

## MPERS

# Malaysian Private Entities Reporting Standard

This Standard contains material in which the IFRS Foundation® holds copyright and which has been reproduced in this publication with the permission of the IFRS Foundation. Copyright in *IFRS for SMEs*® Accounting Standard, IASB® Exposure Drafts and other IASB publications belongs to the IFRS Foundation.

All rights are reserved. No part of this publication, the copyright of which is held by the IFRS Foundation, may be reproduced, stored in a retrieval system or transmitted in any form or by any means without the prior written permission of MASB and the IFRS Foundation, or as may be expressly permitted by law or under terms agreed with the appropriate reprographics rights organisation.

*Malaysian Private Entities Reporting Standard (MPERS)* is issued by the MASB in respect of its application in Malaysia.

## ***International Tax Reform—Pillar Two Model Rules (Amendments to the Malaysian Private Entities Reporting Standard)***

*This Addendum sets out the amendments to the Malaysian Private Entities Reporting Standard. An entity shall apply paragraphs 29.3A, 29.38, 29.42 and 35.10(h) immediately upon the issue of these amendments and paragraph 29.43 for annual reporting periods beginning on or after 1 January 2023.*

### **Section 29 Income Tax**

Paragraphs 29.3A and 29.42–29.43 (including their related heading) are added. Paragraph 29.38 is amended. New text is underlined.

#### **Scope of this section**

---

...

**29.3A** This section applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the income taxes arising from it, are hereafter referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’. As an exception to the requirements in this section, an entity shall neither recognise deferred tax assets and liabilities related to Pillar Two income taxes nor disclose information that would otherwise be required by paragraphs 29.39–29.41 about deferred tax assets and liabilities related to Pillar Two income taxes.

...

#### **Disclosures**

---

**29.38** An entity shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of the current and deferred tax consequences of recognised transactions and other events (including the enactment or substantive enactment of tax rates and tax laws, such as Pillar Two legislation).



...

**International tax reform—Pillar Two model rules**

29.42 An entity within the scope of Pillar Two legislation shall disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes (see paragraph 29.3A).

29.43 An entity shall disclose separately its current tax expense (income) related to Pillar Two income taxes.

**Section 35**  
***Transition to the MPERS***

Paragraph 35.10(h) is amended. New text is underlined.

...

**Procedures for preparing financial statements at the date of transition**

...

35.10 An entity may use one or more of the following exemptions in preparing its first financial statements that conform to this Standard:

- ...
- (h) deferred income tax. A first-time adopter may apply Section 29 *Income Tax* prospectively from the date of transition to the *MPERS*, while applying the exception in paragraph 29.3A retrospectively.

## Appendix A

### Effective date and transition

Paragraph A4 is added. For ease of reading this paragraph has not been underlined.

A4 *International Tax Reform—Pillar Two Model Rules*, issued in October 2023, added paragraphs 29.3A and 29.42–29.43, and amended paragraphs 29.38 and 35.10(h). An entity shall apply:

- (a) paragraphs 29.3A, 29.38, 29.42 and 35.10(h) immediately upon the issue of these amendments. Paragraphs 29.3A, 29.38 and 29.42 shall be applied retrospectively in accordance with Section 10 *Accounting Policies, Estimates and Errors*.
- (b) paragraph 29.43 for annual reporting periods beginning on or after 1 January 2023.

#### Disclosures

29.38 An entity shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of the current and deferred tax consequences of recognised transactions and other events (including the recognition or reclassification of tax assets and tax liabilities, such as Pillar Two adjustments).