

RSM 2024 BUDGET HIGHLIGHTS



GLOSSARY



Abbreviation / Acronym	Description
AA	Annual Allowance
ACA	Accelerated Capital Allowance
BNM	Bank Negara Malaysia
BSN	Bank Simpanan Nasional
CA	Capital Allowance
CGT	Capital Gains Tax
DGIR	Director General of Inland Revenue Board
ECF	Equity Crowdfunding
ESG	Environmental, Social and Governance
EV	Electric Vehicle
FRIM	Forest Research Institute Malaysia
GDP	Gross Domestic Product
GMT	Global Minimum Tax
IA	Initial Allowance
IBA	Industrial Building Allowance
LIBFC	Labuan International Business and Financial Centre
ICT	Information and Communication Technology
IPO	Initial Public Offering
IRBM	Inland Revenue Board of Malaysia
ITA	Investment Tax Allowance
LGT	Luxury Goods Tax
LLP	Limited Liability Partnership
MAFS	Ministry of Agriculture and Food Security
MEDC	Ministry of Entrepreneur Development and Cooperatives
MGTC	Malaysian Green Technology and Climate Change Corporation
MIDA	Malaysian Investment Development Authority
MITA	Malaysian Income Tax Act 1967
MNE	Multinational Enterprise
MOF	Ministry of Finance
MOPC	Ministry of Plantation and Commodities
MSME	Micro, Small and Medium Enterprise
QCE	Qualifying Capital Expenditure
RA	Reinvestment Allowance
REITs	Real Estate Investment Trusts
RMCD	Royal Malaysian Customs Department
RPGTA	Real Property Gains Tax Act 1976
SCM	Securities Commission Malaysia
SI	Statutory Income
SME	Small and Medium Enterprise
SRI	Sustainable and Responsible Investments
SST	Sales and Service Tax
TCGF	Tax Corporate Governance Framework
TP	Transfer Pricing
YA	Year of Assessment



FOREWORD

Prime Minister Datuk Seri Anwar Ibrahim, who is also the Finance Minister presented Budget 2024 on 13 October 2023. Based on the **Madani Economy : Empowering the People** framework which was launched on 27 July 2023, Budget 2024 focused on three (3) key areas:



Delivering reforms to enhance governance and public delivery system



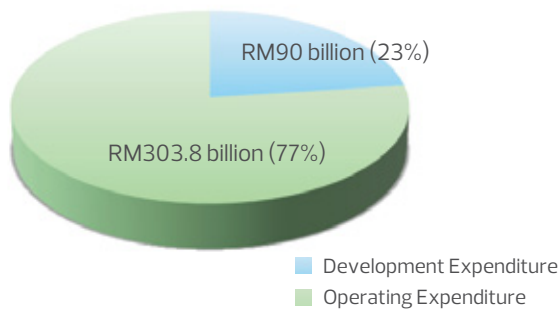
Transforming the economy and businesses



Elevating the wellbeing of the citizens



Budget 2024 Allocation



In this budget, the total allocation was RM393.8 billion, surpassing the previous Budget 2023 (RM388.1 billion) which was retabled on 24 February 2023. Budget 2024 is the largest budget ever presented – where RM303.8 billion was allocated for operation expenditure and RM90 billion was allocated for development expenditure.

The 2024 revenue is expected to be RM307.6 billion (as compared to RM303.2 billion in year 2023). Fiscal deficit for year 2024 is expected to reduce to 4.3% of GDP (5% in year 2023) – with the aim to reduce it to 3% or lower in medium term. The country's GDP is expected to grow in the range of 4% to 5% in year 2024 (projected 4% in year 2023) whereas inflation rate is expected to range between 2.1% to 3.6% in year 2024 (as compared to the projected range of 2.5% to 3.0% in year 2023).

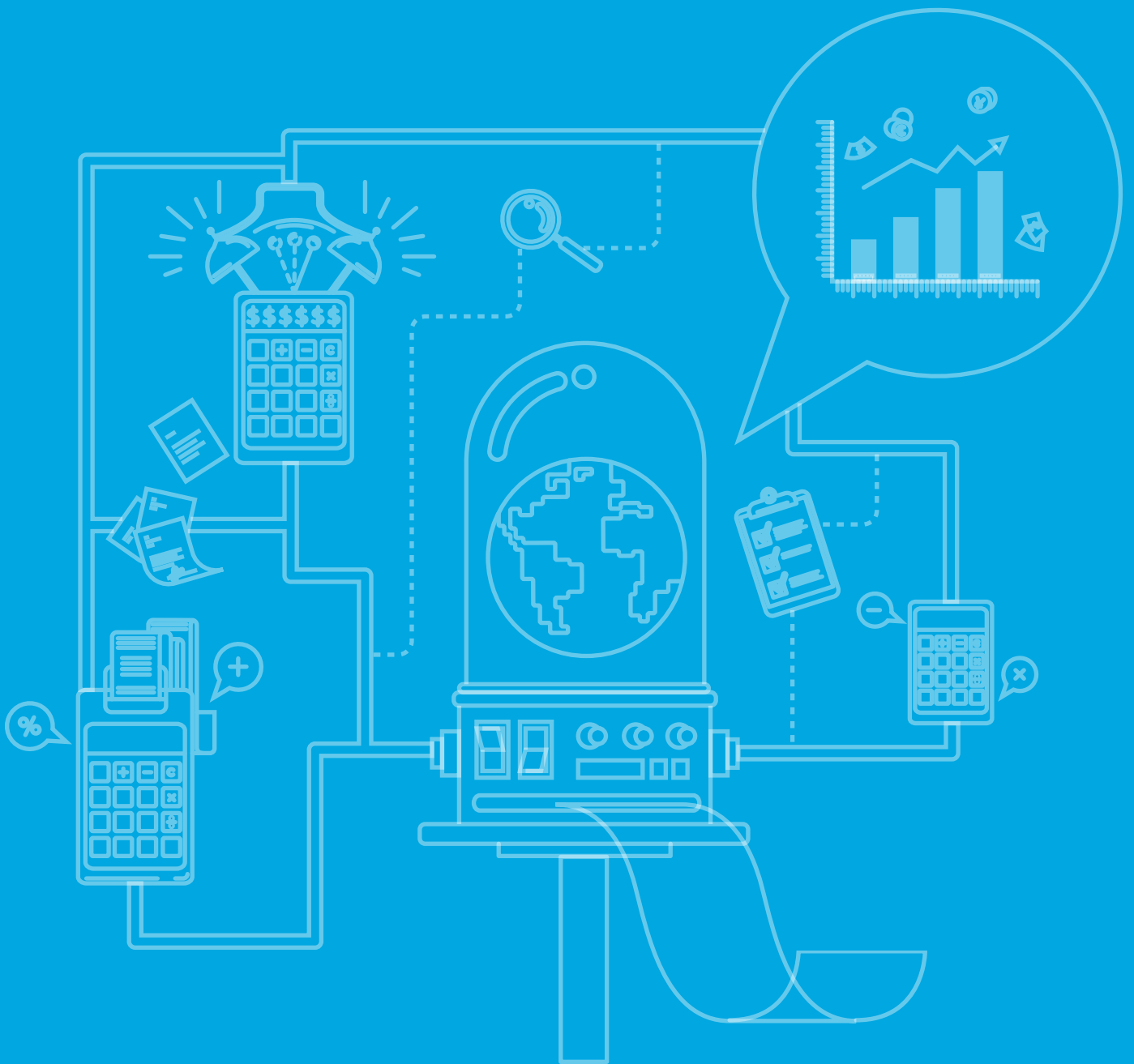
Some of the key highlights of Budget 2024: -

