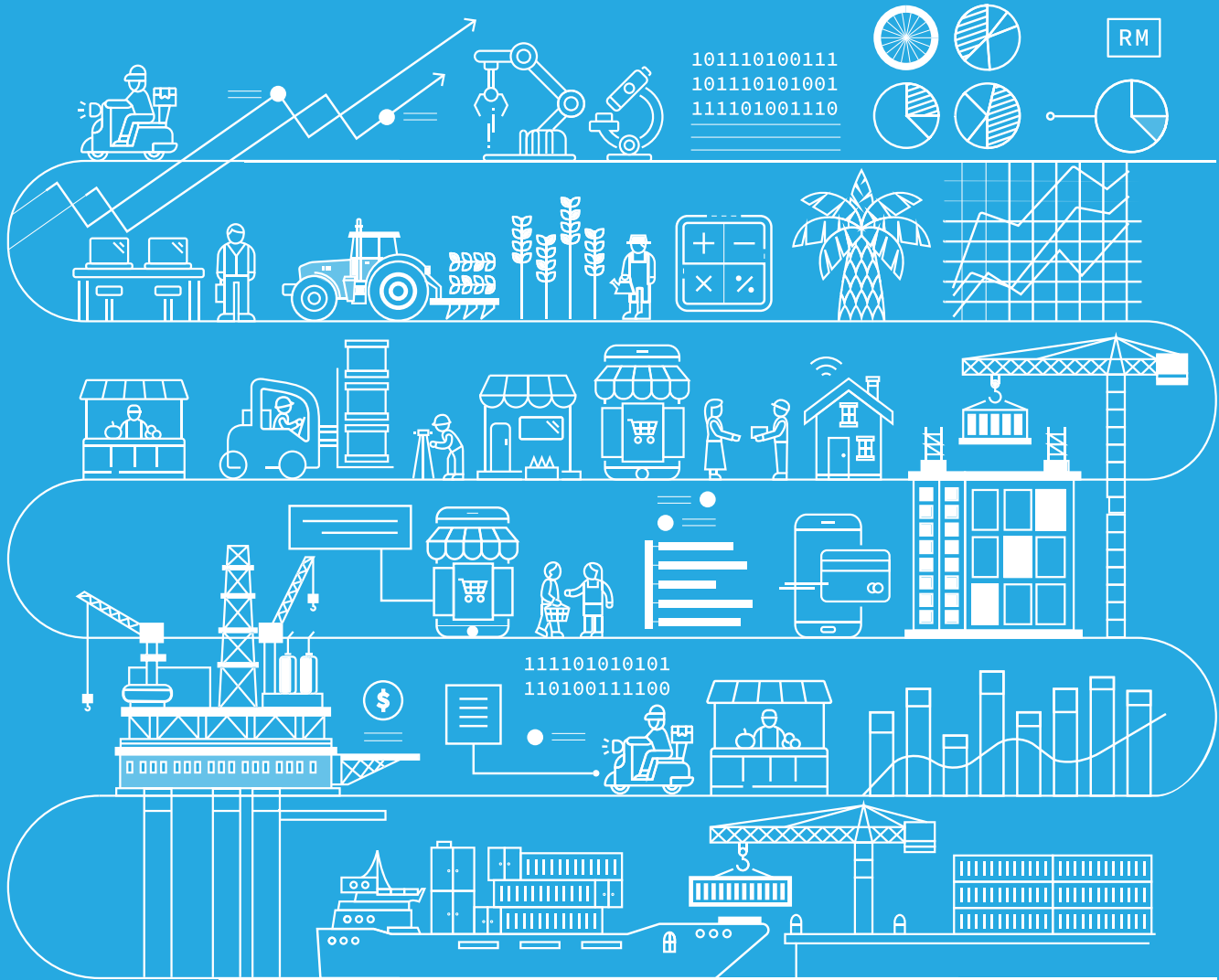


BUDGET
2023

STAY ON TOP OF TAX CHANGES

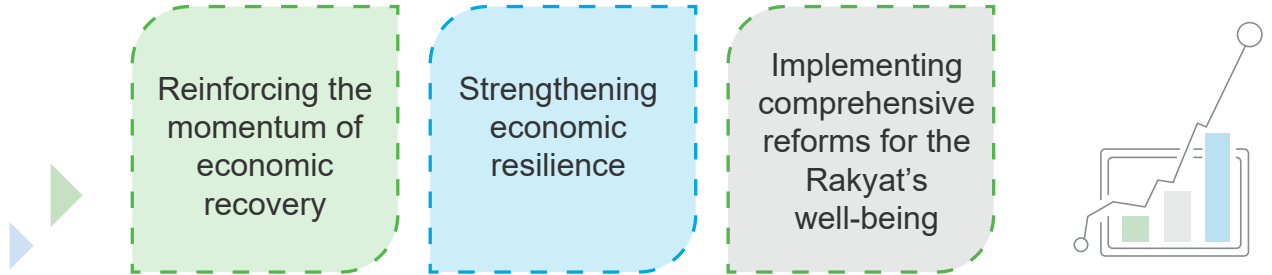


RSM 2023 BUDGET HIGHLIGHTS

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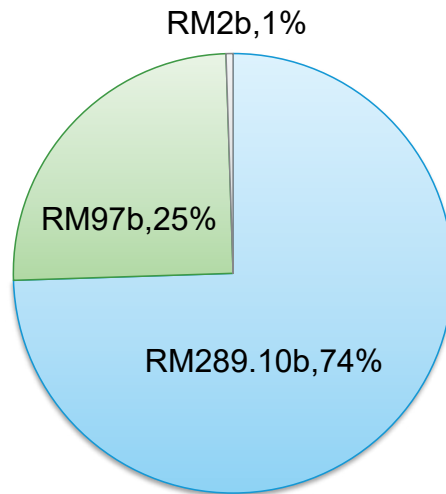
FOREWORD

On 24 February 2023, the Budget 2023 was presented by Prime Minister Datuk Seri Anwar Ibrahim who is also the Finance Minister. Themed “**Developing Malaysia Madani**”, the Budget 2023 revolves around 3 main objectives:-



The Budget 2023 involves allocation of a record high RM388.1 billion with RM289.1 billion for operating expenditure, RM99 billion for development expenditure including RM2 billion in contingency savings. It is noteworthy that the budget allocation for development expenditure is the biggest allocation thus far in Malaysia's history.

