



## **Malaysia's 15% Minimum Tax Is Here - Are You Ready?**

**March 2026**

# Malaysia's 15% Minimum Tax Is Here - Are You Ready?

To recap, Malaysia is implementing Global Minimum Tax ("GMT") through two (2) mechanisms: -



Domestic Top-up Tax  
("DTT")



Multinational Top-up Tax  
("MTT")

Businesses should assess **early** on whether they are in-scope and how the GMT legislation could potentially affect them administratively and financially.

The following were issued by the Inland Revenue Board of Malaysia ("IRBM") in February 2026: -



Guideline on the Implementation of DTT in Malaysia  
(As at 3 February 2026).



Frequently Asked Questions ("FAQs")  
(As at 3 February 2026).

*The above are subject to updates from time to time and can be downloaded from IRBM's website: -*




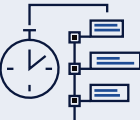






Guideline




FAQs

# Key Highlights on DTT





Areas	Key Takeaways
<p><b>Effective Date</b></p> 	<p>In Malaysia, DTT applies for Financial Year (“FY”) beginning <b>on or after 1 January 2025</b> and subsequent FYs*.</p> <p><i>*Based on the accounting period of the Ultimate Parent Entity (“UPE”)’s consolidated financial statements.</i></p>
<p><b>Purpose of DTT</b></p> 	<ol style="list-style-type: none"> <li>1. DTT serves as Malaysia’s Qualified Domestic Minimum Top-up Tax (“QDMTT”).</li> <li>2. It ensures that Malaysia retains taxing rights over low-taxed domestic profits, thus preventing other jurisdictions from collecting top-up taxes under Pillar Two.</li> </ol>
<p><b>Scope of DTT</b></p> 	<p>Malaysian Constituent Entities of an MNE Group will be subject to DTT in Malaysia if the <b>group’s consolidated annual revenue meets EUR750 million in at least 2 out of the 4 preceding FYs</b>.</p>
<p><b>Filing Timeline</b></p> 	<ol style="list-style-type: none"> <li>1. Each Malaysian Constituent Entity must furnish the return in a prescribed form <b>no later than 15 months</b> after the end of FY of the UPE.</li> <li>2. For the <b>first filing transition year</b>, the filing is <b>extended to 18 months</b> after the last day of the FY of the UPE.</li> </ol> <div style="border: 1px dashed #008080; padding: 10px; margin-top: 10px;"> <p><b><u>Illustration</u></b></p> <p><i>DTT applies for FY beginning on or after 1 January 2025. The first FY for an in-scope MNE group with 12-month accounting period will end on 31 December 2025.</i></p> <p><i>Accordingly, the initial submission of DTT by the Malaysian Constituent Entities will be <b>18 months from the last day of the FY i.e. 30 June 2027 (transition year)</b>.</i></p> <p><i>There is no change to the submission due date for Form e-C i.e. 31 July (with one-month grace period).</i></p> </div>

Areas	Key Takeaways
<p><b>Jurisdictional Blending</b></p> 	<p>Malaysia applies a jurisdictional blending approach by <b>aggregating</b> income and covered taxes of all Malaysian Constituent Entities, except for certain entities* for the purpose of computing DTT.</p> <p><i>*Investment entities, minority-owned constituent entities, joint ventures etc are required to perform separate Effective Tax Rate and Top-up Tax calculations.</i></p>
<p><b>Financial Accounting Standard</b></p> 	<ol style="list-style-type: none"> <li>DTT is to be computed based on the Malaysian Constituent Entity's financial statements prepared under the <b>local financial accounting standards</b> [e.g. Malaysian Financial Reporting Standards ("MFRS"), Malaysian Private Entities Reporting Standards ("MPERS")] provided that: - <ol style="list-style-type: none"> <li>All Malaysian Constituent Entities have the <b>same FY</b> as their UPE; and</li> <li>Each of the Constituent Entities prepares its own statutory or audited financial statements.</li> </ol> </li> <li>Otherwise, DTT is to be computed based on the accounts and Financial Accounting Standard used for the UPE's consolidated financial statements.</li> </ol>
<p><b>Currency</b></p> 	<ol style="list-style-type: none"> <li>Where the Constituent Entities have met the following criteria, DTT is to be computed in <b>Malaysian Ringgit ("RM")</b>: - <ol style="list-style-type: none"> <li>Local Financial Accounting Standard rule mentioned above (<i>Note 1</i>); and</li> <li>RM is used as functional currency in financial statements (<i>Note 2</i>).</li> </ol> <p><i>Note 1 – Otherwise, DTT is to be computed based on the <b>presentation currency</b> in the UPE's consolidated financial statements.</i></p> <p><i>Note 2 – If one or more Constituent Entities do not use RM as functional currency, a five-year election is available, where the Constituent Entities can use either the <b>RM OR presentation currency</b> in the UPE's consolidated financial statements to compute DTT.</i></p> </li> <li><b>DTT return</b> must be filed in <b>RM</b>.</li> </ol>
<p><b>Safe Harbour</b></p> 	<p>To ease compliance, the following are available: -</p> <ul style="list-style-type: none"> <li>Transitional Country-by-Country Reporting ("CbCR") Safe Harbour*; and</li> <li>Permanent Safe Harbour.</li> </ul> <p><i>*Applicable for FYs beginning on or before 31 December 2027 but excluding FYs ending after 30 June 2029.</i></p>

Areas	Key Takeaways
<p data-bbox="97 344 280 425"><b>De Minimis Exclusion</b></p> 	<p data-bbox="376 338 1493 416">Eligible entities may <b>elect annually</b> for De Minimis Exclusion, where DTT is deemed <b>zero</b> for a FY for the Malaysian Constituent Entities if: -</p> <ul style="list-style-type: none"> <li data-bbox="376 432 1493 510">a. The <b>Average GloBE Revenue</b> of <u>ALL</u> Malaysian Constituent Entities for the <b>current and 2 preceding FYs is less than EUR10 million</b>; and</li> <li data-bbox="376 521 1493 600">b. The <b>Average GloBE Income or Loss</b> of <u>ALL</u> Malaysian Constituent Entities for the <b>current and 2 preceding FYs is less than EUR 1 million</b>.</li> </ul>

## What This Means For Your Organisation

With the first DTT filing approaching, in-scope MNE Groups should begin: -

 <p data-bbox="156 1211 367 1397">Assessing the applicability of DTT for Malaysian entities</p>	 <p data-bbox="483 1211 756 1397">Preparing data, systems, processes, models for relevant calculations</p>	 <p data-bbox="850 1211 1098 1323">Evaluating eligibility for safe harbour</p>	 <p data-bbox="1169 1211 1453 1397">Aligning accounting, finance and tax reporting processes to ensure compliance</p>
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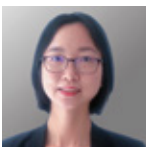
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