- SST rate goes up to 8% from the current 6% and expanded to logistics, brokerages, underwriting and karaoke services.
- CGT rates on disposal of non-listed companies' shares – at 10% on the net gain or 2% on the gross sales value (depending on the shares acquisition date).
- LGT at a rate ranging from 5% to 10% on high value items such as jewellery and watches.
- GMT to be implemented in year 2025 on companies with global income of at least EUR750 million.
- Deferral of mandatory implementation of e-Invoicing to 1 August 2024 (from 1 June 2024) for taxpayers with an annual turnover or revenue of more than RM100 million. For other taxpayers, implementation will be enforced in phases with a comprehensive implementation target by 1 July 2025.
- RM100 million in digitalisation grants up to RM5,000 for more than 20,000 MSMEs for sales, inventory and digital accounting systems upgrades.
- RM900 million in loan under BNM for SMEs to improve business productivity through automation and digitisation.



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1.0 CORPORATE TAX AND TAX INCENTIVES

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1.1 REVIEW OF CONDITIONS FOR INSTITUTIONS/ORGANISATIONS/FUNDS APPROVED UNDER SUBSECTION 44(6) OF MITA

To enhance tax compliance among institutions/organisations/funds approved under subsection 44(6) of MITA, it is proposed that the approval conditions be reviewed as follows:

No.	Approval conditions	Current	Proposal
1.	Accumulated funds utilisation limit for participation in business activities	Not more than 25%	Not more than 35%
2.	% of income earned in the previous year must be spent in charitable activity	At least 50%	Additional options for at least 60% of income must be spent if accumulated funds utilisation limit over 25% and up to 35%
3.	Approval conditions are breached	DGIR may withdraw the approval and donors are not eligible for tax deduction on contribution made to that institutions/organisations/funds	DGIR will not withdraw the approval during the validity period to ensure that donors remain eligible for tax deduction on contributions made throughout the approval period



The institutions/organisations/funds will not be eligible for tax exemption and DGIR will raise tax assessment on all income received by the institutions/organisations/funds in the YA the breach of conditions occurred

Effective: YA 2024

1.2 EXTENSION OF INCOME TAX EXEMPTION FOR SOCIAL ENTERPRISE

Currently, income tax exemption is given on all income of Social Enterprise up to 3 YAs (subject to the validity period of accreditation by the MEDC). The exemption is for applications received by MOF from 1 January 2022 to 31 December 2023.

It is proposed that the application period for the above tax exemption be extended for 2 years.

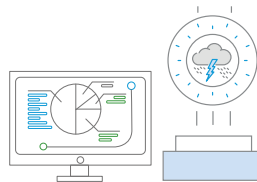
Effective: For applications received by MOF from 1 January 2024 to 31 December 2025

1.3 TAX DEDUCTION ON ESG RELATED EXPENDITURE

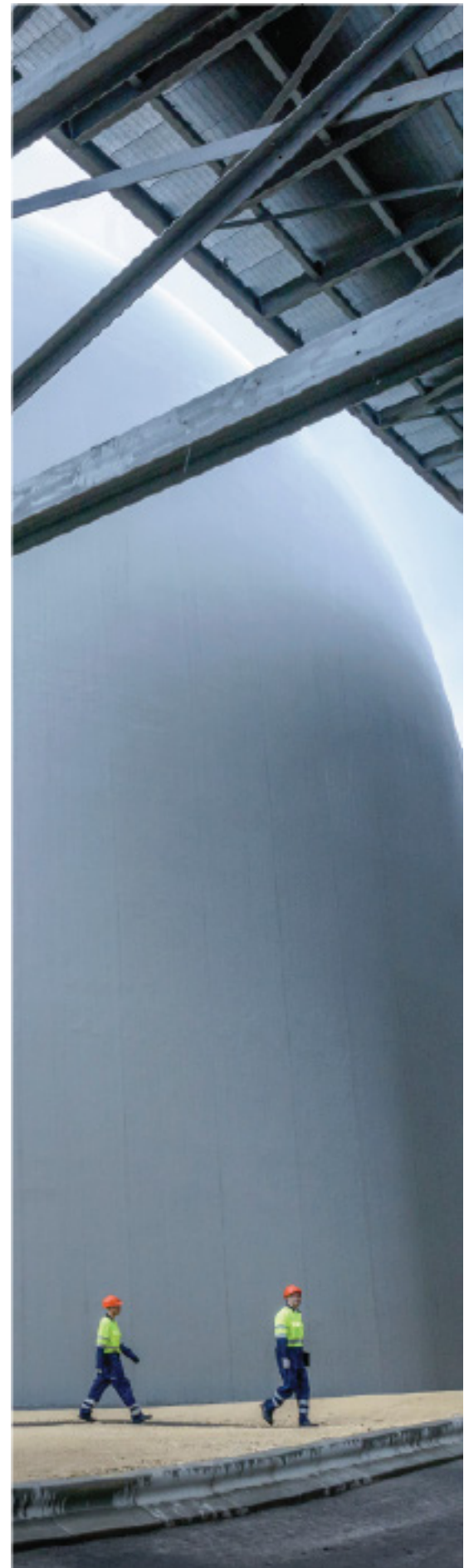
Currently, costs related to ESG compliance would not qualify for tax deduction.