**Federal Government Budget:
RM388.10 billion**



- Operating expenditure
- Development expenditure
- Contingency savings

The budget of RM388.1 billion surpasses the previous all-time high budget allocation of RM372.3 billion announced under the initial Budget 2023 tabled by the former Prime Minister Datuk Seri Ismail Sabri Yaakob which was not passed in October 2022 after Parliament was dissolved.

It is indeed inspiring that Budget 2023 considers the need to support the domestic economy yet recognise the need to curb the nation's fiscal spending. The Budget addresses some of the key concerns faced by Rakyat and Malaysian businesses such as high cost of living, the need to strengthen the social safety net and financial support to the micro, small and medium enterprises (MSMEs).

FOREWORD (CONT.)

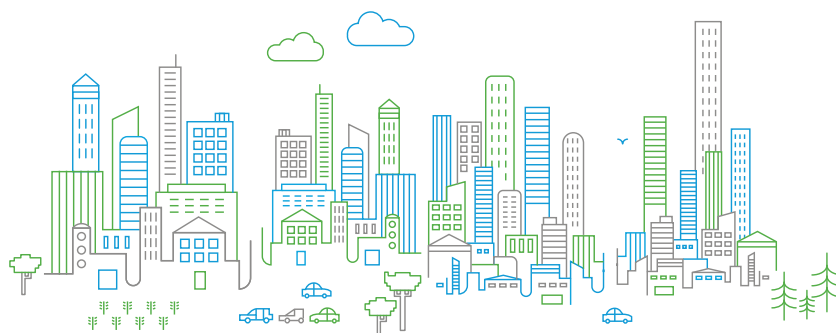
Even with the highest budget allocation, revenue is expected to decline to RM291.5 billion (or 15.4% of GDP) compared to RM294.4 billion in 2022. However, the Budget deficit has been planned at 5% of GDP, which is an improvement from the 5.6% GDP for 2022, with an aim to achieve a sustainable level of fiscal deficit in the medium term with a target of 3.2% to GDP by 2025.

To this end, the Government plans to reduce operating expenditure (with the expiry of Covid-19 fund), recalibration of subsidies, effective tax collection, plugging leakages and widening the revenue base (such as introduction of tax on luxury goods and capital gains tax on shares in unlisted companies). However, the Government expressed no plans to implement the goods and services tax (“GST”) in the near future.

The economic growth is projected to be around 4.5% while the inflation rate will be expected to remain as in 2022, at 3.3%. The Government expects total debt to reach RM1.2 trillion, or over 60% of GDP, in 2023 (the national statutory debt limit is at 65% of GDP).

We highlight below some of the commendable allocations / announcements:

- RM900 million of personal income tax cuts for the benefit of at least 2.4 million people in the M40 category
- Financing and guarantees of more than RM40 billion for the benefit of MSMEs
- MSME’s tax rate on taxable income for the first 150,000 reduced from 17 per cent to 15 per cent
- Tax incentives to foreign manufacturing companies to move operations to Malaysia; and a 15 percent tax rate to the C-Suite until 2024
- RM50 million matching grants to encourage automation in the farming sector through the use of robotics and artificial intelligence
- RM100 million provided under the Digitisation Grant Scheme for SMEs and small vendors
- RM1 billion financing available under BNM to help MSMEs automate business processes and digitise operations
- Reintroduction of Special voluntary disclosure program by Inland Revenue Board (IRB) and Royal Malaysian Customs Department (RMCD) where penalties will be waived for voluntary disclosure from 1 June 2023 to 31 May 2024

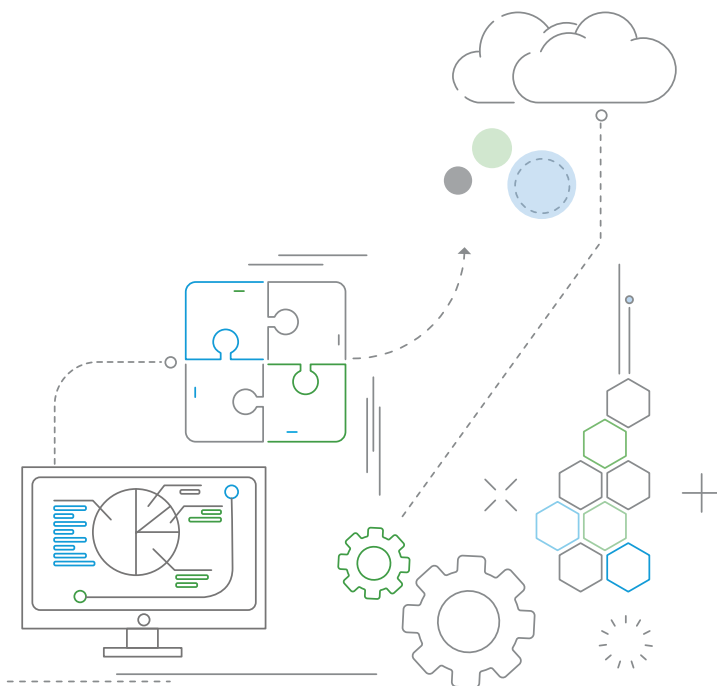


FOREWORD (CONT.)

For the Rakyat, we welcome the 2% reduction in personal income tax rates for individuals earning annual chargeable income between RM35,001 and RM100,000. This would result in higher disposable income for these groups. Although the 2% cut results in lower tax collection, the impact should be minimal since the personal income tax rate for the individuals annual chargeable income between RM100,001 to RM250,000 is revised to 25%.

For Malaysian businesses, we applaud the Government to recognise MSMEs as the key driver of Malaysia's economic growth by announcing targeted assistance such as financial assistance, incentives and grants to MSMEs (including encouraging MSMEs to pursue digitalisation and automation). On the other hand, large corporations would be pleased that the Government did not express intentions to impose prosperity tax. The introduction of capital gains tax on shares in unlisted companies would encourage more unlisted companies to list their shares on the stock exchange and spur growth in the capital market.

Overall, the Budget 2023 is a balanced one as it proposes targeted measures for those in need such as the rakyat in the B40 Group and MSMEs while the Budget 2023 aspires to implement achievable measures to improve the country's fiscal spending with this year's deficit to drop around 5% of GDP.



