Taxation (Multinational—Global and Domestic Minimum Tax) Amendment (2026 Measures No. 2) Rules 2026

I, Andrew Leigh, Assistant Minister for Productivity, Competition, Charities and Treasury, make the following rules.

Dated 30 June 2026

Dr Andrew Leigh
Assistant Minister for Productivity, Competition, Charities and Treasury
Parliamentary Secretary to the Treasurer

Contents

1 Name

This instrument is the *Taxation (Multinational—Global and Domestic Minimum Tax) Amendment (2026 Measures No. 2) Rules 2026*.

2 Commencement

(1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	**Column 2**	**Column 3**
Provisions	**Commencement**	**Date/Details**
1. The whole of this instrument	The day after this instrument is registered.	

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

(2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under the *Taxation (Multinational—Global and Domestic Minimum Tax) Act 2024*.

Note: Section 29 of the *Taxation (Multinational—Global and Domestic Minimum Tax) Act 2024* provides that the Minister may make rules prescribing matters required or permitted by the Act, or necessary or convenient, to be prescribed.

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1—Amendments

Part 1—Amendments relating to the Blended CFC allocation keys

Taxation (Multinational—Global and Domestic Minimum Tax) Rules 2024

1 Subsection 4-55(4) (definition of *GloBE Jurisdictional ETR*)

Repeal the definition, substitute:

GloBE Jurisdictional ETR: see section 4-56.

2 Subparagraph 4-55(5)(a)(i)

After “an Entity”, insert “or Permanent Establishment”.

3 Subparagraph 4-55(5)(a)(ii)

Repeal the subparagraph.

4 Subparagraph 4-55(5)(b)(i)

Omit “located in the jurisdiction”.

5 Subparagraph 4-55(5)(b)(ii)

Repeal the subparagraph, substitute:

(ii) the Blended CFC Allocation Key of each Entity or Permanent Establishment identified under paragraph (a), assuming that each such Entity or Permanent Establishment were a Constituent Entity of the MNE Group.

6 After section 4-55

Insert:

4-56 Meaning of *GloBE Jurisdictional ETR*

(1) The ***GloBE Jurisdictional ETR*** for an Entity or Permanent Establishment (the ***Tested Entity***) is:

(a) if paragraph (c) does *not* apply and the Tested Entity is a Constituent Entity of an MNE Group that is required to compute an Effective Tax Rate under section 5-5 for the jurisdiction in which the Tested Entity is located for the Fiscal Year—the rate worked out under subsection (2); or

(b) if paragraph (c) does *not* apply and the Tested Entity is a Constituent Entity of an MNE Group that is *not* required to compute an Effective Tax Rate under section 5-5 for the jurisdiction in which the Tested Entity is located for the Fiscal Year—the rate worked out under subsection (3); or

(c) if the Tested Entity is treated as a Constituent Entity of an MNE Group under subparagraph 4-55(5)(b)(ii)—the rate worked out under subsection (4).

(2) The rate worked out under this subsection is the rate that would be the Effective Tax Rate for the Fiscal Year of the MNE Group for the jurisdiction in which the Constituent Entity is located, if the sum of the Adjusted Covered Taxes for the Fiscal Year of each Constituent Entity of the MNE Group located in that jurisdiction were:

(a) computed without regard to any Covered Taxes imposed under a Controlled Foreign Company Tax Regime; and

(b) if that jurisdiction imposes a Qualified Domestic Minimum Top-up Tax—increased by an amount equal to the tax payable under the Qualified Domestic Minimum Top-up Tax for the Fiscal Year, in respect of the Constituent Entities of the MNE Group that are located in that jurisdiction, to the extent the Blended CFC Tax Regime allows a foreign tax credit for that tax payable on the same terms as any other creditable Covered Tax.