To encourage more corporate participation in complying with ESG standards, it is proposed that tax deduction up to RM50,000 for each YA be given on ESG related expenditure as follows:-

- Enhance Sustainability Reporting Framework
- Climate Risk Management and Scenario Analysis
- TCGF of IRBM
- TP Documentation
- E-Invoicing implementation
- Any reporting requirement related to ESG



Effective: YAs 2024 to 2027



1.4 REVIEW OF CA ON ICT EQUIPMENT AND COMPUTER SOFTWARE

Purchase of ICT equipment and computer software (by companies) are allowed to claim CA as follows:

	Current		Proposed	
Qualifying expenditure	Effective	CA rates	Effective	CA rates
Purchase of ICT equipment and computer software packages	YA 2017	IA: 20% AA: 20%	YA 2024	IA: 40% AA: 20%
Consultation, licensing and incidental fees related to customised computer software development	YA 2018	IA: 20% AA: 20%	YA 2024	IA: 40% AA: 20%

Proposed increase of IA to 40%.

1.5 EXTENSION OF TAX EXEMPTION ON MANAGEMENT FEES INCOME FOR SRI FUNDS

Currently, companies that provide SRI fund management services to investors, business trusts investors or REITs investors in Malaysia approved by SCM are given tax exemption on management fees income for managing SRI funds.

It is proposed that income tax exemption be extended for a period of 4 years.

Effective: YAs 2024 to 2027

1.6 EXTENSION OF TAX DEDUCTION ON ISSUANCE OF SRI SUKUK

Currently, tax deduction is given on the issuance cost of SRI Sukuk approved or authorised or lodged with SCM from YAs 2016 to 2023.

It is proposed that tax deduction be extended for a period of 4 years until YA 2027.

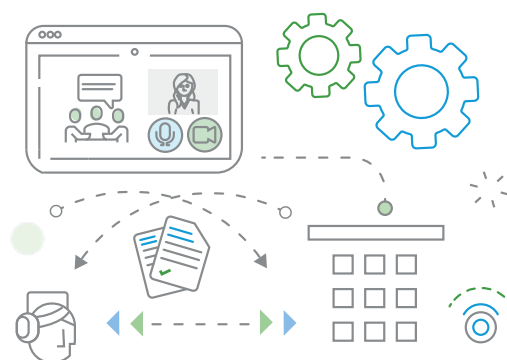
Effective: YAs 2024 to 2027

1.7 EXPANSION OF SCOPE OF INCOME TAX EXEMPTION ON THE SRI SUKUK GRANT AND BOND GRANT SCHEME

Currently, income tax exemption on SRI Sukuk Grant and Bond Grant Scheme is given from 1 January 2018 until 31 December 2025.

It is proposed that income tax exemption be expanded to include SRI-Linked Sukuk Grants and bonds issued under the ASEAN Sustainability-Linked Bond Standards (ASEAN SKBS) approved by SCM.

Effective: For application received by SCM from 1 January 2024 until 31 December 2025





1.8 REVIEW OF INCOME TAX EXEMPTIONS ON SHARIAH-COMPLIANT FUND MANAGEMENT SERVICES

Currently, Shariah-compliant fund management services companies approved by SCM are given 100% income tax exemption on SI from fund management services as follows:

Category	Incentive period
Foreign investors in Malaysia	YAs 2007 to 2023
Local investors	YAs 2008 to 2023
Business Trust investors or REITs investors in Malaysia	YAs 2014 to 2023

It is proposed that income tax exemption period for Shariah-compliant fund management services companies be extended for 4 years with 60% income tax exemption.

Effective: YAs 2024 to 2027

1.9 INCOME TAX EXEMPTION FOR ISLAMIC FINANCIAL ACTIVITIES UNDER LIBFC

It is proposed that full income tax exemption for a period of 5 years be given to Labuan entity that undertakes Islamic financial-related trading activities such as Islamic digital banking, Islamic digital bourses, *ummah*-related companies and Islamic digital token issuers.

Effective: YAs 2024 to 2028

1.10 INCENTIVE FOR REINVESTMENT UNDER THE NEW INDUSTRIAL MASTER PLAN 2030

New tax incentive has been proposed to encourage existing companies that have exhausted their RA eligibility period and to increase capacity and investment in high-value activities under New Industrial Master Plan 2030, as follows:

ITA	Tier 1	Tier 2	Eligibility rate
QCE	100%	60%	To be determined
SI to be Set-Off	100%	70%	by outcome-based approach

Effective: For applications received by MIDA from 1 January 2024 until 31 December 2028



1.11 TAX INCENTIVE FOR GLOBAL SERVICES HUB

Currently, Principal Hub tax incentive offers an income tax rate of 0%, 5% and 10% (subject to conditions) and not based on outcome-based approach.