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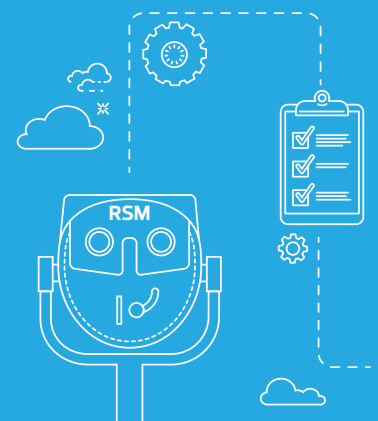
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2023 RSM TAX SEMINAR

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1.0 CORPORATE TAX AND TAX INCENTIVES

1.1 REVIEW OF INCOME TAX RATE FOR MSMEs

Currently, MSMEs* are subject to tax at 17% on the chargeable income of up to RM600,000 and 24% on the remaining chargeable income whereas non-MSMEs are subject to tax at 24%.

**MSMEs refer to companies or Limited Liability Partnerships (LLPs) with paid-up capital / total contribution of capital not exceeding RM2.5 million and having annual gross business income not exceeding RM50 million.*

It is proposed that the income tax rate for the first RM150,000 of MSME's chargeable income be reduced by 2%, as follows: -

| Chargeable income | Current income tax rate (%) | Proposed income tax rate (%) |
|------------------------|-----------------------------|------------------------------|
| First RM150,000 | 17% | 15% |
| RM150,001 to RM600,000 | 17% | 17% |
| Exceeding RM600,000 | 24% | 24% |

Effective: Year of Assessment (YA) 2023



1.2 TAX DEDUCTION ON ISSUANCE COST OF SUSTAINABLE AND RESPONSIBLE INVESTMENT LINKED (SRI-linked) SUKUK

It is proposed that a tax deduction be given for a period of 5 years in respect of the cost of issuing SRI-linked sukuk that is approved or permitted or deposited with the Securities Commission Malaysia.

Effective: YAs 2023 to 2027

1.3 REVIEW OF TAX DEDUCTION ON COST OF LISTING IN BURSA MALAYSIA

Currently, a tax deduction of up to RM1.5 million is given on the following expenditure incurred for listing of a technology-based company in the Access, Certainty, Efficiency (ACE) Market and for MSMEs, in the Leading Entrepreneur Accelerator Platform (LEAP) Market: -



It is proposed that:

| | |
|--|--|
| Tax deduction of up to RM1.5 million be extended for a period of 3 years from YAs 2023 to 2025 | Scope of tax deduction be extended to cover for listing of a technology-based company in BURSA Main Market |
|--|--|

Effective: YAs 2023 to 2025



1.4 TAX DEDUCTION FOR SPONSORSHIP OF SMART ARTIFICIAL INTELLIGENCE (AI)-DRIVEN REVERSE VENDING MACHINE

The above proposal aims to support the recycling of plastic waste and to increase the collection for recycling rate in the country. It is proposed that a tax deduction under Section 34(6)(h) of the Income Tax Act (ITA) 1967 be given to companies and other than companies (i.e. individuals, partnerships, trusts and cooperatives that has business income) that make donations or sponsorships of smart AI-driven reverse vending machines.

Effective: For contribution/ sponsorship and applications received by Ministry of Finance (MOF) from 1 April 2023 to 31 December 2024

1.0 CORPORATE TAX AND TAX INCENTIVES (CONT.)

1.5 SPECIAL TAX DEDUCTION FOR EXPENDITURE ON MALAYSIAN-MADE HANDICRAFT BY HOTEL INDUSTRY

To support use of Malaysian made handicraft, it is proposed that a special tax deduction (subject to a maximum amount of RM 150,000) be given on qualified Malaysian-made handicraft purchased from local handicraft entrepreneur registered with Perbadanan Kemajuan Kraftangan Malaysia.

The proposed deduction does not apply to expenditure which has been made a claim under Section 33 or Schedule 3 of the ITA 1967.

Effective: From 1 January 2023 to 31 December 2025

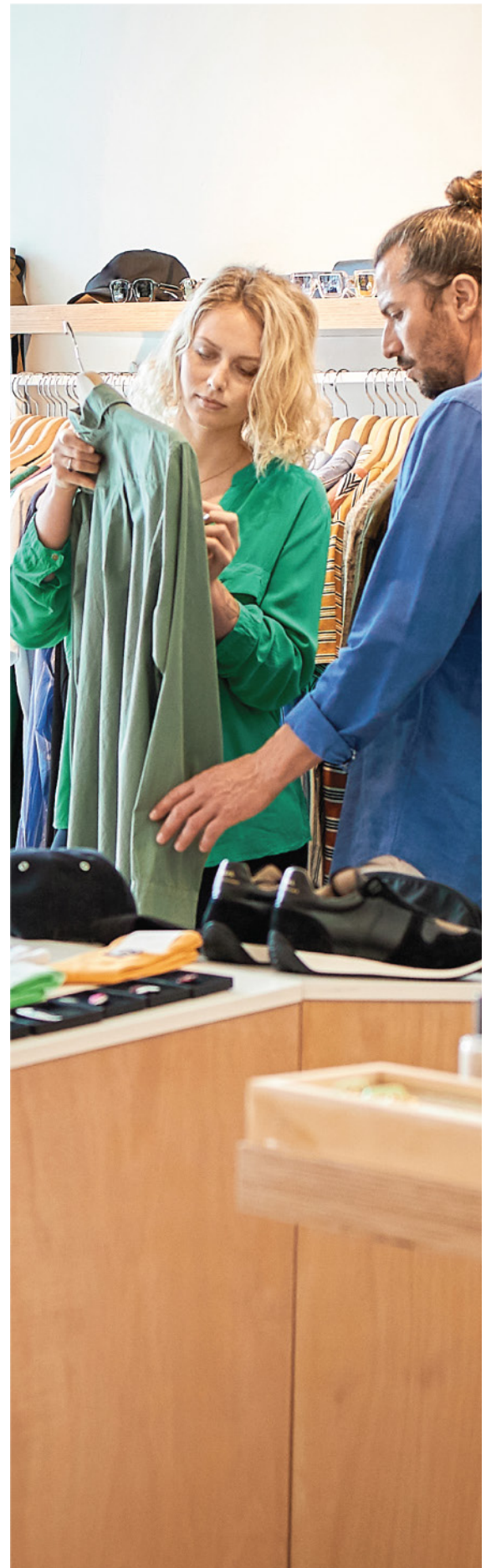


1.6 EXPANSION OF SCOPE OF TAX DEDUCTION FOR THE EMPLOYMENT OF INMATE AND EX-INMATE OF HENRY GURNEY SCHOOL AND INSTITUTIONS UNDER THE SOCIAL WELFARE DEPARTMENT

Currently, further tax deduction is given on remuneration paid by employers to senior citizens who are above 60 years old, ex-convicts, parolees, supervised persons and ex-drug dependants as a full time employee whose remuneration does not exceed RM4,000.