(3) The rate worked out under this subsection is whichever of the following applies:

(a) if subsection 8-10(1) (Transitional CbCR Safe Harbour) applies to the MNE Group for the jurisdiction in which the Constituent Entity is located for the Fiscal Year—the Simplified ETR for the Fiscal Year of the MNE Group for the jurisdiction in which the Constituent Entity is located;

(b) if subsection 8-200(1) (QDMTT Safe Harbour—general rule) or subsection 8-201(1) (QDMTT Safe Harbour—Stateless Constituent Entities) applies to the MNE Group for the jurisdiction in which the Constituent Entity is located for the Fiscal Year—the rate that would be the Effective Tax Rate for the Fiscal Year of the MNE Group for the jurisdiction in which the Constituent Entity is located if:

(i) the MNE Group was required to compute an effective tax rate under section 5-5, or an equivalent law of a non-Australian jurisdiction, for the jurisdiction for the Fiscal Year; and

(ii) the sum of the Adjusted Covered Taxes for the Fiscal Year of each Constituent Entity of the MNE Group located in that jurisdiction were increased by an amount equal to the tax payable under the Qualified Domestic Minimum Top-up Tax for the Fiscal Year, in respect of the Constituent Entities of the MNE Group that are located in that jurisdiction, to the extent the Blended CFC Tax Regime allows a foreign tax credit for that tax payable on the same terms as any other creditable Covered Tax;

(c) if the MNE group has a Constituent Entity in the jurisdiction for the Fiscal Year and neither of paragraphs (a) or (b) apply—the rate that would be the Simplified ETR for the Fiscal Year of the MNE Group for the jurisdiction in which the Constituent Entity is located, if the reference to the Group's Qualified CbC Report in section 8-30 was instead a reference to the Group's Qualified Financial Statements.

(4) The rate worked out under this subsection is whichever of the following applies:

(a) the rate worked out under subsection (2) or (3) for a Constituent Entity of the MNE Group, that is associated with the largest amount of Attributable Income of Entity (within the meaning of subsection 4-55(4)) for the jurisdiction in which the Tested Entity is located for the Fiscal Year;

(b) if paragraph (a) does *not* apply because the MNE group does *not* have a Constituent Entity in the jurisdiction in which the Tested Entity is located for the Fiscal Year—the rate that is:

(i) the sum of Covered Taxes for the Fiscal Year recorded in the financial accounts of each Entity or Permanent Establishment in the jurisdiction with respect to which the Constituent Entity-owner is subject to the Blended CFC Tax Regime;

divided by

(ii) the sum of the income recorded in the financial accounts of each such Entity or Permanent Establishment.

7 Section 10-5

Insert:

GloBE Jurisdictional ETR: see section 4-56.

Part 2—Amendments relating to the Substitute Loss Carry-forward DTA

Taxation (Multinational—Global and Domestic Minimum Tax) Rules 2024

8 Subsection 4-90(2)

Repeal the subsection.

9 Subsection 4-90(4)

Repeal the subsection, substitute:

(4) In computing the relevant deferred tax expense mentioned in subsection (3), take account of the reversal of the Substitute Loss Carry-forward DTA only to the extent that:

(a) if the Substitute Loss Carry-forward DTA arises under subsection 4-95(1)—the foreign tax credit that gave rise to the Substitute Loss Carry-forward DTA is used to offset tax liability on income included in the Constituent Entity's GloBE Income or Loss; or

(b) if the Substitute Loss Carry-forward DTA arises under subsection 4-95(2) or (3)—the recharacterisation of income mentioned in that subsection increases the foreign tax credits used to offset tax liability on income included in the Constituent Entity's GloBE Income or Loss.

10 Section 4-95

Repeal the section, substitute:

4-95 Meaning of *Substitute Loss Carry-forward DTA*

(1) A Constituent Entity of an MNE Group has a ***Substitute Loss Carry-forward DTA*** that arises in a Fiscal Year if:

(a) the jurisdiction in which the Constituent Entity is located requires that foreign source income covered by subsection (6) offset domestic source losses before foreign tax credits may be applied against tax imposed on foreign source income covered by subsection (6); and

(b) the Constituent Entity has, in relation to the jurisdiction:

(i) a domestic tax loss that is fully or partially offset by foreign source income for the Fiscal Year covered by subsection (6); and

(ii) a foreign tax credit in respect of that foreign source income; and

(c) the tax law of the jurisdiction allows foreign tax credits to be used to offset a tax liability in a subsequent Fiscal Year in relation to income that is included in the computation of the Constituent Entity's GloBE Income or Loss for that subsequent Fiscal Year.