It is proposed that Global Services Hub tax incentive be given on outcome-based approach as follows:-

	New Company		Existing Company	
	Tier 1	Tier 2	Tier 1	Tier 2
Exemption Years	5 + 5		5	
Tax Incentive	Tax rate of 5%	Tax rate of 10%	Tax rate of 5% on value-added income	Tax rate of 10% on value-added income
Types of Income Exempted	<ul style="list-style-type: none"> i. Services income; or ii. Services and trading income. 			
Qualifying Services & Additional Services	<ul style="list-style-type: none"> i. Regional P&L/Business Management Unit; ii. Strategic business planning; iii. Corporate development; and iv. Any 2 qualifying activities under the following services category: <ul style="list-style-type: none"> a. Strategic services; b. Business services; c. Shared services; or d. Other services. 			
Conditions (Outcome-based)	<ul style="list-style-type: none"> i. Annual operating expenditure; ii. High value full-time employees; iii. C-Suite with a minimum monthly salary of RM35,000; iv. Local ancillary services; v. Collaboration with higher education institution/TVET; vi. Training for Malaysian students/citizens; vii. ESG elements; or viii. Other conditions as determined by MOF. 			

The determination of the eligibility for the income tax rate that a company will enjoy for each YA is determined on outcome-based approach.

In addition, it is proposed that income tax rate of 15% be given for a period of 3 consecutive YAs and limited to 3 non-citizen individuals holding key/ C-Suite positions with a monthly salary of at least RM35,000 appointed by a new company approved with Global Services Hub tax incentive.

Effective: For applications received by MIDA from 14 October 2023 to 31 December 2027

1.12 REVIEW OF TAX INCENTIVE FOR AUTOMATION IN MANUFACTURING, SERVICES AND AGRICULTURE SECTORS

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



ACA of 100% for automation equipment on the first RM10 million of QCE incurred



Income tax exemption equivalent to 100% on the same QCE incurred for automation equipment

Note: For applications received by MIDA and MAFS from 1 January 2023 to 31 December 2027

It is proposed that the scope of ACA be expanded to include the commodity sector under MOPC.

Effective: For applications received by MOPC from 14 October 2023 until 31 December 2027

1.13 REVIEW OF TAX INCENTIVE FOR WOMEN CAREER COMEBACK PROGRAMME

Currently, income tax exemption on employment income for a maximum of 12 consecutive months is available for women who return to work after a career break of at least 2 years before or up to 27 October 2027 and the exemption is eligible as a claim in YAs 2018 to 2024 (for applications received by Talent Corporation Malaysia Berhad not later than 31 December 2023).

It is proposed that the eligibility criteria be enhanced as follows:

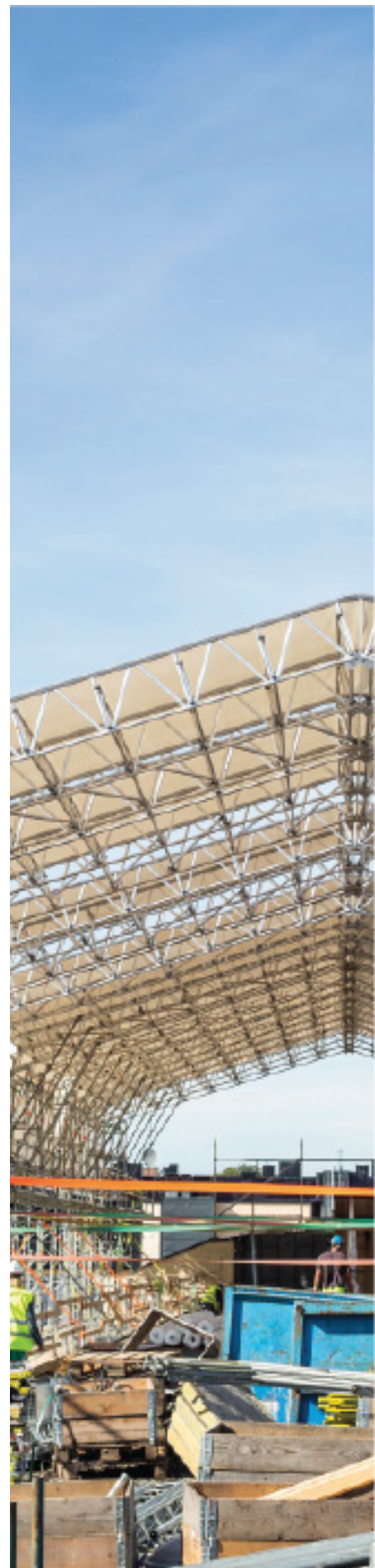


Women returning to work after a career break at least 2 years before the date of application received by the Talent Corporation Malaysia Berhad; and



the existing tax incentive be extended for a period of 4 years.

Effective: For applications received by Talent Corporation Malaysia Berhad from 1 January 2024 to 31 December 2027





1.14 REVIEW OF TAX INCENTIVE FOR ECF

Currently, individual investors are eligible for income tax exemption on aggregate income equivalent to 50% of the investment amount made in ECF (for investments made from 1 January 2021 until 31 December 2023), subject to conditions.

To attract more individual investors to invest in ECF platform, it is proposed that the tax incentive be expanded to investment made by individual investor through LLP nominee company and be extended for a period of 3 years.

Effective: For investment made from 1 January 2024 until 31 December 2026

1.15 EXTENSION OF TAX INCENTIVE FOR ANGEL INVESTOR

Currently, an angel investor is eligible for tax exemption equivalent to the amount of investment made in a tech start-up company (for applications received by MOF from 1 January 2021 to 31 December 2023).

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

Effective: For investment made from 1 January 2024 to 31 December 2026

1.16 REVIEW OF GREEN TECHNOLOGY TAX INCENTIVE

Currently, companies undertaking qualifying green activities are given the following tax incentives:

Green Investment Tax Allowance (GITA)

ITA of 100% on capital expenditure for qualifying green activities for a period of 3 years. The allowance can be set-off against up to 70% of SI.

Green Income Tax Exemption (GITE)

- Income tax exemption of 70% of SI on qualifying green services activities for a period of 3 YAs; and
- Income tax exemption of 70% of SI for a period of up to 10 YAs on solar leasing activity.

These tax incentives are for applications received by MIDA until 31 December 2023.

