

BUDGET 2024 HIGHLIGHTS

PERSONAL TAX

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| Personal tax relief on dental expenses | Personal tax relief on parent medical check-up |
| <p>Tax relief for medical treatment to include dental examination and treatment expenses (up to RM1,000). This is applicable for expenses on self, spouse, and child.</p> <p><i>Effective YA 2024</i></p> | <p>Tax relief on medical expenses incurred for parents to include full medical examination (up to RM1,000).</p> <p><i>Effective YA 2024</i></p> |
| Personal tax relief on lifestyle expenses | Personal tax relief on sports |
| <p>Lifestyle tax relief of up to RM2,500 to include self-skills enhancement course. The purchase of sports equipment and gymnasium membership to be removed and included under Sports Equipment and Activities tax relief.</p> <p><i>Effective YA 2024</i></p> | <p>A new Sports Equipment and Activities tax relief of up to RM1,000 for the purchase of sports equipment, rental or entry fees to sports facilities, registration fees in sports competition and gymnasium membership fees.</p> <p><i>Effective YA 2024</i></p> |
| Personal tax relief for up-skilling and self-enhancement | Personal tax relief for electric vehicle charging facilities |
| <p>This tax relief (up to RM2,000) continues to be applicable up to YA 2026.</p> <p><i>Effective YA 2024 to YA 2026</i></p> | <p>This relief (up to RM2,500) continues to be applicable up to YA 2027.</p> <p><i>Effective YA 2024 to YA 2027</i></p> |
| Tax incentive for women | Childcare allowance |
| <p>Women returning to work after a 2-year career break is eligible for tax exemption of employment income from YA 2025 to YA 2028.</p> <p><i>Application to Talent Corp from 1/1/2024 to 31/12/2027</i></p> | <p>Tax exemption on childcare allowances received by employees or paid directly by employers to childcare centers to increase to RM3,000 per year.</p> <p><i>Effective YA 2024</i></p> |

Tax incentive for returning experts

The application period for income tax exemption for the Returning Expert Program will be extended. Approved applicants will be entitled to the following incentives:

- 15% income tax rate on employment income received for 5 consecutive years of assessment; and
- Excise duty exemption of up to RM100,000 for the purchase of a Completely Knocked Down (CKD) vehicle.

Application to Talent Corp from 1/1/2024 to 31/12/2027

CORPORATE TAX

| Mandatory e-Invoicing | Global Minimum Tax (GMT) |
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| <p>Implementation deferred to 1/8/2024 for taxpayers with annual turnover or revenue of more than RM100 million.</p> <p>For other taxpayers, implementation in phases with full implementation by 1/7/2025.</p> <p><i>Effective 1/8/2024</i></p> | <p>The GMT will be introduced as recommended under Pillar 2 of the Base Erosion and Profit Shifting 2.0. Subject to further studies, the Global Minimum Effective Tax Rate and Qualified Domestic Minimum Top-Up Tax are targeted to be implemented in the year 2025.</p> <p><i>Effective Date not provided</i></p> |
| Approval conditions under S44(6) of the Income Tax Act | |
| <ul style="list-style-type: none"> • Institutions/ organisations/ funds can utilize not more than 35% of accumulated funds to participate in business and spend at least 60% of the income earned on charitable activities. • Otherwise, the utilization of accumulated funds remains at 25% and the threshold of charitable activity expenditure is at 60%. <p><i>Effective YA2024</i></p> | |

TAX INCENTIVES

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| Shariah compliant fund management services | Income Tax Exemption on Islamic Securities Selling and Buying (ISSB) |
| <p>Tax exemption period for Shariah-compliant fund management services companies to be extended for another 4 years with 60% tax exemption.</p> <p><i>Effective YA 2024 to YA 2027</i></p> | <p>To increase the overall volume of securities trading and liquidity of the shariah-compliant stock market by involving of more investors and brokers in ISSB transactions, to ensuring equal services are provided for transactions Securities Borrowing and Lending.</p> <p><i>Effective YA 2024</i></p> |
| Tax exemption on SRI sukuk and bond grant | Tax deduction on ESG related expenses |
| <p>Existing income tax exemption to be expanded to include Sustainable and Responsible Investment (SRI) Sukuk Grants and Bonds issued under the ASEAN Sustainability-Linked Bond Standards approved by Securities Commission (SC).</p> <p><i>Application to SC from 1/1/2024 to 31/12/2025</i></p> | <p>Tax deduction up to RM50,000 on Environmental, Social and Governance (ESG) expenses:</p> <ul style="list-style-type: none"> • Transfer pricing documentation; • E-invoicing implementation (Micro, Small and Medium Enterprises only); • Preparation of reports related to Tax Corporate Governance Framework; and • Any ESG reporting requirements. <p><i>Effective YA 2024 to YA 2027</i></p> |
| Tax incentive for Global Services Hub | Incentive for Reinvestment under the New Industrial Master Plan 2030 |
| <p>New Global Services Hub tax for companies providing strategic/ business services, shared services to other countries.</p> <p>It is proposed that income tax rate of 15% be given for 3 consecutive years of assessment 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 the Global Services Hub tax incentive.</p> <p><i>Application to Malaysian Investment Development Authority (MIDA) from 14/10/2023 to 31/12/2027</i></p> | <p>Investment tax allowance is proposed for existing companies that have exhausted their reinvestment allowance.</p> <ul style="list-style-type: none"> • 100% allowance on qualifying capital expenditure (QCE) for tier 1; and • 60% allowance on QCE, set-off against 70% of statutory income for tier 2. <p><i>Applications to MIDA from 1/1/2024 to 31/12/2028</i></p> |

