

## **Important Announcement on GMT Implementation in Malaysia**

Dear Esteemed Clients,

As announced by YAB Prime Minister on 13 October 2023 during the tabling of 2024 Budget, the Government will be implementing the Global Minimum Tax (GMT) based on the Global Anti-Base Erosion (GloBE) Rules in 2025.

Subsequently in December 2023, the Government enacted the Finance (No. 2) Bill 2023, incorporating the OECD Based Erosion Profit Shifting (BEPS) Pillar 2 Model Rules. These provisions will be effective for financial years beginning 1 January 2025.

The GloBE Rules set out the global minimum effective tax rate (ETR) of 15%, applicable to Multinational Enterprise (MNE) groups with annual consolidated revenue exceeding €750 million in at least two out of the four years in the tested years. As a result, companies currently enjoying tax incentives in Malaysia and falling within this scope will be subject to the GMT. If the ETR falls below 15%, a top-up tax will be imposed through Domestic Top-Up Tax (DTT) mechanism under Section XI of the Income Tax Act 1967.

For detailed guidelines on the implementation of GMT in Malaysia, published on 2 December 2024 by Inland Revenue Board of Malaysia, please click [HERE](#).

For further inquiries or assistance, please contact our dedicated team at [clic@mdec.com.my](mailto:clic@mdec.com.my).

**ISSUED BY MALAYSIA DIGITAL ECONOMY CORPORATION (MDEC)  
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