

Malaysia Budget 2023

Overview and Key Tax Enforcement Trends

17 March 2023, Friday
10.00am - 11.30am (MYT)



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BoardRoom's Tax Services



Corporate
Tax
Compliance
Solution

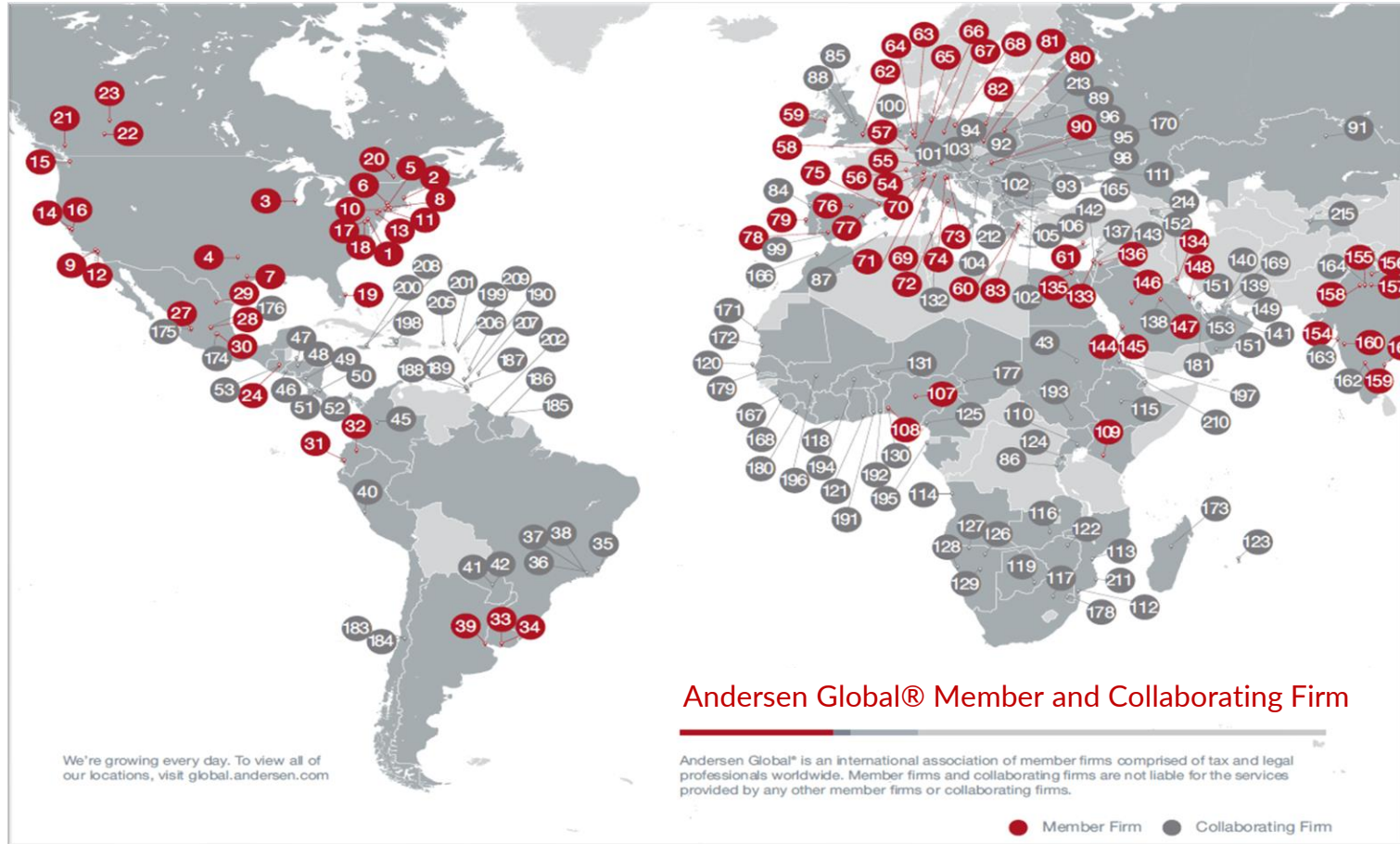
Indirect Tax
Solutions

Global
Mobility

Tax
Accounting

Transfer
Pricing

BoardRoom Joins Andersen Global



Speakers



Cheong Woon Chee
Head of Tax Services, BoardRoom Malaysia

Woon Chee is the Director of Malaysia Tax Services. She is a chartered accountant and tax advisor with more than 14 years of experience in providing tax advisory services to a broad range of clients including construction, property developer, hotels, logistic, plantation, manufacturing, education institutions and food & beverages.

She was involved in tax engagement concerning corporate tax, individual, partnership & foundation tax compliance, real property gains tax, stamp duty exemption application, tax incentive application, health-checks, tax audit and due diligence.