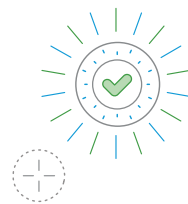
It is proposed that the scope of existing tax incentive be expanded to include remuneration paid to inmates and ex-inmates of Henry Gurney School under Malaysian Prison Department; and protection & rehabilitation institutions and non-government care centres registered under the Social Welfare Department

Effective: YAs 2023 to 2025



1.0 CORPORATE TAX AND TAX INCENTIVES (CONT.)

1.7 TAX INCENTIVES FOR CARBON CAPTURE AND STORAGE (CCS)



It is proposed that tax incentive be given as follows: -

| Tax Incentive | Companies undertaking CCS in-house activity | Companies undertaking CCS services | Companies engaging CCS services |
|---|---|------------------------------------|---------------------------------|
| Investment Tax Allowance (ITA) of 100% of Qualifying capital expenditure (QCE) for 10 years to be set - off against up to 100% of Statutory Income (SI) | / | / | X |
| Full import duty and sales tax exemption on equipment used for CCS technology | / | / | X |
| Tax deduction for allowable pre-commencement expenses within 5 years prior to the date of commencement of operation | / | X | X |
| Tax exemption of 70% on SI for 10 years | X | / | X |
| Tax deduction given on fees incurred for use of CCS services | X | X | / |

Effective: For applications received by MOF from 25 February 2023 to 31 December 2027

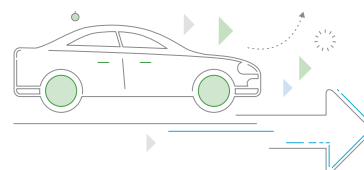
1.8 TAX INCENTIVES FOR CHICKEN REARING IN CLOSED HOUSE SYSTEM

It is proposed that the following tax incentives be given to chicken rearers to adopt environmental friendly closed house system: -

Accelerated capital allowance (ACA) 100% on the QCE

Income tax exemption of 100% equivalent to the QCE.

Effective: YAs 2023 to 2025



1.9 TAX INCENTIVE FOR COMPANY RENTING NON-COMMERCIAL ELECTRIC VEHICLE (EV)

Currently, companies renting non-commercial motor vehicles, including EVs are given tax deduction of RM50,000 (for cost of motor vehicle exceeding RM150,000) or up to RM100,000 (for cost of motor vehicle not exceeding RM150,000).

It is proposed that a tax deduction for rental of non-commercial EV be given up to RM300,000.

Effective: YAs 2023 to 2025

1.0 CORPORATE TAX AND TAX INCENTIVES (CONT.)

1.10 TAX INCENTIVES FOR MANUFACTURER OF EV CHARGING EQUIPMENT

It is proposed that manufacturers of EV charging equipment be given the following incentives: -

| | Tax incentive | Incentive period |
|----------------|---|-------------------|
| Pioneer Status | Income tax exemption of 100% on SI | YAs 2023 to 2032* |
| ITA | ITA of 100% on QCE incurred, to be set-off against 100% of SI for each YA | 5 years |

*Companies are eligible to enjoy tax exemption for a period of 10 years or until YA 2032, whichever is earlier.

Effective: For applications received by Malaysian Investment Development Authority (MIDA) from 25 February 2023 to 31 December 2025

1.11 REVIEW OF TAX INCENTIVES FOR FOOD PRODUCTION PROJECT

Currently, food production projects enjoy the following tax incentives: -

Tax deduction equivalent to the amount of investment made by a company that invested in a subsidiary company engaging in new food production projects

A company engaging in food production project:

New project – income tax exemption of 100% on SI for 10 YAs

An expansion project for existing company – income tax exemption of 100% on SI for 5 YAs.

It is proposed that:

Scope of the tax incentive be expanded to include agricultural-based projects on Controlled Environment Agriculture

The tax incentive be extended for a period of 3 years.

Effective: For applications received by Ministry of Agriculture and Food Industry (MAFI) from 1 January 2023 to 31 December 2025

1.12 REVIEW OF TAX INCENTIVES FOR BIONEXUS STATUS COMPANY

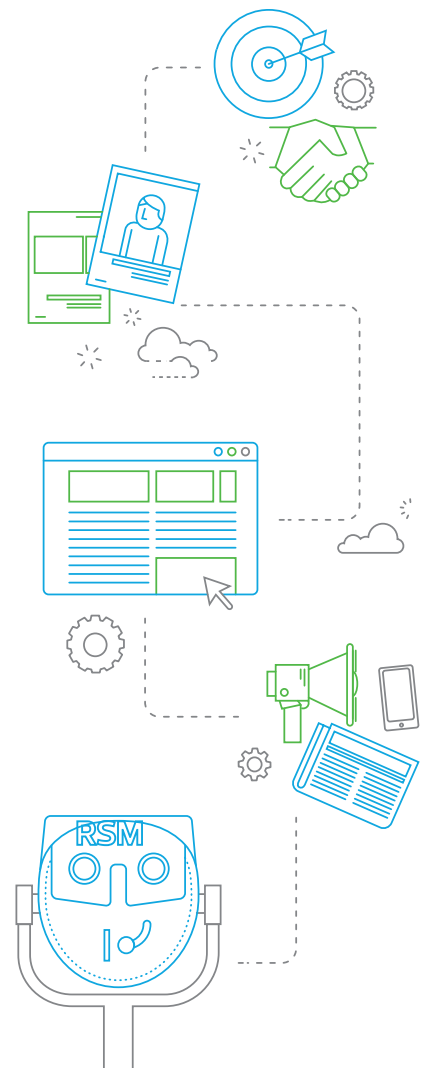
Currently, companies undertaking biotechnology activity and approved with BioNexus status are eligible for income tax exemption of 70% on SI commencing from the first SI for a period of 10 or 5 years, subject to new or existing business (expansion project).