(2) A Constituent Entity of an MNE Group also has a ***Substitute Loss Carry-forward DTA*** arising in a Fiscal Year if:

(a) the conditions in paragraphs (1)(a) and (b) are satisfied, but the condition in paragraph (1)(c) is *not* satisfied; and

(b) the tax law of the jurisdiction permits the recharacterisation of domestic source income of a later Fiscal Year as foreign source income of that later Fiscal Year; and

(c) the effect of that recharacterisation is to allow foreign tax credits arising in the later Fiscal Year to be used to offset a tax liability in the later Fiscal Year in relation to income that is included in the computation of the Constituent Entity's GloBE Income or Loss for the later Fiscal Year.

(3) A Constituent Entity of an MNE Group also has a ***Substitute Loss Carry-forward DTA*** arising in a Fiscal Year if:

(a) the conditions in paragraphs (1)(a) and (b) are satisfied; and

(b) the tax law of the jurisdiction allows foreign tax credits to be used to offset a tax liability in a subsequent Fiscal Year in relation to income that is included in the computation of the Constituent Entity's GloBE Income or Loss for that subsequent Fiscal Year; and

(c) both of the following apply:

(i) the tax law of the jurisdiction permits the recharacterisation of domestic source income of a later Fiscal Year as foreign source income of that later Fiscal Year;

(ii) the effect of that recharacterisation is to allow foreign tax credits arising in the later Fiscal Year to be used to offset a tax liability in the later Fiscal Year in relation to income that is included in the computation of the Constituent Entity's GloBE Income or Loss for the later Fiscal Year.

(4) The amount of a Substitute Loss Carry-forward DTA that arises under subsection (1) is the lesser of the following:

(a) the amount of the Constituent Entity's tax loss that is offset as mentioned in subparagraph (1)(b)(i), multiplied by the tax rate applicable in the jurisdiction;

(b) the amount of the foreign tax credit mentioned in subparagraph (1)(b)(ii) that the tax law of the jurisdiction allows to be carried forward from the Fiscal Year in which the Substitute Loss Carry-forward DTA arises to a subsequent Fiscal Year.

(5) The amount of a Substitute Loss Carry-forward DTA that arises under subsection (2) or (3) is the amount of the Constituent Entity's domestic source income that:

(a) the tax law of the Constituent Entity's jurisdiction permits the Constituent Entity to recharacterise as foreign source income of a later Fiscal Year; and

(b) relates to the amount of the Constituent Entity's tax loss that is offset as mentioned in subparagraph (1)(b)(i);

multiplied by the tax rate applicable in the jurisdiction.

(6) For the purposes of paragraph (1)(a) and subparagraph (1)(b)(i), this subsection covers foreign source income if:

(a) both of the following conditions are satisfied:

(i) the foreign source income is income of a controlled foreign company of a Constituent Entity of an MNE Group;

(ii) the Constituent Entity is taxed on the foreign source income under a Controlled Foreign Company Tax Regime; or

(b) both of the following conditions are satisfied:

(i) the foreign source income is income of a Hybrid Entity or Reverse Hybrid Entity in which a Constituent Entity of an MNE Group holds an ownership interest;

(ii) the Constituent Entity is taxed on the foreign source income; or

(c) both of the following conditions are satisfied:

(i) the foreign source income is income of a Permanent Establishment of a Main Entity which is a Constituent Entity of an MNE Group;

(ii) the Main Entity is taxed on the foreign source income.