Victor Cheow
Tax Manager, BoardRoom Malaysia

Victor has more than 10 years of tax experience, specializing in tax engagement and advisory for individual and corporate organisations, Sales and Service tax, tax audit and compliance and other tax related matters.

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Sustainability
(KeMampanan)

- Prioritising food security
- Mitigating climate change impact
- Strengthening efforts towards net-zero GHG emissions
- Preserving and conserving natural environment and biodiversity

Prosperity
(Kesejahteraan)

- Empowering responsive fiscal policy
- Increasing productivity and high-paying job opportunities
- Realising a more decent wage
- Upholding national security and defence

Innovation
(Daya cipta)

- Transforming the public service delivery and governance ecosystems
- Increasing MSMEs resilience and competitiveness
- Promoting Malaysia as a strategic destination for quality investment
- Enhancing the adoption of digitalisation and growth of strategic industries

Respect
(Hormat)

- Improving the rakyat's standard of living
- Empowering the Bumiputera
- Minimising disparity towards a balanced regional development
- Spurring socio-economic development in Sabah and Sarawak

Trust
(Keyakinan)

- Strengthening good governance ecosystem and parliamentary institutions
- Streamlining legislations framework
- Intensifying participation of the rakyat in the development agenda

Care & Compassion
(Ihsan)

- Empowering NGOs, CSOs and the volunteerism ecosystem
- Streamlining social protection system
- Realising universal access to affordable and quality education
- Strengthening conducive environment and quality healthcare

BUDGET 2023: MALAYSIA MADANI



Based on three objectives

Driving an inclusive and sustainable economy

Institutional reform and governance to restore confidence

Social justice to reduce imbalance

RM388.1 billion allocation for:



Operating expenditure
(RM289.1 billion)



Developing expenditure
(RM99 billion)



Contingency savings
(RM2 billion)

Revenue projection

RM291.5 billion

GDP projection

4.5%

MANAGING DEBT LEVEL

- The fiscal deficit is expected to **reduce to 5.0 % of GDP**
- The fiscal deficit target of **3.2 % to GDP by 2025**



GDP: Gross Domestic Product

COMPONENT	RM MILLION			CHANGE (%)			SHARE OF GDP (%)		
	2021	2022 ³	2023 ⁴	2021	2022 ³	2023 ⁴	2021	2022 ³	2023 ⁴
Revenue	233,752	294,357	291,500	3.9	25.9	-1.0	15.1	16.5	15.4
Operating expenditure	231,516	292,693	289,140	3.1	26.4	-1.2	15.0	16.4	15.3
Current balance	2,236	1,664	2,360	-	-	-	0.1	0.1	0.1
Gross development expenditure	64,257	71,574	97,000	25.1	11.4	35.5	4.2	4.0	5.1
Less: Loan recovery	992	1,407	700	-21.2	41.8	-50.2	0.1	0.0	0.0
Net development expenditure	63,265	70,167	96,300	26.3	10.9	37.2	4.1	4.0	5.1
COVID-19 Fund ¹	37,711	30,979	-	-0.8	-17.9	-	2.4	1.7	-
Overall balance	-98,740	-99,482	-93,940	-	-	-	-6.4	-5.6	-5.0
Primary balance²	-60,671	-58,213	-47,840	-	-	-	-3.9	-3.3	-2.5

¹ A specific trust fund established under Temporary Measures for Government Financing (Coronavirus Disease 2019 (COVID-19)) Act 2020 to finance economic stimulus packages and recovery plan

² Excluding debt service charges

³ Preliminary

⁴ Budget estimate excluding Budget 2023 measures

Source: Ministry of Finance, Malaysia

Federal Government Revenue 2021 - 2023

COMPONENT	RM MILLION			CHANGE (%)			SHARE (%)		
	2021	2022 ¹	2023 ²	2021	2022 ¹	2023 ²	2021	2022 ¹	2023 ²
Tax revenue	173,704	208,765	218,270	12.5	20.2	4.6	74.3	70.9	74.9
Direct tax	130,116	153,476	164,140	15.6	18.0	6.9	55.7	52.1	56.3
<i>of which:</i>									
CITA	79,829	82,133	96,446	59.5	2.9	17.4	34.2	27.9	33.1
Individuals	27,051	33,776	35,290	-30.6	24.9	4.5	11.6	11.5	12.1
PITA	11,570	23,421	18,242	-9.4	102.4	-22.1	4.9	8.0	6.3
Indirect tax	43,588	55,289	54,130	4.1	26.8	-2.1	18.6	18.8	18.6
<i>of which:</i>									
SST	25,616	31,368	33,340	-4.3	22.5	6.3	11.0	10.7	11.4
Excise duties	10,241	12,556	12,425	3.9	22.6	-1.0	4.4	4.3	4.3
Import duties	2,645	3,192	3,168	12.7	20.7	-0.8	1.1	1.1	1.1
Export duties	2,057	2,622	1,534	175.7	27.5	-41.5	0.9	0.9	0.5
Non-tax revenue	60,048	85,592	73,230	-15.0	42.5	-14.4	25.7	29.1	25.1
<i>of which:</i>									
Licences and permits	10,578	15,626	14,178	-3.2	47.7	-9.3	4.5	5.3	4.9
Investment income	35,018	58,223	47,930	-24.0	66.3	-17.7	15.0	19.8	16.4
Total revenue	233,752	294,357	291,500	3.9	25.9	-1.0	100.0	100.0	100.0
Share of GDP (%)	15.1	16.5	15.4						