It is proposed that:

Income tax exemption on SI be increased from 70% to 100%;

The tax incentive be extended for a period of 2 years

Effective: For applications received by Malaysian Bioeconomy Development Corporation from 1 January 2023 to 31 December 2024



1.0 CORPORATE TAX AND TAX INCENTIVES (CONT.)

1.13 REVIEW OF ACA IN MANUFACTURING, SERVICES AND AGRICULTURE SECTOR

Currently, manufacturing and services companies which incur QCE on automation equipment are given the following incentives: -

| Category 1 Labour-intensive industry (rubber, plastic, wood and textile products) | Category 2 Industries other than Category 1 including services sector |
|--|--|
| ACA of 100% for automation equipment on the first RM4 million of QCE incurred. | ACA of 100% for automation equipment on the first RM2 million of QCE incurred. |
| Income tax exemption equivalent to 100% on the QCE incurred for automation equipment | |

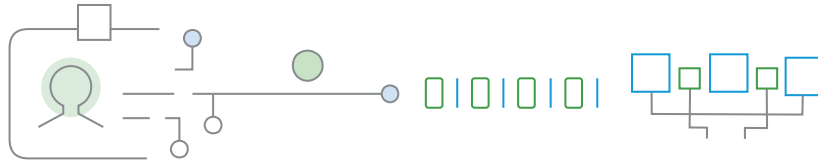
It is proposed that the ACA for automation equipment be enhanced as follows: -

Scope of automation to include the adaptation of Industry 4.0 elements

Scope of tax incentive be expanded to include agriculture sector

Capital expenditure threshold for Categories 1, 2 and agriculture be aligned and increased up to RM10 million.

Effective: For applications received by MIDA and MAFI from 1 January 2023 to 31 December 2027



1.14 EXTENSION OF TAX INCENTIVE FOR SHIP BUILDING AND SHIP REPAIRING (SBSR) INDUSTRY

Currently, companies undertaking SBSR activities in Malaysia are eligible for the following tax incentives:

| | Tax incentive | Incentive period |
|------------------|--|------------------|
| New company | Pioneer Status with income tax exemption of 70% of SI; or | 5 years |
| | ITA of 60% on QCE incurred, to set - off against 70% of the SI for each YA | 5 years |
| Existing company | ITA of 60% on QCE incurred, to set - off against 70% of the SI for each YA | 5 years |

It is proposed that the existing tax incentive be extended for a period of 5 years.

Effective: For SBSR applications received by MIDA from 1 January 2023 until 31 December 2027

1.0 CORPORATE TAX AND TAX INCENTIVES (CONT.)

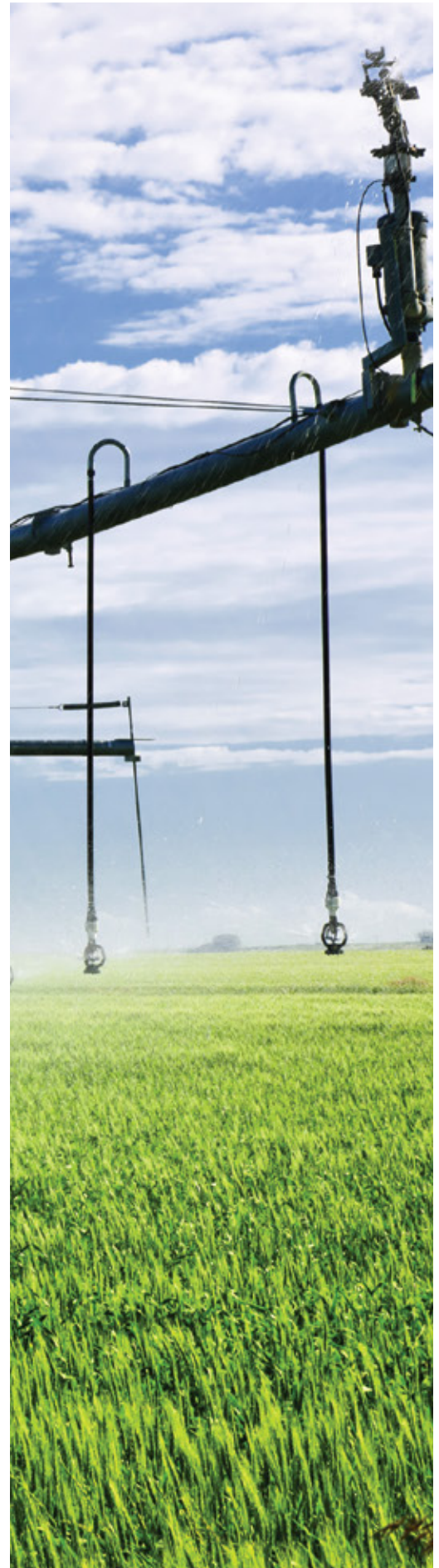
1.15 EXTENSION OF TAX INCENTIVE FOR AEROSPACE INDUSTRY

Currently, new and existing aerospace companies in Malaysia undertaking high-value activities such as manufacturing or assemble of systems, devices, parts or components and maintenance, repair and overhaul for aircraft (MRO), systems, devices, parts or components and engineering & design/services related are eligible for the following tax incentives:

| | Tax incentive | Incentive period |
|------------------|--|------------------|
| New company | Income tax exemption of 70% to 100% of SI; or | 5 to 10 years |
| | ITA of 60% to 100% on QCE incurred, to set-off against 70% to 100% of the SI for each YA | 5 years |
| Existing company | ITA of 60% on QCE incurred, to set-off against 70% of the SI for each YA | 5 years |

It is proposed that the tax incentive be extended for a period of 3 years.