It is proposed that the green technology tax incentives be reviewed as follows:

GITA Project (Business Purposes)

Qualifying Activities	% GITA	% of SI to be Set-Off	Incentive Period
Tier 1	100%	100% or 70%	up to 10 years (5+5)
i. Green hydrogen			
Tier 2			
i. Integrated waste management	100%	100%	5 years
ii. EV charging station			
Tier 3			
i. Biomass			
ii. Biogas			
iii. Mini hydro	100%	70%	5 years
iv. Geo thermal			
v. Solar			
vi. Wind energy			

GITA Asset (Own Consumption)

Qualifying Activities	% GITA	% of SI to be Set-Off	Incentive Period
Tier 1:			
i. List of qualifying assets approved by MOF	100%	70%	
ii. Battery Energy Storage System			
iii. Green building			
Tier 2:			
i. List of qualifying assets approved by MOF	60%	70%	
ii. Renewable Energy System			
iii. Energy efficiency			

GITE Solar Leasing

Tier	Tax Exemption on SI	Incentive Period
>3MW – ≤10MW	70%	5 years
>10MW – ≤30MW		10 years

Effective: –

(i) GITA Project: For applications received by MIDA from 1 January 2024 to 31 December 2026

(ii) GITA Asset: QCE as verified by MGTC for the purchase of green technology assets starting from 1 January 2024 to 31 December 2026

(iii) GITE Solar Leasing: For applications received by MIDA from 1 January 2024 to 31 December 2026

1.17 EXTENSION OF TAX INCENTIVE FOR RENTAL OF EV

Currently, companies renting non-commercial EV are given tax deduction up to RM300,000 effective from YAs 2023 to 2025.

It is proposed that the tax deduction for rental of non-commercial EV be extended for a period of 2 years until YA 2027.

1.18 TAX DEDUCTION ON CONTRIBUTIONS FOR ENVIRONMENTAL PRESERVATION AND CONSERVATION PROJECTS

Currently, tax deductions are given under subsection 34(6)(h) of MITA on expenses incurred by a company for provision of services, public amenities, charity or community projects pertaining to education, health, housing, enhancement of income of the poor, infrastructure, ICT, maintenance of heritage building including environmental preservation or conservation projects.

It is proposed that the above tax deduction be given to entities contributing or sponsoring activities related to tree planting projects or environmental preservation and conservation awareness projects verified by FRIM.

Effective: For applications received by MOF from 1 January 2024 to 31 December 2026





1.19 FURTHER TAX DEDUCTION FOR VOLUNTARY CARBON MARKET

In year 2022, Bursa Malaysia launched a voluntary carbon market (VCM) initiative [known as the Bursa Carbon Exchange (BCX)] to act as a voluntary platform for carbon credit trading between carbon development project owners with any entity that aims to shift to low carbon practices. The expenditure related to development of carbon projects incurred by carbon credit trading companies is allowed for tax deduction under subsection 33(1) of MITA.

It is proposed that further tax deduction up to RM300,000 be given to companies for costs incurred on the Development and Measurement, Reporting and Verification (MRV) related to the development of carbon projects. The further tax deduction is deductible from the carbon credits income traded on BCX.

The development of carbon projects must be registered with an international standards body recognised by Bursa Malaysia and expenditure on development of carbon projects must be certified by MGTC.

Effective: For applications received by MGTC from 1 January 2024 to 31 December 2026

1.20 DEFERMENT OF E-INVOICING IMPLEMENTATION TIMELINE

The Government has proposed to defer the implementation of e-Invoicing as follows:

Targeted Taxpayers	Current Implementation Date	Proposed Implementation Date
Taxpayers with an annual turnover or revenue of more than RM100 million	1 June 2024	1 August 2024
Taxpayers with an annual turnover or revenue of more than RM50 million and up to RM100 million	1 January 2025	Will be enforced in phases with a comprehensive implementation target by 1 July 2025
Taxpayers with an annual turnover or revenue of more than RM25 million and up to RM50 million	1 January 2026	
All taxpayers and certain non-business transactions	1 January 2027	



2.0 INDIVIDUAL TAX

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2.1 EXPANSION OF SCOPE OF INCOME TAX RELIEF FOR MEDICAL TREATMENT EXPENSES FOR SELF, SPOUSE AND CHILD

With effect YA 2023, the income tax relief limit for medical expenses has been increased from RM8,000 to RM10,000. The scope of medical treatment expenses covers:

Serious illness for taxpayer, husband/wife or child

Fertility treatment for taxpayer or husband/wife;

Vaccination for taxpayer, husband/wife or child [limited to RM1,000];

Full medical check-up, mental health examination and COVID-19 detection test including the purchase of self-test kit for taxpayer, husband/wife or child [limited to RM1,000]; and

Diagnostic and rehabilitation treatment for children with learning disabilities such as Autism, Down Syndrome and Specific Learning Disabilities [limited to RM4,000].

It is proposed that the scope of tax relief be expanded to cover dental examination and treatment expenses from dental practitioners registered with the Malaysian Dental Council (limited to RM1,000).

Effective: YA 2024

2.2 EXPANSION OF SCOPE OF INCOME TAX RELIEF FOR MEDICAL TREATMENT, SPECIAL NEEDS AND CARER EXPENSES FOR PARENTS

Currently, individual income tax relief of up to RM8,000 is given on medical expenses, special needs and parental care as follows:



Treatment in clinics and hospitals



Treatment at nursing homes



Dental treatment not including cosmetic dental treatment



Treatment and home care nursing, daycare centres and residential care centres.

It is proposed that the scope of tax relief be expanded to cover full medical examination for parents (limited to RM1,000)

Effective: YA 2024

2.3 REVIEW OF INCOME TAX RELIEF FOR LIFESTYLE

Currently, income tax relief for lifestyle of up to RM2,500 is provided to individual taxpayer on the purchase of reading materials including e-book, printed/electronic daily newspapers, personal computers, smartphones or tablets, internet subscriptions, sports equipments and gymnasium membership fees.

