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Domestic Minimum Top-Up Tax (Amendment) Bill, 2026

Here's What You Should Know…

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A Summary of Proposed Amendments to the DMTT Act, 2024

1. Need-to-Know Essentials

The Domestic Minimum Top-Up Tax Act, 2024 (the Act) came into force on 1 January 2024, implementing the GloBE Model Rules as the Bahamas' Qualified Domestic Minimum Top-Up Tax (QDMTT). The Act applies to Constituent Entities of Multinational Enterprise (MNE) Groups with annual consolidated revenues exceeding €750 million, imposing a minimum effective tax rate of 15% on Bahamian-source income.

The GloBE Rules impose a top-up tax on the Excess Profit of Constituent Entities (CE) located in any jurisdiction where the jurisdictional Effective Tax Rate falls below the 15% minimum rate. QDMTT, as implemented by the Act, is the mechanism under Pillar Two that allows The Bahamas to impose this top-up tax on CEs.

The Domestic Minimum Top-Up Tax (Amendment) Bill, 2026 ("the Amendment Bill") proposes seven amendments to the Domestic Minimum Top-Up Tax Act, 2024.

In summary, the Amendment Bill, effective 1 July 2026, does four key things:

- Addresses reporting and payment frameworks.
- Introduces a new instalment payment regime.
- Adjusts the advance tax ruling (ATR) and assessment architecture.
- Expands the Financial Secretary's (FS) regulatory powers.

MNEs with constituent entities in The Bahamas were required to complete and submit to the Department of Inland Revenue (DIR) pre-registration notification forms, Forms DMTT-24 and DMTT-25. These are designed to inform the DIR that an MNE Group and its Constituent Entities located in The Bahamas are within the scope of the Domestic Minimum Top-up Tax (DMTT) Act, 2024. The submission deadlines for Forms DMTT-24 and DMTT-25 were 31 March 2026 and 30 April 2026, respectively.

The pre-registration forms were presented as administrative formalities. However, the Amendment Bill has converted them into very potent evidentiary material. Every MNE with Bahamian Constituent Entity (CE) which asserts to the DIR that its GloBE location lies elsewhere status to the now faces scrutiny under the proposed section 6(3). Without the need for a formal audit, where any inconsistencies found arise from carelessness or neglect, there is now the risk of unlimited retrospective liability under the amended section 15.

This Note summarises each amendment and identifies the key compliance implications for affected entities

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2. Reporting Obligations - Need-to-Know Changes to Section 6

The Amendment Bill makes changes, sections 6(1) and (3), both of which expands the FS's oversight of in-scope entities.

What's new about 6(1)? – Universal filing obligation.

The original section 6(1) required every in-scope Constituent Entity to file a GloBE Information Return (GIR)[1] but was silent on whether filing was required where no tax was payable.

The Amendment Bill inserts the phrase "whether or not tax is payable," making the obligation unconditional and adding a "prescribed return" as an alternative filing form for entities whose Ultimate Parent Entity has filed the GloBE Information Return elsewhere under a qualifying competent authority arrangement.

In-scope status now triggers a filing obligation regardless of whether or not there is tax payable for the fiscal period under consideration. Failure to file is a non-compliance event subject to penalties under section 16.

What's the new section 6(3) about? – Mandatory Obligations for Dual Resident CEs

Dual-residency notification. New subsection 6(3) creates two mandatory obligations where the CE asserts, (i) that is resident in The Bahamas and another jurisdiction, and (ii) that its location for GloBE purposes is that other jurisdiction. Where both conditions are met, the entity must notify the FS of that position. It must also produce such information, records, and documentation as the Secretary requires to verify it.

Entities relying on professional director boards, with substantive management directed from outside The Bahamas, should legal advice in advance of the effective date to determine the impact of their management arrangements.

3. Payment Obligations – Need-to-Know Changes to Section 7

Currency of Payment - Changes to 7(2)

The original section 7(2) permitted payment of DMTT in a currency acceptable to the FS. The amendment replaces this with a specific requirement that all taxes, penalties, interest, and other amounts payable under the Act be paid in Bahamian dollars or United States dollars and paid into the Consolidated Fund.

Introduction of an Instalment Payment Regime - Addition of 7A

The Amendment Bill introduces a new section 7A creating a mandatory instalment payment framework. Constituent Entities that were liable to pay DMTT in the immediately preceding Fiscal Year must make instalment payments during the current Fiscal Year based on that prior-year liability as the instalment base.

Entities may elect to pay less than the computed instalment base, but if the total instalments

[1] standardised reporting form through which in-scope MNE Groups disclose the information to tax authorities.

paid fall short of the DMTT actually payable for the year, penalties and prescribed interest apply on the deficiency.

Any balance remaining unpaid after crediting instalments against the year's liability is due on or before the filing due date.

Where instalments exceed the year's liability, the excess is refunded or applied against any other liabilities under the Act, as the FS may determine.

The prescribed instalment periods, computation methodology, and deficiency interest rates are not yet set, these will be addressed in forthcoming regulations under section 23(2)(h).