Effective: For applications received by MIDA from 1 January 2023 to 31 December 2025

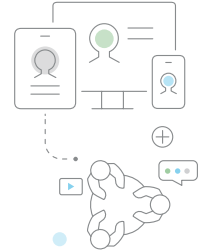


2.0 INDIVIDUAL TAX

2.1 REVIEW OF INDIVIDUAL TAX RATES

It is proposed that income tax rate for resident individual with chargeable income band be as follows: -

- RM35,001 to RM100,000 is reduced by 2%;
- RM100,001 to RM250,000 is increased by 1%;
- RM250,001 to RM400,000 is increased by 0.5%;
- RM400,001 to RM600,000 is increased by 1%; and
- RM600,001 to RM1,000,000 is increased by 2%.



| Chargeable income (RM) | Existing (YA 2022) | | Proposed (YA 2023 onwards) | | Potential (savings)/ Additional(RM) |
|------------------------|--------------------|------------------|----------------------------|------------------|-------------------------------------|
| | Tax rate (%) | Tax payable (RM) | Tax rate (%) | Tax payable (RM) | |
| First 5,000 | | 0 | | 0 | |
| Next 15,000 | 1 | 150 | 1 | 150 | |
| First 20,000 | | 150 | | 150 | |
| Next 15,000 | 3 | 450 | 3 | 450 | |
| First 35,000 | | 600 | | 600 | |
| Next 15,000 | 8 | 1,200 | 6 | 900 | |
| First 50,000 | | 1,800 | | 1,500 | (300) |
| Next 20,000 | 13 | 2,600 | 11 | 2,000 | |
| First 70,000 | | 4,400 | | 3,700 | (700) |
| Next 30,000 | 21 | 6,300 | 19 | 5,700 | |
| First 100,000 | | 10,700 | | 9,400 | (1,300) |
| Next 150,000 | 24 | 36,000 | 25 | 37,500 | |
| First 250,000 | | 46,700 | | 46,900 | 200 |
| Next 150,000 | 24.5 | 36,750 | 25 | 37,500 | |
| First 400,000 | | 83,450 | | 84,400 | 950 |
| Next 200,000 | 25 | 50,000 | 26 | 52,000 | |
| First 600,000 | | 133,450 | | 136,400 | 2,950 |
| Next 400,000 | 26 | 104,000 | 28 | 112,000 | |
| First 1,000,000 | | 237,450 | | 248,400 | 10,950 |
| Next 1,000,000 | 28 | 280,000 | 28 | 280,000 | |
| First 2,000,000 | | 517,450 | | 528,400 | 10,950 |
| Above 2,000,000 | 30 | | 30 | | |

Effective: YA 2023

2.0 INDIVIDUAL TAX (CONT.)

2.2 EXTENSION OF TAX RELIEF ON FEES PAID TO CHILD CARE CENTRE AND KINDERGARTEN

Currently, tax relief in respect of fees paid to approved child care centre (registered with the Director General of Social Welfare under the Child Care Centre Act 1984) and kindergarten (registered under the Education Act 1996) for each child aged 6 years old and below is RM3,000. This relief can be claimed by either parent of the child and is given for YAs 2022 and 2023.

It is proposed that the tax relief of RM3,000 be extended for another one (1) year.

Effective: YA 2024

2.3 EXPANSION OF SCOPE OF LIFE INSURANCE PREMIUMS OR TAKAFUL CONTRIBUTION ON LIFE INSURANCE POLICY

Currently, tax relief for payment of life insurance premiums or takaful contribution on life insurance policy contracted on the life of the individual or spouse are as follows: -

- Pensionable public servant - restricted to RM7,000; and
- Other than public servant - restricted to RM3,000.

It is proposed that the scope of the above tax relief be expanded to include voluntary contributions to Employees Provident Fund made by individuals or pensionable public servants under the pension scheme.

| No. | Type of Contribution | Tax Relief |
|-----|---|---------------|
| 1. | Contribution to approved schemes or voluntary contribution to EPF (not including private retirement scheme) or contribution under any written law | Up to RM4,000 |
| 2. | Life insurance premium or takaful contribution or voluntary contribution to EPF or both | Up to RM3,000 |

The new treatment is applicable to civil servants under the pension scheme

Effective: YA 2023

2.4 REVIEW OF INCOME TAX RELIEF FOR MEDICAL TREATMENT EXPENSES

Currently, tax relief of up to RM8,000 is given in respect of the following medical expenses incurred: -

serious illness for taxpayer, spouse or child

fertility treatment for taxpayer or spouse

vaccination for taxpayer, spouse or child (limited to RM1,000)

full medical check-up, mental check-up, consultation for taxpayer, spouse or child (limited to RM1,000)

COVID-19 detection test conducted in clinic or hospital including purchase of self-test kit for taxpayer, spouse or child (limited to RM1,000).

To ease the financial commitment on early intervention for children with learning disabilities, it is proposed that the scope of income tax relief for medical treatment expenses be expanded to include the intervention expenditure for Autism, Attention Deficit Hyperactivity Disorder (ADHD), Global Developmental Delay (GDD), Intellectual Disability, Down Syndrome and Specific Learning Disabilities and such relief is limited to RM4,000 as below: -

diagnostic assessment certified by a medical practitioner registered with the Malaysian Medical Council (MMC);

early intervention and rehabilitation programmes conducted by health profession practitioners registered under the Allied Health Profession Act 2016



It is proposed that the amount of tax relief for medical treatment expenditure be increased from RM8,000 to RM10,000.

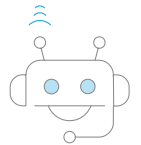
Effective: YA 2023

3.1 STAMP DUTY TREATMENT FOR TRANSFER OF PROPERTY BY WAY OF LOVE AND AFFECTION

Currently, stamp duty for transfer of immovable property is at ad valorem duty rate. A 50% stamp duty remission is given in relation to instruments of transfer of property executed between parents and children of Malaysian citizenship.

It is proposed that stamp duty for instrument of transfer of property executed from 1 April 2023 between parents and children, grandparents and grandchildren be fully exempted up to the first RM1 million of the property's value while the remaining balance of the property's value is subject to ad valorem duty rate and be given a 50% exemption of the duty. This treatment applies to recipients who are Malaysian citizens.

Effective: For instrument of transfer of property executed from 1 April 2023



3.2 STAMP DUTY TREATMENT FOR EDUCATIONAL LOAN/SCHOLARSHIP AGREEMENT

Currently, stamp duty for educational loan/ scholarship agreement for diploma and above at higher learning institution is fixed at RM10 whilst for other levels are charged at ad valorem rate.

It is proposed for educational loan/scholarship agreement executed from 1 June 2023, a fixed duty of RM10 be imposed to include educational loan/scholarship agreement to pursue education at all levels including certificate (education/skills/professionals) in any educational and training institutions.