Additional relief for lifestyle of up to RM500 is specifically allocated for:



Purchasing sports equipments



Payment of rental/entry fees to sports facilities



Registration fees for participating in sports competitions.

It is proposed that the limit and scope of tax relief for lifestyle be restructured as follows:

The lifestyle relief of up to RM2,500 is for the purchase of reading materials, including e-book, printed/electronic daily newspapers, purchase of personal computers, smartphones or tablets and internet subscription

The scope be expanded to include fees for self skills enhancement course.

Whereas, the purchase of sports equipment and gymnasium membership fees are removed from the scope of lifestyle relief.

Specific tax relief be introduced for "Sports Equipment and Activities" (limited to RM1,000).

The scope of relief covers the purchase of sports equipment, rental or entry fees to sports facilities, registration fees for participating in sports competitions and gymnasium membership fees. This relief is also expanded to sports training fees imposed by associations/sports clubs/companies registered with the Sports Commissioner or Companies Commission of Malaysia and carrying out sports activities as listed under the Sports Development Act 1997.

Effective: YA 2024



2.4 EXTENSION OF INDIVIDUAL INCOME TAX RELIEF FOR UP-SKILLING AND SELF-ENHANCEMENT COURSES FEES

Currently, individual income tax relief of up to RM2,000 from the total education fees relief of RM7,000 is given on fees paid for attending up-skilling or self-enhancement courses recognised by the Department of Skills Development, Ministry of Human Resources (for YAs 2022 and 2023).

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

Effective: YAs 2024 to 2026



2.5 EXTENSION OF INDIVIDUAL INCOME TAX RELIEF FOR EV CHARGING FACILITIES

Currently, individual income tax relief up to RM2,500 on expenses related to installation, rental, purchasing including hire-purchase equipment or subscription fees for EV charging facilities is given for YAs 2022 and 2023.

It is proposed that such tax relief be extended for a period of 4 years.

Effective: YAs 2024 to 2027

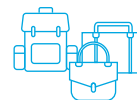
2.6 REVIEW OF INCOME TAX EXEMPTION FOR CHILD CARE ALLOWANCE UNDER PERQUISITES FROM EMPLOYMENT

With effect YA 2008, income tax exemption is given on perquisites received by employees including child care allowance for children aged 12 and below. Income tax exemption on child care allowances received by employees or paid directly by employers to childcare centres is given up to RM2,400 per year.

From YA 2013, employers who provide child care centres in the workplace are given tax incentive as follows:



Double deduction on expenditure for management and maintenance of child care centres;



Double deduction on allowances or subsidies to employees for child care expenses; and



IBA at an annual rate of 10% for buildings used as child care centres.

It is proposed that the income tax exemption on child care allowances received by employees or paid directly by employers to child care centres be increased from RM2,400 to RM3,000 per year.

Effective: YA 2024



2.7 REVIEW OF TAX INCENTIVES FOR RETURNING EXPERT PROGRAMME

The Returning Expert Programme under Talent Corporation Malaysia Berhad offers the following tax incentives:

Income tax at a fixed rate of 15% on employment income for 5 consecutive YAs; and

Import and excise duties exemption for the purchase of a Completely Built-Up (CBU) vehicle or excise duty exemption for the purchase of a Completely Knocked-Down (CKD) vehicle, subject to an exemption amount of up to RM100,000.

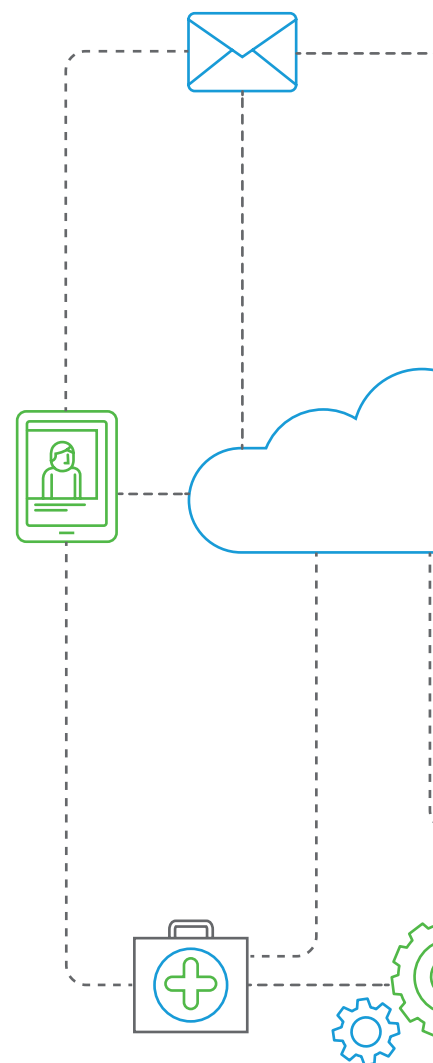
The tax incentive is for applications received by Talent Corporation Malaysia Berhad from 1 January 2021 until 31 December 2023.

