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Singapore Base Erosion and Profit Shifting (“BEPS”) 2.0 Pillar Two Update: Registration for Multinational Enterprise Top-up Tax (“MTT”) and Domestic Top-up Tax (“DTT”)



Singapore has implemented the BEPS 2.0 Pillar Two global minimum tax regime under the Multinational Enterprise (Minimum Tax) Act 2024 (“MMT Act”) – in line with the Organisation for Economic Co-operation and Development (“OECD”) Inclusive Framework.

This regime applies to financial years beginning on or after 1 January 2025 and is intended to ensure that large Multinational Enterprise (“MNE”) groups are subject to a minimum effective tax rate (“ETR”) of 15% on a jurisdictional basis.

Top-up taxes in Singapore

Singapore has introduced the following Pillar Two top-up taxes:

- MTT (also known as the Income Inclusion Rule (“IIR”) - applies to low-taxed profits of group entities located outside Singapore.
- DTT - applies to low-taxed profits of group entities located in Singapore.

Who is Affected?

An MNE group will be regarded as in-scope MNE Group if it satisfies both of the following conditions:

- Has consolidated annual revenue of EUR 750 million or more in at least two of the four preceding financial years; and
- Has at least one Constituent Entity, joint venture, or reverse hybrid entity incorporated, registered or located in Singapore.

Registration Obligations

All in-scope MNE groups are legally obliged to register with the Inland Revenue Authority of Singapore (“IRAS”) for:

- MTT and DTT; and
- File the Global Anti-Base Erosion (“GloBE”) Information Return (“GIR”).

The registration is a one-time process.

Registration Timeline

Registration must be completed within 6 months from the end of the Ultimate Parent Entity's ("UPE") first financial year to which the regime applies. For instance, if an in-scope MNE Group's financial year end is 31 December 2025, the registration deadline will be 30 June 2026.

The IRAS has announced that the online submission will be available from May 2026 onwards.

Registration Form

The registration form requires the following information:

- Part I: General Information on the UPE and the MNE group
- Part II: MTT-related information (i.e. details of the responsible members of the MNE group)
- Part III: DTT-related information (i.e. appointment of Designated Local DTT Filing Entity ("DFE") and the Designated Local GIR Filing Entity ("GFE") as well as details of the in-scope entities)
- Part IV: GIR Information (i.e. the jurisdiction in which the GIR will be filed)
- Part V: Change in tax residency after 30 November 2021
- Part VI: Declaration

Responsibility for Registration

The UPE is responsible for the registration. However, the UPE may appoint a Constituent Entity in Singapore or a local tax agent to register on its behalf, provided that a letter of authorisation is in place.

IRAS will process the registration within one month upon receipt of complete information. Upon submission, the UPE or its appointed local tax agent will receive an email notification. Once the registration is approved, IRAS will issue notification letters to the in-scope entities in Singapore.

Surcharge for Failure to Register

If an in-scope MNE group fails to register, IRAS may proceed to register the group and impose a 10% surcharge on DTT and / or MTT top-up tax payable.

Conclusion

In summary, the implementation of the BEPS 2.0 Pillar Two regime in Singapore reflects IRAS' firm commitment to the OECD global minimum tax framework and a more robust approach to taxing low-taxed profits.

As the regime is expected to significantly increase compliance complexity while ensuring that in-scope MNE groups are subject to a minimum effective tax rate, affected groups should take early steps to assess their Pillar Two exposure.

Affected groups should ensure that appropriate governance, data readiness, and registration processes are in place to meet the new compliance requirements and mitigate potential top-up tax and penalty risks going forward.

How can we help

We would be pleased to assist you in assessing your Pillar Two exposure, managing registration requirements, and supporting compliance with the above matters.

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