Effective: For educational loan/scholarship agreement executed from 1 June 2023

3.3 EXTENSION OF STAMP DUTY EXEMPTION ON RESTRUCTURING OR RESCHEDULING OF LOAN/FINANCING AGREEMENT

Currently, 100% stamp duty exemption is given on restructuring or rescheduling of loan/financing agreement between borrowers and financial institutions executed from 1 January 2022 until 31 December 2022 subject to the following conditions: -

the original loan/financing agreement has been stamped

restructuring or rescheduling of the loan/financing agreement does not have the element of additional value to the original amount of loan/ financing

It is proposed that the above exemption be extended for a period of 2 years.

Effective: For restructuring or rescheduling of loan/financing agreement executed from 1 January 2023 until 31 December 2024

4.0 INDIRECT TAXES

4.1 IMPORT DUTY AND SALES TAX EXEMPTION ON STUDIO AND FILMING PRODUCTION EQUIPMENT

Currently, importation of specific equipment for creative industry such as cameras and broadcast equipment, audio and video systems, studio equipment and filming production equipment are subject to import duty between 5% - 30% and sales tax of 10%.

It is proposed that import duty and sales tax exemption on studio and filming production equipment be given to equipment providers and production services including post-production, studio and cinema for a period of 3 years.

The move to exempt import duty and sales tax on these studio and filming production equipment is to boost the level of creativity industry players in creating high value creative content in the domestic and international markets as well as to attract foreign producers to Malaysia.

Effective: 1 April 2023 to 31 March 2026 [Note: Application to be made to the MOF]

4.2 REVIEW OF EXCISE DUTY AND SALES TAX EXEMPTION ON THE SALE OR TRANSFER OF INDIVIDUALLY OWNED TAXIS AND HIRED CARS

It is proposed that excise duty and sales tax exemption be given for sale/transfer/private use/disposal of individually owned taxis and hired cars be expanded to include executive taxis, TEKS1M and airport taxis (budget, premier and family).

The vehicle age condition is relaxed to at least 5 years from the date of registration.

Effective: 1 March 2023 [Note: Application to be made to the RMCD]

4.3 IMPORT DUTY AND SALES TAX EXEMPTION ON NICOTINE REPLACEMENT THERAPY (NRT)

Currently, the import duty rate and sales tax rate for NRT products are as follows: -

| Product | Import Duty | Sales Tax |
|----------------|-------------|-----------|
| Nicotine Gum | 15% | 5% |
| Nicotine Patch | 0% | 10% |

It is proposed that import duty and sales tax exemption be given to nicotine gum and nicotine patch for a period of 3 years.

The move is to encourage the use of NRT products as an option for smoking cessation.

Effective: 1 April 2023 to 31 March 2026



4.0 INDIRECT TAXES (CONT.)

4.4 EXTENSION OF IMPORT DUTY, EXCISE DUTY AND SALES TAX EXEMPTION FOR ELECTRONIC VEHICLE (EV)

During Budget 2022, the government introduced indirect tax exemption to support the development of Electronic Vehicle (EV) industry and encourage domestic demand in line with Low Carbon Mobility Blueprint

The indirect tax exemptions for EV consist of passenger vehicles (including SUV and MPV), commercial vehicles and motorcycles are given as follows: -

| Indirect Tax Measures | Exemption Period |
|---|------------------------------------|
| Full import duty exemption on components for locally assembled EV | 1 January 2022 to 31 December 2025 |
| Full excise duty exemption and sales tax on Completely Knocked-Down (CKD) EV | 1 January 2022 to 31 December 2023 |
| Full Import duty and excise duty exemption on imported Completely Built-Up (CBU) EV | 1 January 2022 to 31 December 2023 |

It is proposed that the indirect tax exemption be extended as follows: -

| Indirect Tax Measures | Exemption Extension Period |
|---|----------------------------|
| Full import duty exemption on components for locally assembled EV | Until 31 December 2027 |
| Full excise duty exemption and sales tax on Completely Knocked-Down (CKD) EV | Until 31 December 2025 |
| Full Import duty and excise duty exemption on imported Completely Built-Up (CBU) EV | Until 31 December 2025 |

The above extension of time is provided to spur the demand and encourage growth of locally assembled EV.

4.5 IMPOSITION OF EXCISE DUTY ON LIQUID OR GEL PRODUCTS CONTAINING NICOTINE USED FOR ELECTRONIC CIGARETTES AND VAPING

It is proposed that excise duty be imposed on liquid or gel products containing nicotine used for electronic cigarettes and vaping.

The move to impose excise duty is to reduce / eliminate tax leakages and such excise duty may discourage vaping.

Effective: To be announced

4.6 IMPOSITION OF TAX ON LUXURY GOODS

The government intends to introduce a Luxury Goods Tax (with certain value limit according to the type of luxury goods) which is expected to come into force this year.

Luxury goods would include luxury watches and fashion items.

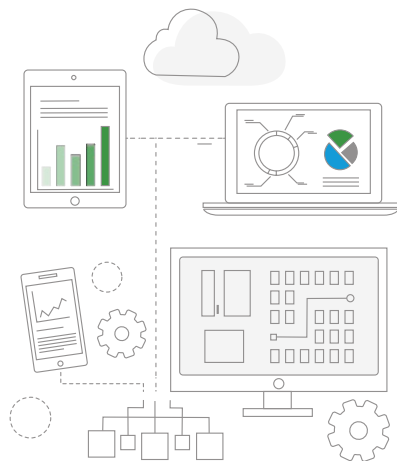
We expect more details to be shared by the relevant authorities.

Effective: To be announced



5.1 INTRODUCTION OF CAPITAL GAINS TAX ON DISPOSAL OF UNLISTED SHARES BY COMPANIES

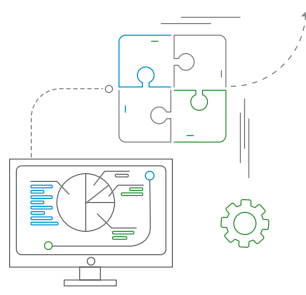
The government intends to introduce capital gains tax for disposal of unlisted shares by companies from year 2024 at a low rate. The Government will hold engagement session with relevant parties to study on this proposal.