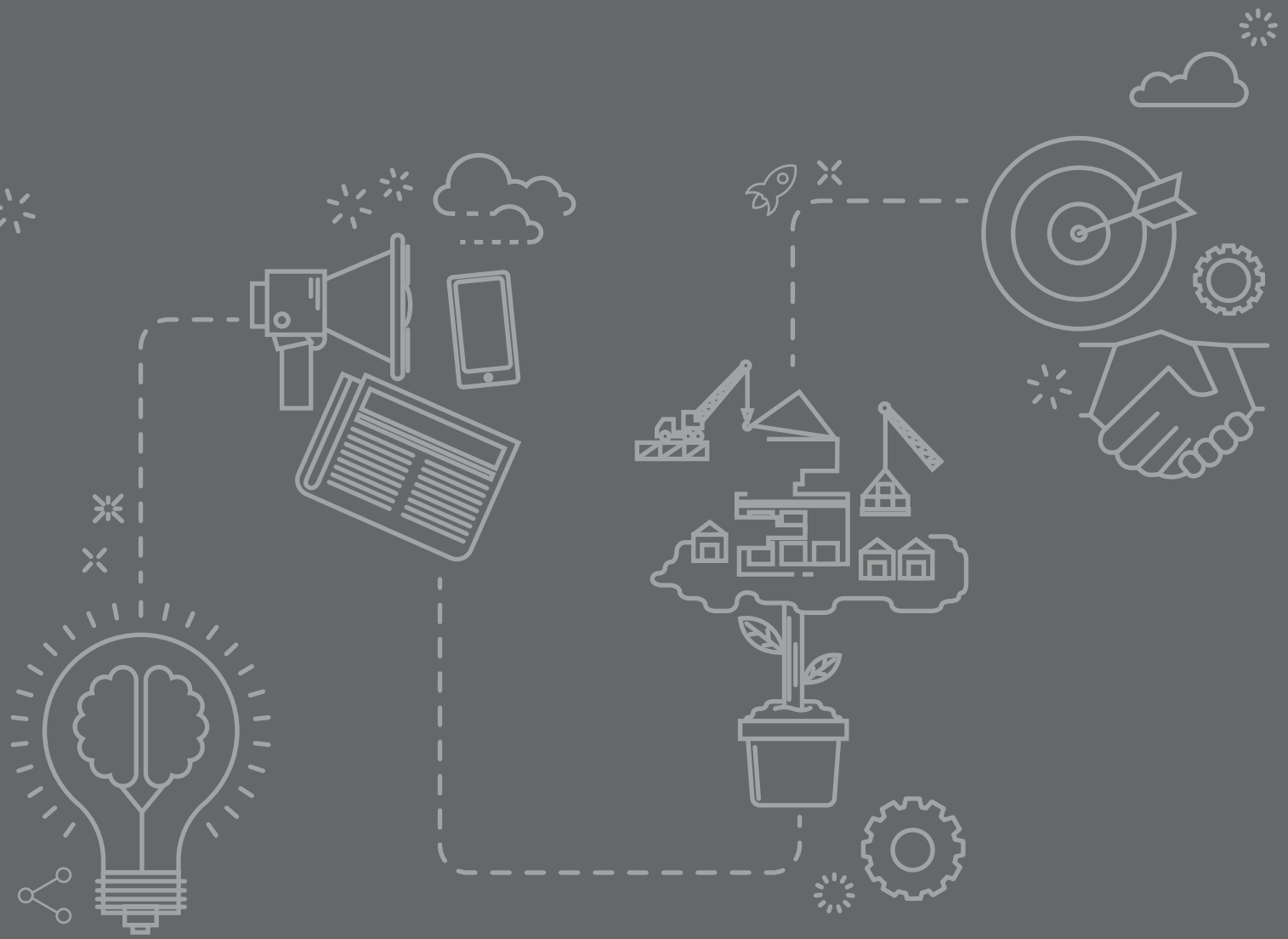
It is proposed that the above tax incentive be reviewed as follows:

Income tax at a fixed rate of 15% on employment income for 5 consecutive YAs; and

Exemption on excise duty for the purchase of a CKD vehicle subject to an exemption amount of up to RM100,000

Effective: For applications received by the Talent Corporation Malaysia Berhad from 1 January 2024 to 31 December 2027





3.0 STAMP DUTY

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3.1 REVIEW OF STAMP DUTY FOR TRANSFER OF PROPERTY OWNERSHIP BY RENUNCIATION OF RIGHTS

Currently, transfer of property ownership involving inheritance property is subject to a fixed rate of duty of RM10 under item 32(i) of the First Schedule, Stamp Act 1949 if the ownership is transferred from the administrator to an eligible beneficiary in accordance with a will/faraid or the Distribution Act 1958.

If eligible beneficiary renounces his/her right to another eligible beneficiary or non-beneficiary, ad-valorem duty is charged under Item 66(c) of the First Schedule of the Stamp Act 1949.

It is proposed that the transfer of property ownership in which the eligible beneficiary renounces his/her right to another eligible beneficiary in accordance with a will/faraid or the Distribution Act 1958 be subjected to a fixed duty of RM10.

Effective: For instrument of property ownership transfer executed from 1 January 2024

3.2 REVIEW OF STAMP DUTY FOR PROPERTY OWNERSHIP BY NON-CITIZEN

Currently, foreign-owned companies and non-citizen individuals are subject to the same ad valorem stamp duty rate on instrument of transfer as imposed on Malaysian citizens as follows:-

Sales Price/Market Value of Property (whichever is higher)	Stamp Duty Rate
First RM100,000	1%
RM100,001 to RM500,000	2%
RM500,001 to RM1,000,000	3%
RM1,000,001 and above	4%

It is proposed that a flat stamp duty rate of 4% be imposed on the instrument of transfer executed by foreign-owned companies and non-citizen individuals (except Malaysian permanent residents).

Effective: For instrument of property ownership transfer executed from 1 January 2024





4.0 INDIRECT TAXES

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

It is proposed that the current service tax rate be increased from 6% to 8%. The current service tax rate of 6% would remain unchanged for services such as foods and beverages and telecommunication services.

Effective: To be announced

4.2 EXPANSION OF SCOPE OF TAXABLE SERVICES

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



Logistics



Brokerage



Underwriting



Karaoke.

Effective: To be announced

4.3 INTRODUCTION OF NEW LEGISLATION FOR IMPLEMENTING LGT

The Government will enact a new legislation to implement LGT as announced in the Budget 2023 (Retabled) where the proposed rate will range from 5% to 10% on certain luxury items such as jewellery and expensive watches.

Effective: To be announced

4.4 IMPORT DUTY AND SALES TAX EXEMPTION ON MANUFACTURING AIDS

Currently, manufacturers who import / purchase manufacturing aid locally are not entitled for import duty and sales tax exemption.

It is proposed that import duty and sales tax exemption be given to eligible manufacturers on the importation and locally purchased manufacturing aids for specific types of industry and category of goods.

