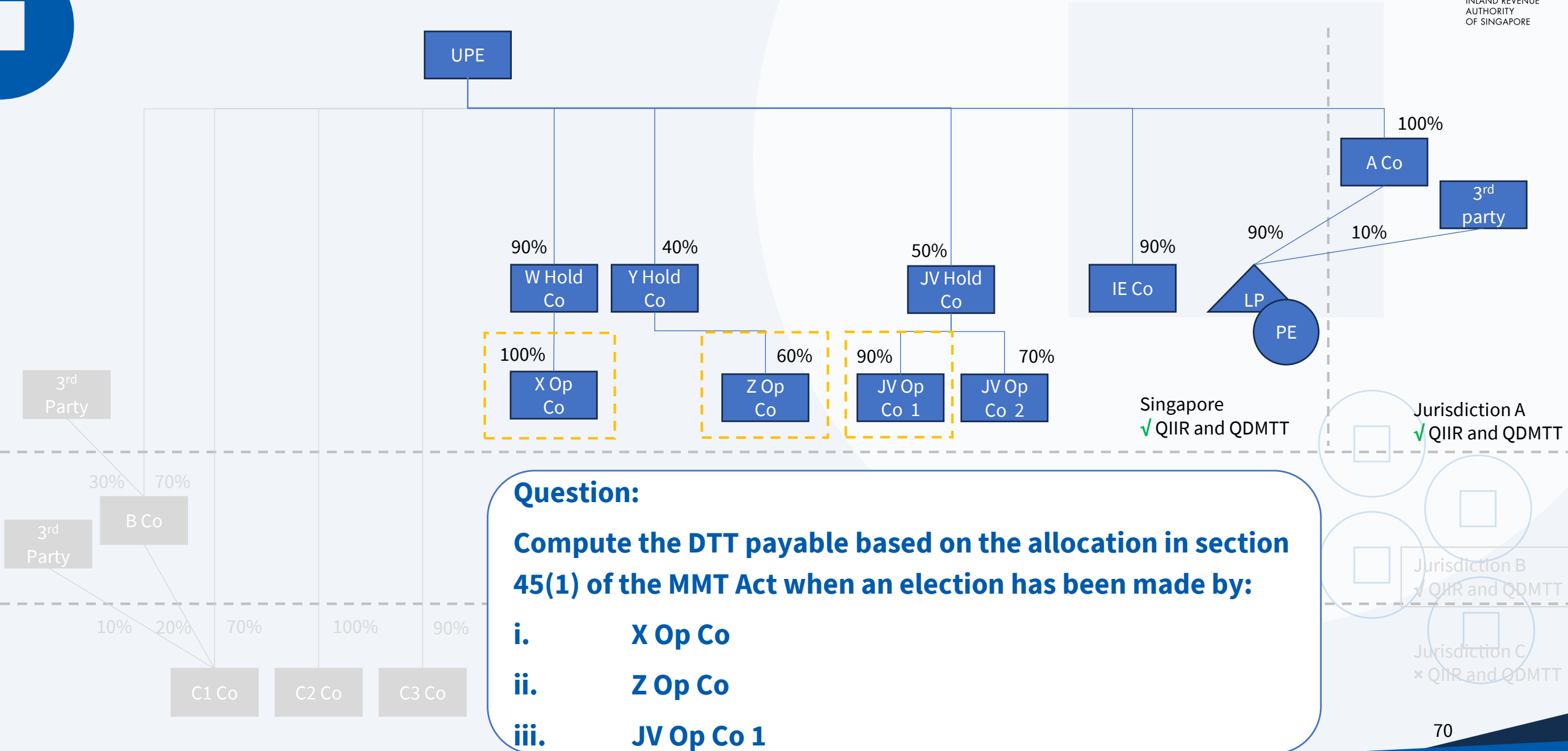


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Case Study: Question 4

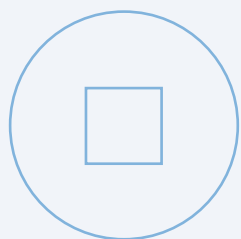
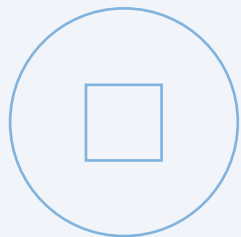
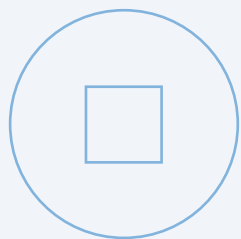
Case Study: Question 4





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Recap



Section 45(1) Election

- An MNE group may elect for the **part of the DTT** (i.e. amount Y) **attributable to a particular CE** of the MNE group, JV or JV subsidiary (i.e. X), to be **paid by said entity**.^{*}
- For the purpose of making a section 45(1) election, such an election must **not** be made in respect of an entity that:^{**}
 - a. has a negative amount of GloBE Income or Loss for the FY;
 - b. is a FTE that is not a RHE with respect to any of its income, expenditure, profit or loss;
 - c. has an ETR of 15% or more; or
 - d. ceases to be a CE of the MNE group, or ceases to be connected to the MNE group (in the case of a JV or JV subsidiary), before the date of the return for the FY.