5.2 REINTRODUCTION OF SPECIAL VOLUNTARY DISCLOSURE PROGRAMME (SVDP)

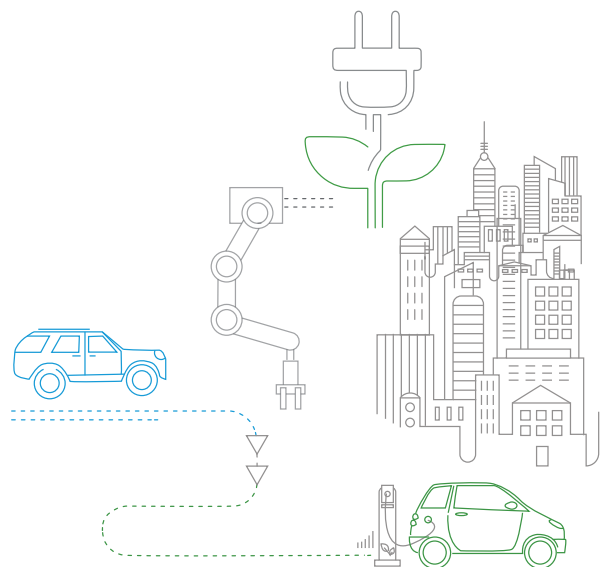
It was announced that both the IRB and the RMCD will re-introduce SVDP to encourage taxpayers to make voluntary disclosure on any unreported income, unpaid taxes and settle the tax arrears with 100% waiver on the penalties.

The above program is targeted to be implemented effective from 1 June 2023 to 31 May 2024. We would expect more guidelines or details to be shared by both IRB and RMCD.



5.3 EXTENSION OF GREEN TECHNOLOGY TAX INCENTIVES

The Government intends to extend the existing incentive period in relation to Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) until 31 December 2025 where the incentive period be increased from 3 to 5 years for qualifying green activities.



5.4 EXTENSION OF TAX INCENTIVE FOR MANUFACTURING COMPANIES RELOCATING THEIR OPERATIONS TO MALAYSIA AND SPECIAL TAX RATE FOR C-SUITE IN THE ELECTRICAL & ELECTRONIC (E&E) SECTOR

It is proposed that the existing tax incentive for manufacturing companies relocating their operations to Malaysia and the special tax rate of 15% for C-suite executive in the E&E sector be extended to year 2024.

INVITATION TO OUR TAX SEMINAR ON 22 MARCH 2023, DOUBLETREE BY HILTON KUALA LUMPUR

2023 RSM TAX SEMINAR



22 March 2023, Wednesday
8.30 AM - 5.00 PM



DoubleTree by Hilton
Kuala Lumpur



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Join us at this year's RSM Tax Seminar which will provide participants with interesting insights into the Government Budget and the key tax changes to be presented in the 2023 Budget Proposals.

WHO SHOULD ATTEND

Chief financial officers, Tax directors, Financial controllers, Tax executives, Finance managers, Accountants and those involved in tax matters.



SEMINAR FEES

| | | |
|--------------|---|--------------------------|
| Regular fee | Early bird fee (registration & payment by 15 March 2023) | Group fee 2 and above |
| RM550 | RM500 | RM500 |

*seminar materials, two coffee breaks and lunch

OUR SPEAKERS

DATO' ROBERT TEO
Chairman
RSM Tax Consultants
(Malaysia) Sdn Bhd

ANSTON CHEAH
Executive Tax Director
RSM Tax Consultants
(Malaysia) Sdn Bhd

PRABU CHALORAJU
Tax Director
RSM Tax Consultants
(Malaysia) Sdn Bhd

MAYADEVI
Tax Director
RSM Tax Consultants
(Malaysia) Sdn Bhd

S.SARAVANA
Partner
RDS Advocates &
Solicitors

For enquiries and registration, please contact
Ms. Lynda (lynda@rsmmalaysia.my | 03-2610 2832)
Ms. Rachel (lowwl@rsmmalaysia.my | 03-2610 2988)

TAX PROFESSIONAL TEAM



Ng Ah Bah
Head of Tax
T +603 2610 2827
E ngab@rsmmalaysia.my



Dato' Robert Teo
Managing Partner
T +603 2610 2886
E roberteo@rsmmalaysia.my

Corporate Tax Compliance



Anston Cheah
Executive Tax Director
T +603 2610 2829
E anston.cheah@rsmmalaysia.my



Nicole Chong
Tax Director
T +603 2610 2830
E nicole.chong@rsmmalaysia.my



Lim Sok Jiuin
Associate Tax Director
T +603 2610 2842
E limsj@rsmmalaysia.my



Soong Kim How
Associate Tax Director
T +603 2610 2848
E soongkh@rsmmalaysia.my

Tax Advisory



Ng Ah Bah
Head of Tax
T +603 2610 2827
E ngab@rsmmalaysia.my



Prabu Chaloraju
Tax Director
T +603 2610 2828
E prabu.chaloraju@rsmmalaysia.my

Indirect Tax



Mayadevi Karpayah
Tax Director
T +603 2610 2831
E mayadevi@rsmmalaysia.my



Kalvinder Singh
Senior Tax Manager
T +603 2610 2863
E kalvinders@rsmmalaysia.my

Field Audit and Investigation



Ng Ah Bah
Head of Tax
T +603 2610 2827
E ngab@rsmmalaysia.my



Chang Suang Yue
Tax Manager
T +603 2610 2862
E changsy@rsmmalaysia.my

Expatriate Employee Tax



Mayadevi Karpayah
Tax Director
T +603 2610 2831
E mayadevi@rsmmalaysia.my



Lynda Harun
Senior Tax Manager
T +603 2610 2832
E lynda@rsmmalaysia.my

Transfer Pricing



Prabu Chaloraju
Tax Director
T +603 2610 2828
E prabu.chaloraju@rsmmalaysia.my



Jeyapriya Pereyamy
Associate Tax Director
T +603 2610 2844
E jeyapriya@rsmmalaysia.my

CONTACT US

RSM Tax Consultants (Malaysia) Sdn Bhd

5th Floor, Penthouse, Wisma RKT,
Block A, No.2 Jalan Raja Abdullah Off Jalan Sultan Ismail,
50300 Kuala Lumpur,
Malaysia

Johor Bahru Office

Suite 16-02, Level 16, Menara Landmark,
No. 12, Jalan Ngee Heng,
80000 Johor Bahru,
Malaysia



Contact our office for an
immediate response

General Email askus@rsmmalaysia.my
Website www.rsmmalaysia.my



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