¹ Preliminary

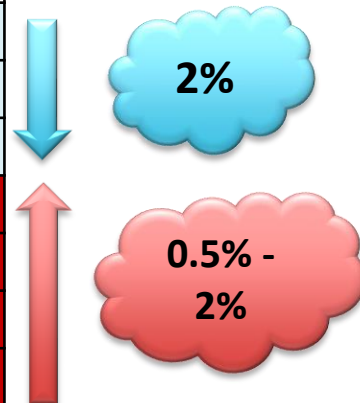
² Budget estimate excluding Budget 2023 measures

Source: Ministry of Finance, Malaysia

Individual Tax

Review of Income Tax Rates

Chargeable Income (RM)	Existing Tax Rate (%)	Revised Tax Rate (%)	Potential Tax Savings /Additional Tax(RM)
0 – 5,000	0	0	-
5,001 – 20,000	1	1	-
20,001 – 35,000	3	3	-
35,001 – 50,000	8	6	-300
50,001 – 70,000	13	11	-700
70,001 – 100,000	21	19	-1,300
100,001 – 250,000	24	25	+200
250,001 – 400,000	24.5	25	+950
400,001 – 600,000	25	26	+2,950
600,001 – 1,000,000	26	28	+10,950
1,000,001 – 2,000,000	28	28	+10,950
2,000,001 & above	30	30	-



Review of Income Tax Rates

- Assuming Andy's annual salary is **RM150,000**

Chargeable Income	Existing Tax Rate	Tax Liability RM	Proposed Tax Rate	Tax Liability RM	Tax saving/ Additional Tax RM
100,000	21	10,700	19	9,400	-1,300
Next 50,000	24	12,000	25	12,500	500
		22,700		21,900	-800

Review of Income Tax Rates

- Assuming Bonnie's annual salary is **RM250,000**

Chargeable Income	Existing Tax Rate	Tax Liability RM	Proposed Tax Rate	Tax Liability RM	Tax saving/ Additional Tax RM
100,000	21	10,700	19	9,400	-1,300
Next 150,000	24	36,000	25	37,500	1,500
		46,700		46,900	+200

Medical treatment for self, spouse or child

Current Position

- ✓ For serious disease & fertility treatment
- ✓ Tax relief of up to **RM8,000**
- ✓ Inclusive of **RM1,000** medical check-up expenses & **RM1,000** vaccination expenses:
 - ☐ Pneumococcal
 - ☐ Human Papillomavirus
 - ☐ Influenza, Rotavirus
 - ☐ Varicella
 - ☐ Meningococcal
 - ☐ combination of tetanus-diphtheria-acellular pertussis
 - ☐ Covid-19
- ✓ Full medical check-up including:
 - ☐ Covid-19 screening and detection test;
 - ☐ Check-up or consultation service related to mental health

Finance Bill 2023

- ✓ Increased from RM8,000 to **RM10,000**
- ✓ Expanded up to **RM4,000** to include intervention expenditure for children aged 18 years and below:
 - Autism
 - Attention Deficit Hyperactivity Disorder
 - Global Developmental Delay
 - Intellectual Disability
 - Down Syndrome
 - Specific Learning Disabilities
 - Diagnostic assessment certified by medical practitioner registered with the Malaysian Medical Council.
- Early intervention and rehabilitation programmes conducted by health profession practitioners registered under the Allied Health Profession Act 2016.