Part 3—Amendments relating to Flow-through Entities

Taxation (Multinational—Global and Domestic Minimum Tax) Rules 2024

11 Paragraph 3-255(1)(c)

After "Constituent-entity owners" insert "that are Reference Entities of the Flow-through Entity".

12 Paragraph 3-255(1)(d)

Omit "a Tax Transparent Entity that".

13 Subparagraph 3-255(1)(d)(i)

Omit "is".

14 Subparagraph 3-255(1)(d)(ii)

Before "would be", insert "a Tax Transparent Entity that".

15 Subparagraph 3-255(1)(d)(iii)

Omit "is".

16 Paragraph 4-50(a)

Repeal the paragraph, substitute:

(a) either:

(i) accrued in the financial accounts of the Tax Transparent Entity for the Fiscal Year; or

(ii) allocated to the Tax Transparent Entity under section 4-55 (Allocation of amounts from Constituent Entity-owner to CFC); and

17 Paragraph 4-50(b)

After "so accrued" insert "or allocated".

18 Section 10-5

Insert:

Reference Entity: an Entity is a ***Reference Entity*** of a Flow-through Entity, in relation to an Ownership Interest, if the Entity is:

(a) the holder (the ***direct owner***) of a Direct Ownership Interest in relation to the Ownership Interest and is *not* a Flow-through Entity; or

(b) if paragraph (a) does *not* apply—the next holder of the Ownership Interest in the ownership chain, after the direct owner, that is *not* a Flow-through Entity; or

(c) if paragraphs (a) and (b) do *not* apply—the Ultimate Parent Entity of the Flow-through Entity in relation to the Ownership Interest.

19 Section 10-35

Repeal the section, substitute:

10-35 Meaning of *Tax Transparent Entity*

A Flow-through Entity is a ***Tax Transparent Entity*** with respect to its income, expenditure, profit or loss to the extent that:

(a) the Flow-through Entity is fiscally transparent in the jurisdiction in which its Reference Entity is located; and

(b) each Entity through which the Reference Entity holds its Ownership Interest in the Flow-through Entity is fiscally transparent in the jurisdiction in which the Reference Entity is located.

Note: A Constituent Entity may be treated as a Tax Transparent Entity in accordance with section 10-50.

20 Section 10-40

Omit "fiscally transparent in the jurisdiction in which the owner is located", substitute "a Tax Transparent Entity".

21 Section 10-55

Before "An Entity", insert "(1)".

22 At the end of section 10-55

Add:

(2) An Entity that is located in a jurisdiction that has no corporate income tax system is also a ***Hybrid Entity*** with respect to its income, expenditure, profit or loss, to the extent that:

(a) it is fiscally transparent in the jurisdiction in which its owner is located; and

(b) section 10-50 does *not* apply to the Entity.

Part 4—Amendments relating to administration and safe harbours

Taxation (Multinational—Global and Domestic Minimum Tax) Rules 2024

23 Subsection 2-35(9)

Omit "section 8-200 (QDMTT Safe Harbour) does *not* apply", substitute "sections 8-200 (QDMTT Safe Harbour—general rule) and 8-201 (QDMTT Safe Harbour—Stateless Constituent Entities) do *not* apply".

24 Chapter 8 (at the end of the heading)

Add "**and safe harbours**".

25 Paragraph 8-15(a)

Omit "2026", substitute "2027".

26 Paragraph 8-15(b)

Omit "2028", substitute "2029".

27 After paragraph 8-30(4)(b)

Insert:

and (c) the MNE Group's profit or loss before income tax for the jurisdiction in which the Main Entity is located includes the loss;

28 Subsection 8-35(2)

Omit "have a Qualified CbC Report", substitute "to file a Country-by-Country Report".

29 Subsection 8-50(1)

Omit "assumption in subsection (2)", substitute "assumptions in subsections (2) and (3)".

30 Paragraph 8-50(2)(a)

After "Constituent Entity of the MNE Group", insert "(other than a Permanent Establishment)".