Effective: 1 January 2024



4.5 REVIEW OF EXCISE DUTY RATE ON SUGAR SWEETENED BEVERAGES

Currently, the excise duty rate on sugar sweetened beverages is RM 0.40 per litre based on the sugar content threshold on the following sugar sweetened beverages:-

Tariff Code	Type of Beverages	Sugar Content Threshold
22.02	Beverages including carbonated drink containing added sugar or other sweetening matter or flavoured and other non-alcoholic beverages	>5g/100ml
	Flavoured milk-based beverages containing lactose	>7g/100ml
20.09	Fruit juices and vegetable juices whether or not containing added sugar or other sweetening matter	>12g/100ml

It is proposed that the excise duty rate for sugar sweetened beverages be increased to RM 0.50 per litre.

Effective: 1 January 2024

4.6 IMPOSITION OF EXCISE DUTY ON CHEWING TOBACCO

Currently, smokeless tobacco products such as chewing tobacco and snuff tobacco are subjected to import and excise duties and sales tax as follows:-

Type of Duty/Tax	Chewing Tobacco	Snuff Tobacco
Import duty	5% + RM 50/kg	5% + RM 40/kg
Excise duty	Not applicable	5% + RM 27/kg
Sales Tax	10%	10%

It is proposed that excise duty at a rate of 5% + RM 27/kg be imposed on chewing tobacco under the tariff code 2403.99.5000.

Effective: 1 January 2024

4.7 ENTERTAINMENTS DUTY EXEMPTION IN THE FEDERAL TERRITORIES

Currently, entertainments duty is imposed at a rate of 25% on admission fees to entertainment places or events such as theme parks, stage performances, sports events and competitions as well as film screening in cinemas.

It is proposed that an exemption / reduction of rate be given to the current entertainments duty rate for selected type of entertainments held in the Federal Territories as follows:-

Type of Entertainments	Entertainment Duty Rate	
	Current	After Exemption
<ul style="list-style-type: none"> Stage performance by international artist / Light Show / Circus Film screening (Cinema) / Theatre 	25%	10%
<ul style="list-style-type: none"> Exhibition / Zoo / Aquarium 		5%
<ul style="list-style-type: none"> Sports Event / E-Sports / Bowling / Snooker / Pool / Billiard / Karaoke 		
<ul style="list-style-type: none"> Theme Park / Family Recreation Centre / Indoor Games Centre / Simulator 		0%
<ul style="list-style-type: none"> Stage performance by local artist 		

Effective: For applications received by MOF from 1 January 2024 to 31 December 2028





5.0 CAPITAL GAINS TAX (CGT)

5.0 CAPITAL GAINS TAX (CGT)

5.1 CGT ON DISPOSAL OF UNLISTED SHARES

Currently, tax on gains from the disposal of real property and shares in real property companies is imposed under the RPGTA. There is no tax imposed on gains from the disposal of shares except shares in real property companies.

It is proposed that CGT rate be imposed as follows:-

Shares Acquisition Date	CGT Rate
Before 1 March 2024	The taxpayers may choose: i. 10% on the net gain of the disposal of shares; or ii. 2% on the gross sales value.
From 1 March 2024	10% on the net gain of the disposal of shares

It is also proposed that CGT exemption be given on the disposal of shares related to the following activities:-

- IPO approved by Bursa Malaysia; and
- Restructuring of shares within the same group.

Effective: 1 March 2024

5.2 AREAS TO TAKE NOTE

- Whether exemption will be granted to transactions which are taxed under RPGT provisions.
- Basis of charging CGT where a holding company owns unlisted shares in companies outside Malaysia, listed shares/ initial public offering exercise approved by Bursa Malaysia.



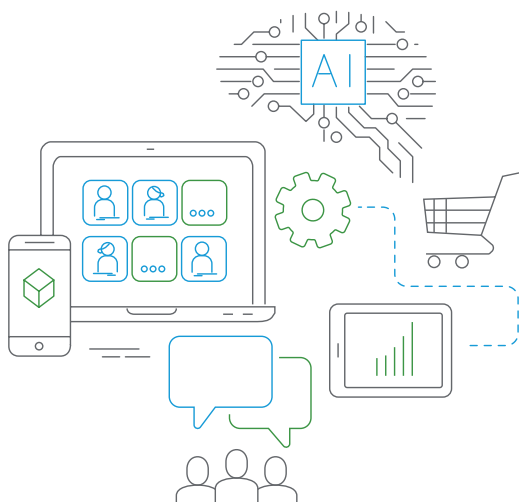


6.0 GLOBAL MINIMUM TAX (GMT)

6.0 GLOBAL **MINIMUM TAX** (GMT)

In Budget 2023, it was proposed that Malaysia will implement GMT starting from year 2024. The GMT provisions basically provide for new taxing rights to ensure that a multinational group with global revenue of at least EUR 750 million per annum is taxed at a globally agreed minimum tax rate of 15%.

The Government has now indicated (in Budget 2024) that GMT will be implemented in year 2025 and would be applicable for MNE Group which has more than EUR 750 million consolidated revenue in at least two of the four fiscal years immediately preceding the tested fiscal year.





2024 RSM TAX SEMINAR

RSM in collaboration with The Institute of Taxation Sdn Bhd

Dear valued clients and business associates,

RSM in collaboration with The Institute of Taxation Sdn Bhd invites you to join us at this year's RSM Tax Seminar which will provide participants with interesting insights into the key tax changes to be presented in the 2024 Budget Proposals.

Date 22 November 2023, Wednesday

Time 8:30 am – 5:00 pm

Venue Aloft Kuala Lumpur Sentral

Registration



Scan here to register

*Kindly register by 8 November 2023, Wednesday.

Seminar Fees

Regular fee : RM 750
Early bird fee : RM 700 (before 8 November 2023)
Group fee: RM 700 (2 and above)

HRD Corp Claimable

Scheme: HRD Corp Claimable Courses (SBL-KHAS)
MyCoID: 125828W (The Institute of Taxation Sdn Bhd)
Trainer: Mayadevi a/p Karpayah

Certificate of Attendance

Participants will be presented with a Certificate of Attendance which can be used to register CPE hours /CPD points

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