Medical treatment for self, spouse or child

	Current Position	Finance Bill 2023
Relief amount	RM8,000	RM10,000
Serious disease & fertility treatment	Remain	Remain
Medical checkup	Restricted to RM1,000	Remain
Vaccination	Restricted to RM1,000	Remain
Intervention expenditure	-	Restricted to RM4,000

	Current Position	Finance Bill 2023
<ul style="list-style-type: none">• EPF contribution (Mandatory)• Voluntary contribution by civil servant• Voluntary contribution by self employed	RM4,000	RM4,000
<ul style="list-style-type: none">• Life insurance premium or takaful contribution or• Voluntary contribution to EPF	RM3,000 <i>(Voluntary contribution of EPF only for civil servant)</i>	RM3,000 <i>(Voluntary contribution of EPF expand to include private sector)</i>

Example 1

Ms Celyne makes contribution to EPF for 2023 as follows :

Contribution	Amount RM
EPF (Mandatory)	6,600
EPF (Additional Voluntary)	2,500

Eligible Tax Relief	Amount RM
EPF (Mandatory)	4,000
EPF (Additional Voluntary)	2,500
Total Relief	6,500

Example 2

Mr Dinesh makes voluntary contribution to EPF amounting to RM5,000 in year 2023. He has also subscribed to life insurance of RM2,400 annually for himself.

Contribution	Amount RM
EPF (Voluntary)	5,000
Life insurance	2,400

Eligible Tax Relief	Amount RM
EPF (Voluntary)	4,000
Life insurance/Takaful contribution/EPF (Additional Voluntary)	3,000
Total Relief	7,000

Example 3

Mr Eason makes contribution to EPF for 2023 as follows:

Contribution	Amount RM
EPF (Mandatory)	8,000
Life insurance/ EPF (Additional Voluntary)	NIL

Eligible Tax Relief	Amount RM
EPF (Mandatory)	4,000
EPF (Additional Voluntary)	NIL
Total Relief	4,000

Current Position

- ✓ Tax relief up to RM3,000
- ✓ Childcare centres registered with the Department of Social Welfare
- ✓ Kindergarten registered with the Ministry of Education Malaysia
- ✓ Effective from YA 2020 until YA 2023

Finance Bill YA 2023

- ✓ Extended to 31 December 2024

Current Position

- ✓ Tax relief up to RM8,000
- ✓ Net savings in SSPN
- ✓ Effective from YA 2021 until YA 2022.

Budget 2023

- ✓ **No more extension**

Special income tax rate for non-resident individuals holding key positions in companies investing in new strategic investments

Current Position

- ✓ **Tax rate of 15% for non-residents holding key positions / C-Suite positions for 5 consecutive years.**
- ✓ Limited to 5 non-resident individuals that has been granted relocation tax incentive under PENJANA.
- ✓ Qualifying conditions:-
 - ☐ Monthly salary not less than RM25,000; and
 - ☐ Malaysian tax resident for each YA.
- ✓ MIDA application from **07.11.2020 until 31.12.2022.**

Budget 2023

For companies in E&E sector which relocate their manufacturing operations into Malaysia, extended to **31.12.2024.**

Corporate Tax

Income Tax Rate for Micro, Small and Medium Enterprises (MSME)

Taxable Income	Current Position	Finance Bill 2023
First RM150,000	17%	15%
RM150,001 to RM600,000	17%	17%
RM600,001 and above	24%	24%

Note:

MSME refers to a company or Limited Liability Partnership (LLP) that has a paid-up capital of RM2.5 million and below with an annual sales turnover not exceeding RM50 million per year

Income Tax Rate for Micro, Small and Medium Enterprises (MSME)

Current Position

Paragraph 2A is not applicable if >50%

- Paid up capital of the company owned directly or indirectly by the related company
- Paid up capital of the related companies owned directly or indirectly by the company
- Paid up capital of the companies or the related companies owned directly or indirectly by the other companies

Paragraph 2D is not applicable if >50%

- Capital contribution of the LLP contributed directly or indirectly by related companies
- Capital contribution of the related companies contributed directly or indirectly by the company
- Capital contribution of the LLP or related companies contributed directly or indirectly by the other companies