31 After paragraph 8-50(2)(a)

Insert:

(ab) income tax expense that relates to income tax imposed in respect of a Permanent Establishment located in another jurisdiction, by that other jurisdiction;

32 At the end of section 8-50

Add:

(3) For the purposes of subsection (1), if:

(a) the MNE Group has a Permanent Establishment in the jurisdiction for the Fiscal Year; and

(b) the income tax expense recorded in the Qualified Financial Statements of the Main Entity includes an amount for the Permanent Establishment;

assume that so much of the income tax expense as relates to income tax imposed in respect of the Permanent Establishment by the jurisdiction in which the Permanent Establishment is located were included.

33 Paragraph 8-55(c)

After "2026", insert "or 2027".

34 Subparagraph 8-70(1)(b)(i)

Omit "or an Authorised Financial Accounting Standard", substitute ", or in accordance with an Authorised Financial Accounting Standard and subject to adjustments to prevent any Material Competitive Distortions".

35 After subsection 8-80(2)

Insert:

(2A) For the purposes of this Division, treat the Joint Venture, and each JV Subsidiary of the Joint Venture, as a CbCR Resident of the jurisdiction in which it is located.

36 Section 8-95

Repeal the section, substitute:

8-95 Transitional CbCR Safe Harbour—special rules for Investment Entities and their Constituent Entity-owners

(1) Subsections (3), (4) and (5) apply in relation to a Fiscal Year if:

(a) one or more Constituent Entities of an MNE Group that are Investment Entities are CbCR Residents of a jurisdiction for the Fiscal Year; and

(b) subsection (6) does *not* apply in relation to the Investment Entities and the Fiscal Year.

(2) Subsections (3), (4) and (6) apply in relation to a Fiscal Year if:

(a) a Constituent Entity of an MNE Group is an Investment Entity; and

(b) all of the following are satisfied in relation to the Investment Entity:

(i) an election under subsection 7-125(1) (Investment Entity Transparency Election) does *not* apply to the Investment Entity and the Fiscal Year;

(ii) an election under subsection 7-145(1) (Taxable Distribution Method Election) does *not* apply to the Investment Entity and the Fiscal Year;

(iii) each Constituent Entity-owner of the Investment Entity is a CbCR Resident of the same jurisdiction as the Investment Entity; and

(c) subsection 8-10(1) applies in relation to the MNE Group, the jurisdiction and the Fiscal Year.

Allocation of amounts between Investment Entity and Constituent Entity-owner

(3) For the purposes of section 8-10, apply the principles in subsection (4) of this section in computing the MNE Group's:

(a) Profit (Loss) before Income Tax; and

(b) Total Revenue; and

(c) Simplified Covered Taxes;

for the Fiscal Year for each of the following jurisdictions (the ***relevant jurisdictions***):

(d) each jurisdiction of which an Investment Entity mentioned in subsection (1) or (2) is a CbCR Resident;

(e) each jurisdiction of which a Constituent Entity-owner of an Investment Entity mentioned in subsection (1) or (2) is a CbCR Resident.

(4) For the purposes of subsection (3), the principles are as follows:

(a) include an amount of each Investment Entity's profit or loss before income tax for the Fiscal Year in the profit or loss before income tax for the Fiscal Year of each Constituent Entity-owner of the Investment Entity in proportion to the Ownership Interests in the Investment Entity held by the Constituent Entity-owner;

(b) include an amount of each Investment Entity's total revenues for the Fiscal Year in the total revenues for the Fiscal Year of each Constituent Entity-owner of the Investment Entity in proportion to the Ownership Interests in the Investment Entity held by the Constituent Entity-owner;

(c) include an amount of each Investment Entity's associated taxes for the Fiscal Year in the associated taxes for the Fiscal Year of each Constituent Entity-owner of the Investment Entity in proportion to the Ownership Interests in the Investment Entity held by the Constituent Entity-owner;

(d) exclude so much of each Investment Entity's profit or loss before income tax, total revenues and associated taxes for the Fiscal Year as is attributable to Direct Ownership Interests in the Investment Entity that are held by Entities that are *not* Group Entities of the MNE Group;

(e) adjust the MNE Group's Profit (Loss) before Income Tax, Total Revenue and Simplified Covered Taxes for the relevant jurisdictions as necessary to ensure that the income and associated taxes of each Investment Entity are only taken into account in the jurisdiction where the Constituent Entity-owner is a CbCR Resident for the Fiscal Year.

