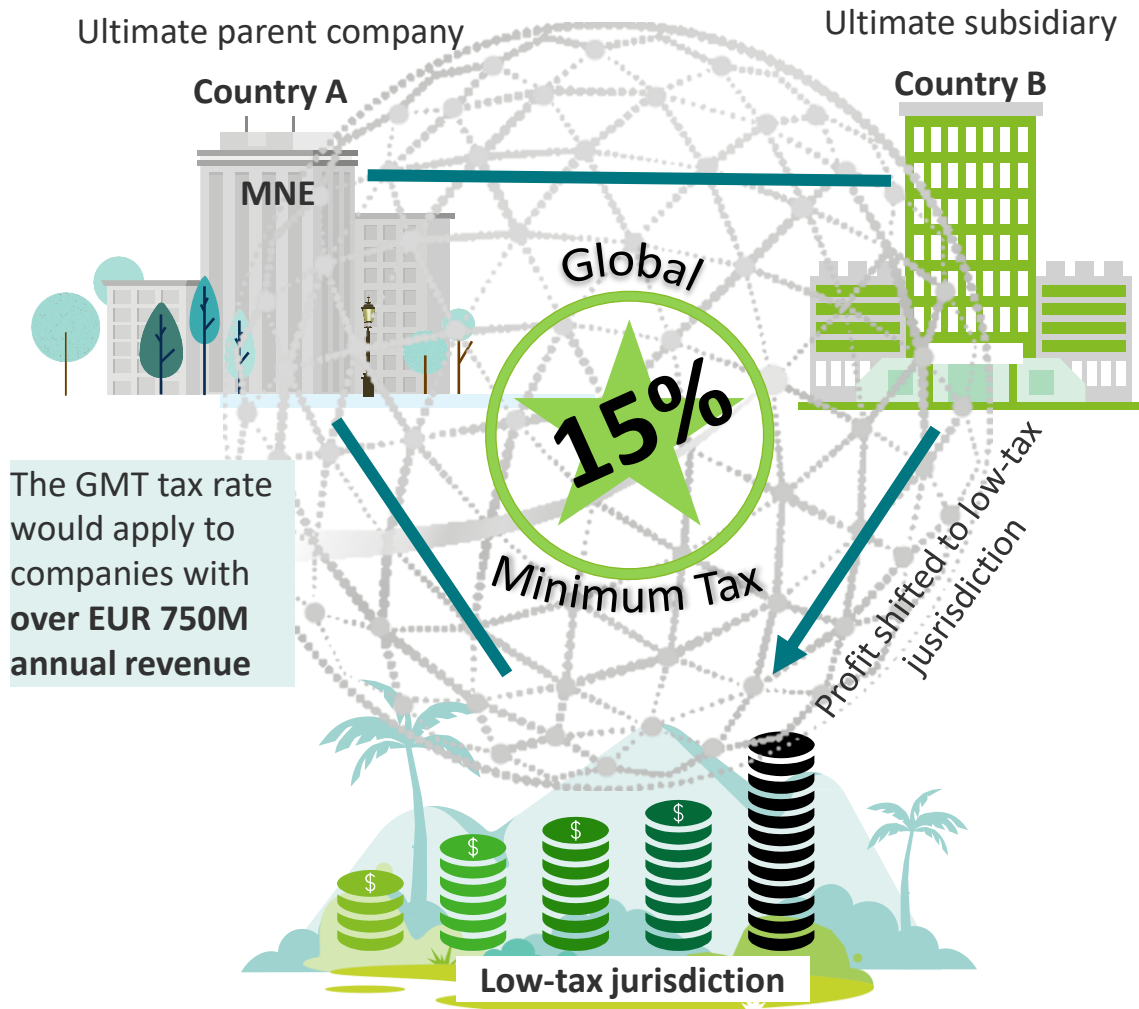


Deloitte TaxMax

Top cross-border tax issues to watch out

16 March 2023

Overview of Global Minimum Tax



With Global Minimum Tax (GMT), **wherever you operate** (be it in the high tax country, low tax country, tax haven or country that offers tax holiday), **you will need to pay a minimum tax of 15%!**

Top up to 15% if effective tax rate (ETR) in a country is below 15%.