Finance Bill 2023

Paragraph 2A is not applicable if >20%

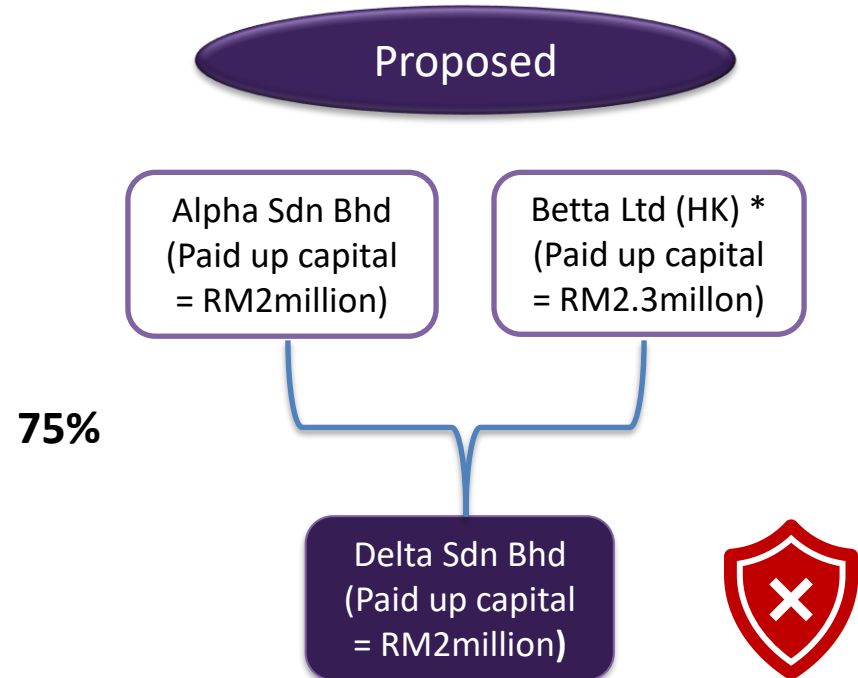
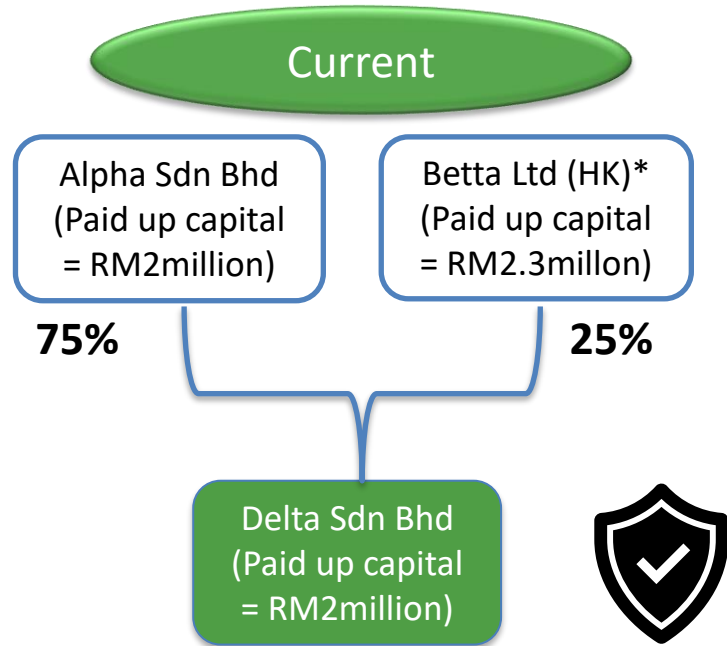
- Paid up capital of the company owned directly or indirectly by companies incorporated outside Malaysia or a person who is a non-Malaysia Citizen

Paragraph 2D is not applicable if >20%

- Capital contribution of the LLP contributed directly or indirectly by companies incorporated outside Malaysia or a person who is a non-Malaysia Citizen

Income Tax Rate for Micro, Small and Medium Enterprises (MSME)

Illustration



*Incorporated in Hong Kong

Current Position

- ✓ “Plant” means an apparatus used by a person for carrying on his business under Para 70A of Schedule 3 of the Income Tax Act 1967
- ✓ But excludes:
 - Buildings
 - Intangible asset
 - Any asset that functions as a place within which a business is carried on.

Finance Bill 2023


- ✓ “Plant” means an apparatus used by a person for carrying on his business
- ✓ But excludes:
 - Buildings
 - Any asset that functions as a place within which a business is carried on.
 - Any asset specified by Ministry

Withholding Tax For Agents/Dealers/Distributors (ADD)

Current Position

- ✓ Effective Year 2022, a company that makes payments in monetary form to an agent, dealer, or distributor arising from sales, transactions, or schemes carried out by that ADD, is subjected to a 2% Withholding Tax

(CP107D – Pin 2/2022)



LHDN
MALAYSIA

LEMBAGA HASIL DALAM NEGERI MALAYSIA

**BAYARAN POTONGAN CUKAI 2% OLEH SYARIKAT PEMBAYAR KEPADA
EJEN, PENGEDAR ATAU PENGAGIH (INDIVIDU PEMASTAUTIN)
DI BAWAH SEKSYEN 107D AKTA CUKAI PENDAPATAN 1967**

POTONGAN BAGI BULAN

TAHUN

A. BUTIR-BUTIR PEMBAYAR					
1. No. Rujukan (No. Pendaftaran Syarikat/Perniagaan)					
2. No. Cukai Pendapatan (Mandatori)					
3. Nama Penuh Syarikat Pembayar					
4. Alamat Surat Menyurat					
B. BUTIR-BUTIR PEMBAYARAN					
1. Jumlah Potongan Cukai 2% Di Bawah Seksyen 107D				RM	
2. Bilangan Penerima		3. Bayaran di Pusat Bayaran <small>(sila nyatakan)</small>			
4. No. Cek		5. Tarikh Cek		6. Amaun Cek	RM