^{*} Section 45(1) of the MMT Act.

^{**} Section 45(3) of the MMT Act.

Section 45(1) Election

How to compute the top-up amount under a section 45(1) election?

- Where X is a CE of an MNE group that is not a special entity:*

Amount Y = $[(A \div B) \times C]$

- A = GloBE Income or Loss of X for that FY.
- B = Sum of the GloBE Income or Loss for that FY of all the CEs (not being special entities) of the MNE group located in Singapore that have a positive amount of GloBE Income or Loss for that FY.
- C = Sum of the Top-up Amounts for the CEs (not being special entities) of the MNE group located in Singapore for that FY.

* Sections 45(4)(a), 45(4)(b)(i) and 45(4)(c)(i) of the MMT Act.

Section 45(1) Election

How to compute the top-up amount under a section 45(1) election?

- Where X is: (i) a RHE (not located in Singapore) formed, registered or incorporated in Singapore;* (ii) a MOCE that is not part of a minority-owned subgroup; or (iii) a standalone JV:**

Amount Y = $[(A \div B) \times C]$

- A = GloBE Income or Loss of X for that FY.
- B = GloBE Income or Loss of X for that FY.
- C = Top-up Amount for X for that FY.

* Section 29(b) of the MMT Act.

** Sections 45(4)(a), 45(4)(b)(ii) and 45(4)(c)(ii) of the MMT Act.

Section 45(1) Election

How to compute the top-up amount under a section 45(1) election?

- Where X is: (i) a MOCE that is part of a minority-owned subgroup; or (ii) an entity of a JV group:*

Amount Y = $[(A \div B) \times C]$

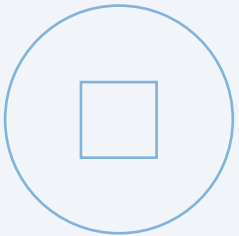
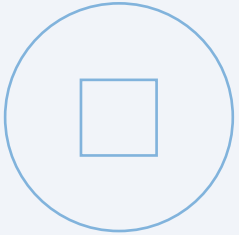
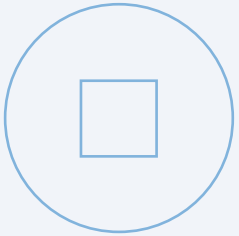
- A = GloBE Income or Loss of X for that FY.
- B = Sum of the GloBE Income or Loss for that FY of all the entities of the minority-owned subgroup or JV group (as the case may be) located in Singapore that have a positive amount of GloBE Income or Loss for that FY.
- C = Sum of the Top-up Amounts for the entities of the minority-owned subgroup or JV group (as the case may be) located in Singapore for that FY.

* Sections 45(4)(a), 45(4)(b)(iii) and 45(4)(c)(iii) of the MMT Act.



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Suggested Solution



Case Study: Question 4 Suggested Solution

First, consider whether any section 45(3) disqualifying conditions apply

	(a) Is GloBE Income or Loss a negative amount?	(b) Is entity a TTE?	(c) Does entity have $ETR \geq 15\%$?	(d) Has entity ceased to be a CE of, or connected to, the MNE group?
i. X Op Co	No, GloBE Income or Loss = 224,300	No	No, $ETR = 13.6\%$ (i.e. $30,430 \div 224,300$)	No
ii. Z Op Co	No, GloBE Income or Loss = 150,000	No	No, $ETR = 5\%$ (i.e. $7,500 \div 150,000$)	No
iii. JV Op Co 1	No, GloBE Income or Loss = 120,000	No	No, $ETR = 9.6\%$ (i.e. $11,500 \div 120,000$)	No

Since none of the section 45(3) disqualifying conditions apply to X Op Co, Z Op Co and JV Op Co 1, these entities may make a section 45(1) election.

Case Study: Question 4 Suggested Solution

Calculation of DTT payable attributed to each entity that made a section 45(1) election

Entity	Type of entity	Allocation based on section 45(4) of the MMT Act	DTT payable by the entity (SGD)
i. X Op Co	CE (not a special entity)	$[224,300 \div (54,000 + 15,000 + 224,300 + 18,000 + 9,000)] \times 3,852$	2,697
ii. Z Op Co	MOCE that is not part of a minority-owned subgroup	$150,000 \div 150,000 \times 14,780$	14,780
iii. JV Op Co 1	Entity of a JV Group	$120,000 \div (120,000 + 80,000) \times 8,973$ (GloBE loss is not included in the allocation base)	5,384

The remaining amount of SGD 16,894 will be payable by DFE.



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