ETR is calculated with a very **complex formula.**

Exemption Orders Relating to Specified FSI

Exemption

Income Tax (Exemption) (No. 5) Order 2022
[P. U. (A) 234/2022]

All Types of FSI

Received by Individuals, *except for individuals carrying on a partnership business in Malaysia*

Conditions:

- Subject to tax

Income Tax (Exemption) (No. 6) Order 2022
[P. U. (A) 235/2022]

Dividend Income

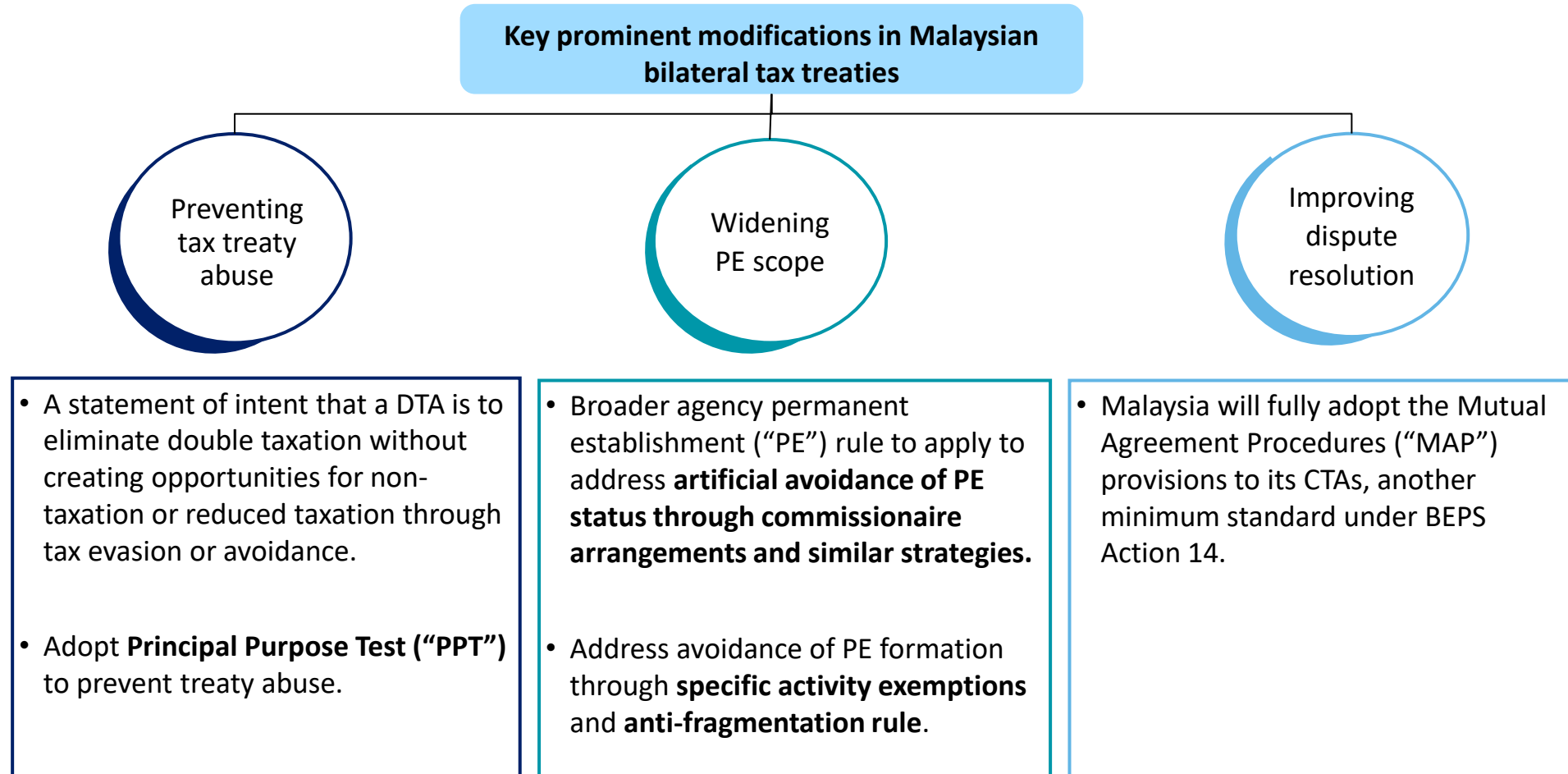
Received by:

- Individual carrying on a partnership business in Malaysia
- Limited liability partnership
- Company

Conditions:

- Subject to tax
- Headline tax of $\geq 15\%$
- Economic substance requirement

MLI | Key impact areas vis-à-vis Malaysian tax treaties



For evaluating extent of modification of the Malaysian tax treaty, Malaysia's MLI positions need to be compared with the MLI positions taken by its counterpart.

Action 6: Preventing the granting of treaty benefits in inappropriate circumstances





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