Current Position

- Payee (i.e. Recipient):
 - Individual resident
 - Received more than RM100K of commission whether in monetary or otherwise from the same company in the immediately preceding year.
 - The threshold value refers to the amount received from one company

Payment Company	Receipt of monetary and non-monetary incentive in CP58 for year 2021	Subject to Section 107D
B	RM150,000	Yes
C	RM80,000	No
D	RM101,000	Yes

Withholding Tax For Agents/Dealers/Distributors

	Current Position	Finance Bill
<ul style="list-style-type: none">• Remittance of payment due date	30 days from the payment or crediting date	Not later than the end of the following calendar month

Current Position

- ✓ Application for relief is only allowed in respect of payment not due to be paid for withholding tax payments for non-residents as follows:
 1. Contract payment;
 2. Interest and royalty;
 3. Public entertainer;
 4. Special classes of income; and
 5. Other gains or profits

Finance Bill 2023

- ✓ Expanded to include the payment due to be paid by the paying companies to the ADD

Tax Incentive for Renting Non-commercial Electric Vehicle (EV)

Current Position

- ✓ Companies renting non-commercial motor vehicles, including EV are given tax deduction under Section 39(1)(k) of the ITA1967 as follow:

Cost of MV	Allowable rental deduction
<RM150,000	Up to RM100,000
>RM150,000	Up to RM50,000

Finance Bill 2023

- ✓ Tax deduction on rental amount increased to RM300,000 from YA2023 to YA2025.

Current Position

- ✓ Tax deduction of up to RM1.5 million from YA2020 to YA2022
- ✓ Given on expenses incurred by technology-based companies for listing in ACE Market and by MSME in the LEAP Market on the following expenses:
 - i. fees to authorities;
 - ii. professional fees; and
 - iii. underwriting, placement and brokerage fees

Budget 2023

- ✓ Extended for another 3 years from YA2023 to YA2025
- ✓ Expanded to include the cost of listing technology-based companies in Bursa Main Market

Current Position

- ✓ Double deduction is given to employers on the remuneration on the employment of Senior Citizens, Ex-Convicts, Parolees, Supervised Persons and Ex-Drug Dependents.

Budget 2023

- ✓ Extended to YA2025 and expanded to include the employment of inmates and ex-inmates of:
 - Henry Gurney School under the Malaysian Prison Department,
 - protection and rehabilitation institutions and
 - registered care centres under the Social Welfare Department.

Tax Incentive

Restructuring of Investment Incentives

- New Industry Master Plan 2030 will be announced in the third quarter of 2023 on incentives
- Granting of outcome based tiered tax rates
- Such as creating high-value jobs, strengthening the supply chains with local entities, and creating new industrial clusters.



Tax Incentives for Carbon Capture and Storage (CCS)

(A) Companies undertaking CCS in-house activity

- 100% of ITA on QCE for a period of 10 years and can be set-off against up to 100% of statutory business income
- Tax deduction for allowable pre-commencement expenses within 5 years prior to the date of commencement of business operation.

(B) Companies undertaking CCS services


- 100% ITA on QCE for a period of 10 years and can be set-off against up to 100% of statutory business income
- Tax exemption of 70% on statutory income for a period of 10 years

(C) Companies engaging CCS services

- Tax deduction on professional fees incurred.

For application received by the Ministry of Finance (MOF) from 25 February 2023 until 31 December 2027.

Tax Incentives for Manufacturer of EV Charging Equipment



100% income
tax exemption on
statutory business income
from YA 2023 to YA 2032

OR

100% ITA for a period of 5
years and can be set-off
against up to 100% of the
statutory business income
for each YA

For applications received by the Malaysian Investment Development Authority (MIDA) from 25 February 2023 until 31 December 2025.

Tax Incentives for Chicken Rearing in Closed-House System

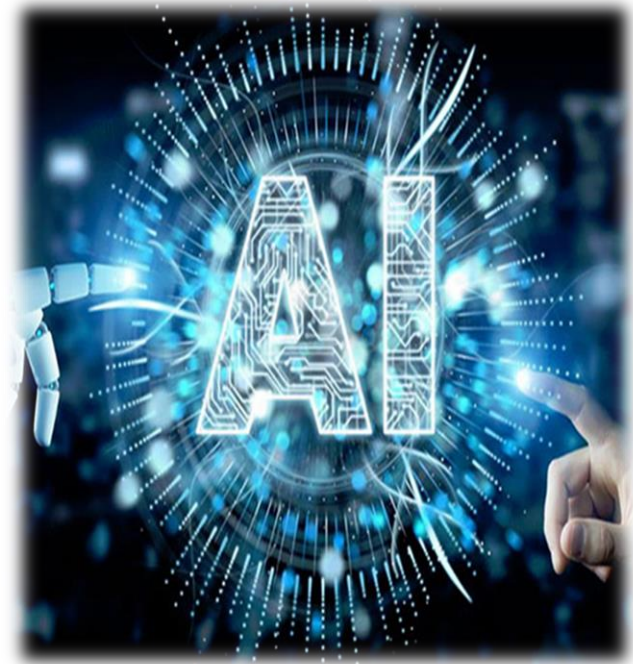
- Accelerated Capital Allowance (ACA) 100% on the qualifying capital expenditure incurred from YA 2023 until YA 2025 and to be fully absorbed within a year; and
- Income tax exemption of 100% equivalent to the qualifying capital expenditure.