Entities may wish to model potential instalment obligations based on current-year DMTT projections and the actual liability from the prior-year.

Advance Tax Rulings - Changes to Section 13

Three changes are made to the advanced tax ruling framework in section.

Expanded scope. The original subsection 13(1) permitted rulings only in respect of "a transaction, venture or other activity proposed or entered into by the person." The amendment replaces the transactional formulation with "any matter relevant to this Act".

- **Prescribed maximum period.**

The original Act provided that an ATR was binding on the FS "for the time period determined by the Secretary and stated in the ruling. There were no time limits placed on the FS's discretion. The amendment subjects the binding period to a prescribed maximum period, to be set by regulation, providing greater certainty to taxpayers about the outer limits of a ruling's validity and limits the FS's discretion to issue open-ended rulings.

- **Lapse on OECD guidance.**

A new subsection 13(6) provides that an ATR ceases to have effect to the extent it becomes inconsistent with the GloBE Model Rules or with subsequently issued OECD Commentary or Agreed Administrative Guidance. Entities operating under ATRs must maintain active monitoring programmes for guidance developments that may render their ruling void in whole or in part.

Assessment Time Limits - Changes to Section15

The amendment to section 15(3) expands the circumstances in which the five-year assessment limitation period does not apply. Under the original Act, the unlimited assessment window was triggered only by fraud, wilful default, or wilful misstatement. The amendment adds misrepresentations attributable to neglect or carelessness to this list.

A Constituent Entity that misapplies a GloBE safe harbour, misclassifies an Adjusted Covered Tax, or asserts a dual-residency and Article 10.3.4 position without adequate evidentiary support, and whose position is subsequently found to be wrong, now faces the risk that the Secretary concludes that the error arose from carelessness.

If sustained, that conclusion removes the five-year protection entirely, exposing the entity to unlimited retrospective assessment.

Regulatory Powers - Changes to Section 23

The amendment makes three changes to the Minister's regulation-making powers under section 23.

- **Expanded payment regulations**. Subsection 23(2)(e) is expanded to cover not only administrative procedures for the assessment and collection of tax but also penalties, interest, other amounts payable under the Act, and acceptable forms and methods of payment.
- **New instalment regulations**. New subsection 23(2)(h) provides for regulations prescribing administrative procedures, due dates, instalment computation methodologies, and interest and penalty protocols for instalment deficiencies under new section 7A.
- **Refundable tax credit mechanism**. The original subsection 23(3) gave the Minister power to make regulations providing for a refundable tax credit effective from 1 January 2024. The Amendment Bill removes this mechanism.

A Qualified Refundable Tax Credit is the primary GloBE-compliant mechanism through which a jurisdiction can offer targeted investment incentives without eroding the 15% effective rate, because QRTCs are treated as income rather than as a reduction of covered taxes under the GloBE computation.

4. What are recommended next steps that affected entities should consider?

The Amendment Bill creates a compressed pre-effective-date compliance window. Entities should treat the following as priority actions before 1 July 2026**.**

- **Filing review**. Confirm that all in-scope Constituent Entities have a subsection 6(1) filing obligation, including those with zero-liability positions, safe harbour elections, or de minimis exclusions. Non-filing is now a non-compliance event**.**
- **Dual-residency audit**. Identify all entities currently treating their GloBE location as outside The Bahamas and conduct a legal assessment of that position against the Article 10.3.4 POEM standard. Review Economic Substance filings, CbCR[2] submissions, and CRS[3] and FATCA[4] records for consistency with the intended notification position. Inconsistencies across these prior filing streams represent a direct evidentiary risk in any section 6(3) verification exercise.
- **Instalment modelling.** Finance and treasury teams should begin modelling instalment obligations based on prior-year DMTT liability pending publication of the section 23(2)(h) regulations. Monitor the Department of Inland Revenue's regulatory programme closely.
- **ATR applications**. Entities with complex or borderline POEM positions, or significant GloBE characterisation questions, should consider advance tax ruling applications under the now-expanded section 13. Section 13 of the Amendment Bill now covers

[2]Country-by Country Reporting
[3]Common Reporting Standard
[4]Foreign Account Tax Compliance Act.

any matter relevant to the Act. However, the new subsection 13(6) should be taken into account. The subsection provides that an ATR ceases to have effect to the extent it becomes inconsistent with subsequently issued OECD Commentary or Agreed Administrative Guidance.

- **Documentation standards**. In light of the expanded carelessness standard in amended subsection 15(3), material GloBE filing positions should be supported by contemporaneous written documentation. The evidentiary record for any dual-residency POEM claim, board minutes, executive presence records, management decision documentation, infrastructure evidence, should be assembled and preserved now.
- **Currency processes**. Treasury functions should confirm that payment processes are aligned with the BSD/USD-only requirement and that conversion arrangements are in place for groups reporting in other currencies.

The above summary on the Domestic Minimum Top-Up Tax (Amendment) Bill, 2026, does not constitute legal advice. This summary is intended to be general and non-exhaustive in nature and may not cover all material aspects of the legislation which could impact you or your clients. Please contact us at GrahamThompson should you have any questions on the legislation or require specific advice.