Computing Investment Entity Top-up Tax—Main case

(5) If section 8-10 applies in relation to the MNE Group, the jurisdictions in which the Investment Entities are located, and the Fiscal Year, compute the Top-up Tax of the Investment Entities for the Fiscal Year in accordance with Parts 7-4, 7-5 and 7-6 and in doing so:

(a) disregard section 8-10; and

(b) take into account amounts only to the extent that they are attributable to the Investment Entities.

Computing Investment Entity Top-up Tax—Co-location with Constituent Entity-owner

(6) For the purposes of section 8-10, treat the Investment Entity as being a Constituent Entity of the MNE Group that is *not* an Investment Entity.

Interpretation

(7) For the purposes of this section, treat an Insurance Investment Entity as if it were an Investment Entity.

(8) For the purposes of this section, treat each reference to a Constituent Entity-owner of an Investment Entity as only including Constituent Entity-owners that hold a Direct Ownership Interest in the Investment Entity.

37 After section 8-200

Insert:

8-201 QDMTT Safe Harbour—Stateless Constituent Entities

(1) An MNE Group's Jurisdictional Top-up Tax for a jurisdiction in which a Stateless Constituent Entity is taken to be located under section 5-45 (the ***Stateless Jurisdiction***) for a Fiscal Year is taken to be zero if:

(a) either:

(i) for a Stateless Constituent Entity that is a Flow-through Entity—the jurisdiction (the ***Actual Jurisdiction***) in which the Stateless Constituent Entity was created applies a Qualified Domestic Minimum Top-up Tax for the Fiscal Year; or

(ii) for a Stateless Constituent Entity that is a Permanent Establishment in relation to which paragraph 19(1)(d) of the Act applies—the jurisdiction (also the ***Actual Jurisdiction***) in which the Permanent Establishment's place of business (including a deemed place of business) is located applies a Qualified Domestic Minimum Top-up Tax for the Fiscal Year; and

(b) the Actual Jurisdiction is specified in a determination under subsection 8-200(2); and

(c) an election for the MNE Group under subsection (2) applies to the Stateless Jurisdiction and the Fiscal Year.

Note: Under section 5-45 each Stateless Constituent Entity is treated as a single Constituent Entity located in a separate jurisdiction.

Election

(2) Subject to subsection (4), a Filing Constituent Entity for an MNE Group may make an election for the MNE Group under this subsection that applies to a specified jurisdiction.

Note: A Filing Constituent Entity for an MNE Group may *not* make an election under this subsection in certain circumstances: see section 8-205.

(3) An election under subsection (2) is an Annual Election.

(4) A Filing Constituent Entity for the MNE Group may *not* make an election under subsection (2) for the MNE Group that applies to a Fiscal Year and a Stateless Jurisdiction if the Stateless Constituent Entity is *not* required to apply the Qualified Domestic Minimum Top-up Tax of the Actual Jurisdiction for the Fiscal Year in any circumstance.

38 Subsection 8-205(1)

Omit "subsection 8-200(3)", substitute "subsections 8-200(3) and 8-201(2)".

Part 5—Transitional matters

Taxation (Multinational—Global and Domestic Minimum Tax) Rules 2024

39 At the end of the instrument

Add:

15-15 Application—Taxation (Multinational—Global and Domestic Minimum Tax) Amendment (2026 Measures No. 2) Rules 2026

The amendments made by the *Taxation (Multinational—Global and Domestic Minimum Tax) Amendment (2026 Measures No. 2) Rules 2026* apply in relation to Fiscal Years starting on and after 1 January 2024.