

BEPS 2.0 PILLAR – SINGAPORE REGISTRATION AND COMPLIANCE

REQUIREMENTS FOR MULTINATIONAL ENTERPRISE TOP-UP TAX AND DOMESTIC TOP-UP TAX



Singapore has enacted the Multinational Enterprise (Minimum Tax) Act ("MMT Act") in November 2024 to implement Domestic Top-up Tax and the Income Inclusion Rule ("IIR") under BEPS 2.0 Pillar Two framework.

1. Core Framework and Effective Dates

A global minimum effective tax rate of 15% has been introduced for in-scope multinational enterprise ("MNE") groups for financial years starting on or after 1 January 2025 through the

- **Multinational Enterprise Top-up Tax ("MTT"):** Singapore's implementation of the IIR applicable to low-taxed profits of group entities located **outside Singapore**.
- **Domestic Top-up Tax ("DTT"):** Applicable to low-taxed profits of group entities located **in Singapore**.

2. Mandatory Registration Requirement (One-time)

An MNE group is considered "in-scope" and required to register with the IRAS if both of the following conditions are met:

- **Revenue threshold test:** Consolidated annual revenue exceeded at least EUR 750 million in at least two out of the four preceding financial years; and
- **Singapore nexus test:** The group has at least one constituent entity ("CE") or joint venture located in Singapore, or a reverse hybrid entity incorporated or registered in Singapore.

Registration timeline:

- Submission required within 6 months after the end of the relevant financial year.
- The IRAS registration portal is expected to be available from May 2026.

Key Information required:

- Group and Ultimate Parent Entity ("UPE") details;
- MTT, DTT and GloBE Information Return ("GIR") related information;
- Identification of a Designated Local DTT Filing Entity ("DFE") or a Designated Local GIR Filing Entity ("GFE") in Singapore.

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3. On-going Annual Filing Obligations

In-scope MNE groups with Singapore presence must comply with annual filings, including:

- GIR return or GIR notification;
- DTT return (for Singapore CEs);
- MTT return (for relevant Singapore entities with overseas interest such as an ownership interest in a CE located outside Singapore, or a stateless entity of the MNE group).

Where multiple Singapore CEs exist, filings are consolidated through the DFE or GFE.

Important:

- If the GIR is filed by the UPE in another jurisdiction with exchange arrangements, Singapore entities are still required to submit the GIR notification.

Filing deadlines:

- **Standard year:** within 15 months after the end of each financial year;
- **Transition year:** within 18 months after the end of the financial year.

4. Penalties and Compliance Risks

- A 10% surcharge may be imposed on payable DTT or MTT for failure to notify registration liability.
- IRAS is expected to process registrations within approximately one month of receiving complete information.

5. Immediate Actions Required by Taxpayers

In-scope or potentially in-scope MNE groups should take the following steps now:

5.1. Perform a Pillar Two scoping assessment

- Confirm whether the group meets the Euro 750 million threshold
- Identify all Singapore CEs and structures

5.2. Determine registration obligation early

- Track financial year-end timelines to meet the 6-month registration deadline
- Prepare required group and entity-level information in advance of the IRAS portal opening

5.3. Appoint a Singapore filing entity (DFE/GFE)

- Assess which entity is best placed operationally and from a governance perspective
- Ensure internal alignment across finance and tax teams

5.4. Establish data collection and reporting processes

- Implement effective tax rate calculations, adjustments, etc.
- Coordinate across jurisdictions to ensure consistency with global filings

5.5. Mitigate penalty exposure

- Put in place internal controls and compliance calendars
- Ensure timely registration and accurate filings

How We Can Support

We would be pleased to assist with your Pillar Two readiness and compliance, including supporting the preparation and submission of the IRAS registration, and assisting with the preparation and review of GIR, DTT and MTT filings.

Key Takeaway

Given the short lead time and complexity of the Pillar Two rules, early readiness is critical. MNE groups should begin assessments and implementation planning now to avoid compliance risks, operational bottlenecks, and potential penalties.

Writers' Caveat

Please bear in mind that these articles provide a broad overview of the subject matter and are not intended to be comprehensive. It's crucial to consult your professional advisers before taking any specific action based on this information.



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For further clarification, please reach out to your consultants below

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