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/ MASB amends the Standard for private entities regarding international tax reform (16 October 2023)

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The Malaysian Accounting Standards Board (MASB) has today issued *International Tax Reform—Pillar Two Model Rules (Amendments to the Malaysian Private Entities Reporting Standard)*, herein referred as *The Amendments*.

The Amendments is similar to *International Tax Reform—Pillar Two Model Rules (Amendments to IFRS for SMEs Standard)* issued by the IASB in September 2023.

ABOUT THE AMENDMENTS

The Amendments provides private entities a temporary relief from accounting for deferred taxes arising from the implementation of the Pillar Two model rules and clarifies that private entities applying the *Malaysian Private Entities Reporting Standard (MPERS)* shall disclose information that enables users of their financial statements to evaluate the nature and financial effect of income tax consequences of the Pillar Two legislation.

Prior to issuing *The Amendments*, in June 2023, the MASB issued *International Tax Reform—Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)* for entities applying the MFRS Framework, which is word-for-word Amendments to IAS 12 *Income Taxes* issued by the IASB in May 2023.

MASB Chairman, Datuk Mohd Nasir Ahmad explains, "*The Amendments is made out of its periodic review process in response to the urgent need to reflect changes resulting from the introduction of Pillar Two model rules that might affect Malaysian private entities with global operations*".

The Amendments provides private entities that may be subjected to the Pillar Two model rules to have the same temporary relief that is granted to entities applying the MFRS Framework, while ensuring users of financial statements receive the information they need.

Private entities shall apply the temporary relief immediately upon the issuance of *The Amendments* whilst the disclosure requirements shall be applied for annual reporting periods beginning on or after 1 January 2023.

The "Notice of Issuance" can be downloaded [here](#).

ABOUT MPERS

The MPERS is a self-contained Standard that is applicable only to private entities (as defined in paragraph 1.2 of the

Standard). MPERS is substantively equivalent to the *IFRS for SMEs Accounting Standard (IFRS for SMEs)* except for the requirements for property development activities in Section 34 *Specialised Activities* plus some terminology changes.

In September 2023, the IASB amended *IFRS for SMEs* Standard related to the international tax reform. In this regard, to provide Malaysian private entities with the same temporary exception as their other SME counterparts, and to ensure MPERS remains relevant and updated, the MASB is amending MPERS to incorporate *The Amendments*.

END

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