w.e.f. YA 2023 - 2025



Tax Deduction for Smart Artificial Intelligence (AI) - Driven Reverse Vending Machine

- Special tax deduction be given on donations or sponsorships of Smart Artificial Intelligence Driven Reverse Vending Machine
- For contributions/sponsorship and applications received by MOF from 1 April 2023 until 31 December 2024



Extension of Tax Incentives

Tax Incentive for Automation in Manufacturing and Services Sector

Existing	Proposed
<p>Manufacturing and service companies are eligible for accelerated capital allowance (ACA) for automation equipment:</p> <p>Category 1: Labour-intensive industry (rubber, plastic, wood and textile products)</p> <ul style="list-style-type: none">➤ ACA of 100% on first RM4million of qualifying capital expenditure (QCE) incurred➤ Income tax exemption equivalent to 100% on the above ACA <p>Category 2: Other Industries (including services sector)</p> <ul style="list-style-type: none">➤ ACA of 100% on the first RM2 million QCE incurred➤ Income tax exemption equivalent to 100% on the above ACA➤ To submit to MIDA before 31 December 2023	<p>The incentive is enhanced as follows for applications received by MIDA and Ministry of Agriculture and Food Industries from 1 January 2023 to 31 December 2027:</p> <ul style="list-style-type: none">➤ Scope of automation to include the adaptation of Industry 4.0 elements➤ Scope of tax incentive is expanded to include agriculture sector➤ Capital expenditure threshold for categories 1, 2 and agriculture be aligned and increased up to RM10 million

Tax Incentive for BioNexus Status Company

Existing	Proposed
<ul style="list-style-type: none">➤ Income tax exemption on SI for a period of 10 YAs.➤ Tax deduction on investment made by a company investing in a subsidiary company engaging in qualifying food production projects.	<ul style="list-style-type: none">➤ Tax incentive conditions be reviewed with the increase of the income tax exemption on statutory income from 70% to 100%.➤ For application to MIDA from 1 January 2023 to 31 December 2024.

Tax Incentive for Food Production Project

Existing	Proposed
<ul style="list-style-type: none">➤ Income tax exemption on statutory income (SI) for a period of 10 years of assessment (YA)➤ Tax deduction on investment made by a company investing in a subsidiary company engaging in qualifying food production projects	<ul style="list-style-type: none">➤ Scope expansion to include agriculture-based projects on Controlled Environment Agriculture➤ For application to Ministry of Agriculture and Food Industries from 1 January 2023 to 31 December 2025

Tax Incentive for Aerospace Industry

Existing	Proposed
<p>Income tax exemption or investment tax allowance (ITA) on qualifying capital expenditure for a period of 5 / 10 years granted to company providing:</p> <ul style="list-style-type: none">➤ Maintenance, repair and overhaul (MRO)➤ Aerospace manufacturing➤ System integration➤ Aero related services <p>To submit to MIDA before 31.12.2022.</p>	<p>Extended for a period of 3 years for applications received by MIDA from 1 January 2023 until 31 December 2025.</p>

Tax Incentive for Ship Building and Ship Repairing (SBSR) Industry

Existing	Proposed
<p>New Company</p> <ul style="list-style-type: none">➤ Pioneer Status with an income tax exemption of 70% of SI for 5 years; or➤ An ITA of 60% on QCE incurred within 5 years and can be set off against 70% of the statutory income for each YA. <p>Existing Company</p> <ul style="list-style-type: none">➤ ITA of 60% on QCE incurred within 5 years and can be set off against 70% of the SI for each YA. <p>For applications received by the MIDA from 1 January 2020 until 31 December 2022</p>	<p>Extended for a period of 5 years for applications received by MIDA from 1st January 2023 until 31st December 2027 and bona fide status applications received by the Ministry of Finance from 1st January 2023 until 31st December 2027</p>

Sales and Service Tax



Nicotine Replacement Therapy

- Sales tax exemption on nicotine gum and nicotine patch for 3 years.
- Application from 1 April 2023 to 31 March 2026.



Studio and Filming Production Equipment

- Sales tax exemption on studio and filming production equipment for 3 years.
- For studio equipment providers and production/post-production services.
- Application received by MOF from 1 April 2023 to 31 March 2026.



