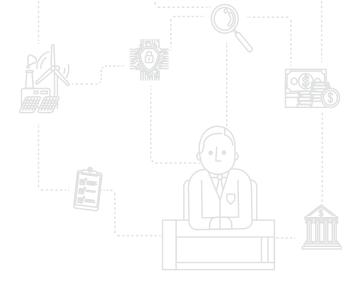
# RSM 2024 BUDGET HIGHLIGHTS

POST BUDGET UPDATES











Further to Budget 2024 which was presented on 13 October 2023, the Ministry of Finance ("MOF") has released Budget 2024 Touchpoints and updated Appendices on Tax Measures (an additional Appendix 34 — Expansion of Taxable Service Scope and Changes on the Service Tax Rate was issued).

We are pleased to share with you some of the key updates in this newsletter.

# EXPANSION OF SCOPE OF TAXABLE FOREIGN-SOURCED INCOME ("FSI")

It is proposed that the scope of taxable FSI be expanded to cover foreign capital gains i.e. gains from disposal of capital assets from outside Malaysia. However, the Government has indicated that there will be exemption given (subject to complying with economic substance requirements).

#### Effective: 1March 2024

It is expected that the Inland Revenue Board of Malaysia ("IRBM") will issue amended guideline on tax treatment in relation to income received from abroad and how this proposal will be implemented, considering the earlier Capital Gains Tax ("CGT") announced in Budget 2024 which is scheduled to take effect from 1 March 2024.

# INCREASE OF RATE OF SERVICE TAX FROM 6% TO 8%

It is proposed that the new service tax rate of 8% takes effect from 1 March 2024. In addition, the current service tax rate of 6% will remain unchanged for the following services: –



Group B – Food and beverage



Group I — Telecommunication services



Group I — Vehicle parking space services



Group I — Logistic services (new taxable service, which will take effect from 1 March 2024)

Effective: 1March 2024

#### **EXPANSION OF SCOPE OF TAXABLE SERVICES**

It is proposed that the scope of taxable services be expanded to include the following services: –



Group C – Karaoke centre services



Group I – Delivery services (except for delivery of food and beverage)



Group I — Brokerage and underwriting services for non–financial services e.g. brokerage for ship and aircraft space, commodity and real estate



Group I — Logistic services

The threshold value of taxable service for mandatory registration is set at RM500,000.

Effective: 1March 2024

# ASSESSMENT UNDER LABUAN BUSINESS ACTIVITY TAX ACT 1990 ("LBATA 1990")

It is proposed that assessment under LBATA 1990 be changed from preceding year basis to current year basis.

Effective: Year of Assessment 2025



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