Individually Owned Taxis and Hired Cars

- Sales tax exemption on sale, transfer, private use and disposal of individually owned taxis and hired cars.
- Taxis and hired cars are expanded to included executive taxis, TEKS1M and airport taxis.
- Vehicle age must be at least 5 years from date of registration.
- Application received by RMCD from 1 March 2023.



Locally assembled CKD Electric Vehicle

Extension on sales tax exemption until 31 December 2027.



Carbon Capture and Storage (“CCS”) Technology

Sales tax exemption on CCS technology equipment from 1 January 2023 to 31 December 2027.

Stamp Duty Exemptions

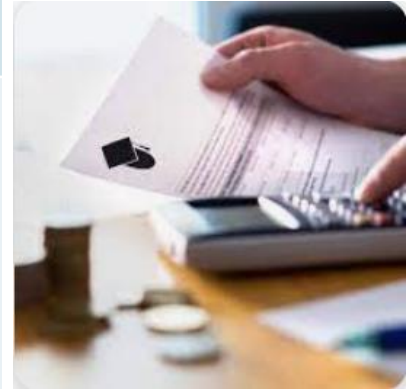
First Home Ownership

- Stamp duty exemption given for first-time home buyers
 - **100%** stamp duty exemption on purchase of houses priced below RM500k until the end of 2025.
 - **75%** stamp duty exemption on purchase of houses priced between RM500,001 to RM 1million until end of 2023.
- Effective date yet to be announced.



Educational Loan/Scholarship Agreement

Existing	Finance Bill 2023
<ul style="list-style-type: none">➤ RM10 is charged on educational loan/scholarship agreement to pursue tertiary education level (diploma and above) at higher learning institutions	<ul style="list-style-type: none">➤ Fixed stamp duty of RM10 for educational loan/scholarship agreement for all levels.➤ Applicable for any educational and training institutions executed from 1 June 2023.



Transfer of Property by way of Love and Affection

Existing	Proposed
<ul style="list-style-type: none">➤ Transfer between parents and children who are Malaysian citizens – 50% remission	<ul style="list-style-type: none">➤ Stamp duty rate for property transfer between family members executed from 1 April 2023 is as follows:-<ul style="list-style-type: none">• First RM1million of property's value – 100% exemption• Remaining balance – 50% exemption➤ Eligible for transfer between parents and children, grandparents and grandchildren who are Malaysian citizens



Real Property Gains Tax

Transfer of assets between former spouses

Existing

- Transfer of real property between former spouses is subject to RPGT at the prescribed rates (0% to 30%) depending on the holding period and residence status of the disposer.

Finance Bill 2023

- The scope for no gain no loss transaction expanded to include the transfer of assets between former spouses pursuant to an order of any court in consequence of the dissolution or annulment of their marriage.
- Effective on the coming into operation of the Finance Act.

Other Highlights & Administrative Matters

Administrative Matters (Finance Bill 2023)

Submission of returns via e-Filing	Category (Current)	Category (Finance Bill 2023)
Income Tax Return Form	Company, LLP	All categories
Amended Tax Return Form	N/A	Company, LLP, trust body and co-operative society
Employer Return Form (Form E)	Company	Company, LLP, trust body and co-operative society
Partnership Return Form	N/A	Partnership

*effective from YA 2024

Instalments for balance of tax payable under deemed assessments

Existing	Finance Bill 2023
<ul style="list-style-type: none">➤ The IRB allows payments of tax for assessments made under Subsections 90(3), 91, 92, 96A of the ITA or reviews under Subsection 101(2) of the ITA, to be settled through instalments.	<ul style="list-style-type: none">➤ Instalments will be allowed for balance of tax payable under deemed assessments➤ Effective from YA 2023.

Second revision for tax instalment scheme (Form CP500)

Existing	Finance Bill 2023
<ul style="list-style-type: none">➤ Every person chargeable to tax, other than a company, trust body, co-operative society or LLP➤ Application not later than 30 June in that YA, revise his Form CP500.	<ul style="list-style-type: none">➤ Application will be allowed for second time revision of Form CP500➤ not later than 31 October in that YA.➤ Effective from YA 2023.

Luxury Goods Tax	Capital Gains Tax	Special Voluntary Disclosure Programmes (SVDP)
<ul style="list-style-type: none">➤ Certain types of luxury goods, such as watches and fashion accessories➤ Starting in the year 2023	<ul style="list-style-type: none">➤ On the disposal of unlisted shares by companies➤ Starting from 2024	<ul style="list-style-type: none">➤ Fully waived penalties by the IRB and RMCD.➤ Declarations between 1 June 2023 and 31 May 2024

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How we can help

As a committed tax advisor to our clients, we welcome any opportunity to discuss the relevance of the above updates to your business.

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