| Tax incentive for equity crowdfunding | Tax incentive for angel investor |
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| <p>Tax incentive for equity crowdfunding to expand to include investment made via Limited Liability Partnership and extended for another 3 years.</p> <p><i>Investments made from 1/1/2024 to 31/12/2026</i></p> | <p>Tax incentive on tech start-up company to be extended for another 3 years.</p> <p><i>Investments made from 1/1/2024 to 31/12/2026</i></p> |
| Capital allowance on ICT equipment and software | Industrial building allowance for Private Nursing Home for Senior Citizens |
| <p>Capital allowance claim period to reduce from 4 to 3 years with the increase of initial allowance to 40% for:</p> <ul style="list-style-type: none"> • Purchase of ICT equipment and computer software packages; and • Consultation, licensing and incidental fees related to customized computer software development. <p><i>Effective YA 2024</i></p> | <p>Industrial building allowance (IBA) be given to private nursing homes for senior citizens at 10% of the cost of the building constructed or purchased, including renovation costs for each YA subject to:</p> <ul style="list-style-type: none"> • Private nursing homes approved by the Ministry of Health Malaysia; and • QCE incurred from 01/01/2024 to 31/12/2026. <p><i>Effective from 1/1/2024 to 31/12/2026</i></p> |
| Tax deduction on voluntary carbon market | ACA for commodity sector |
| <p>Tax deduction up to RM300,000 for costs incurred on Development and Measurement, Reporting and Verification (MRV) related to development of carbon projects.</p> <p><i>Applications to Malaysia Green Technology and Climate Change from 1/1/2024 to 31/12/2026</i></p> | <p>100% Accelerated Capital Allowance (ACA) on expenditure for automation equipment to include the commodity sector.</p> <p><i>Application to Ministry of Planation and Commodities from 14/10/2023 to 31/12/2027</i></p> |
| Tax deduction on environmental expenses | Green technology tax incentive |
| <p>Tax deduction allowed for entities contributing or sponsoring tree planting projects or environmental preservation and conservation awareness projects.</p> <p><i>Applications to Ministry of Finance from 1/1/2024 to 31/12/2026</i></p> | <p>Enhancement of tax incentive on green business activities, green assets, and solar leasing.</p> <p><i>Applications/expenditure from 1/1/2024 to 31/12/2026</i></p> |

| Tax exemption on SRI management fees | Tax deduction on Issuance of SRI Sukuk |
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| <p>Tax exemption period for management fees income for managing SRI to be extended for another 4 years.</p> <p><i>Effective YA 2024 to YA 2027</i></p> | <p>Issuance cost of SRI Sukuk either approved by, authorized by or lodged with SC is eligible for tax deduction.</p> <p><i>Effective YA 2024 to YA 2027</i></p> |
| Tax exemption for social enterprise | Tax incentive for rental of electric vehicle |
| <p>The application period for tax exemption on all income of Social Enterprise to be extended for another 2 years.</p> <p><i>Application to Ministry of Finance from 1/1/2024 to 31/12/2025</i></p> | <p>Tax deduction on rental of non-commercial electric vehicle (EV) up to RM300,000 to be extended for another 2 years.</p> <p><i>Extended up to YA2027</i></p> |
| Special tax rate for promoting production of foreign film in Malaysia | |
| <p>The government intends to establish a special income tax rate ranging from 0% to 10% for film production companies, foreign film actors and crew who carry out filming in Malaysia.</p> <p><i>Effective Date not provided</i></p> | |

CAPITAL GAINS TAX

| Capital Gains Tax (CGT) on unlisted shares |
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| <ul style="list-style-type: none"> • Before 1/3/2024: 10% on net gain of the shares disposed; OR 2% on the gross sales value. • From 1/3/2024: 10% on net gain of the shares disposed. <p>CGT exemption proposed for Initial Public Offering (IPO) approved by Bursa Malaysia and restructuring of shares within the same group.</p> <p><i>Effective 1/3/2024</i></p> |

INDIRECT TAX

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| <p>Import Duty and Sales Tax Exemption on Manufacturing Aids</p> | <p>Increase in Service Tax rate and scope</p> |
| <p>Import duty and sales tax exemption provided to qualified manufacturers on the importation and locally purchased of manufacturing aids.</p> <p><i>Effective 1/1/2024</i></p> | <p>Increase in Service Tax rate from 6% to 8% (not applicable for food, drinks, telecommunication, and parking services).</p> <p>The scope of taxable services to include logistics, brokerage, underwriting and karaoke services.</p> <p><i>Effective Date not provided</i></p> |
| <p>High Value Goods Tax – 5% to 10%</p> | <p>Imposition of Excise Duty on Chewing Tobacco</p> |
| <p>Introduction of High Value Goods Tax on certain high-value items such as jewelry and watches.</p> <p><i>Effective Date not provided</i></p> | <p>Propose to impose excise duty of 5% + RM27/kg on chewing tobacco under the tariff code: 2403.99.5000</p> <p><i>Effective 1/1/2024</i></p> |
| <p>Entertainment duty exemption</p> | <p>Excise duty rate on sugar sweetened beverages</p> |
| <p>Entertainment duty is reduced from 25% to 0% for local artist, 5% for theme park, family recreation center, indoor games center, simulator, and the rest at 10%</p> <p><i>Applications to Ministry of Finance from 1/1/2024 to 31/12/2028</i></p> | <p>The excise duty rate for sugar sweetened beverages is increased to RM0.50 per litre.</p> <p><i>Effective 1/1/2024</i></p> |
| <p>Stamp duty for transfer of property</p> | <p>Stamp duty for non-citizen</p> |
| <p>A fixed duty of RM10 on transfer of property ownership where the eligible beneficiary renounces his/her right to another eligible beneficiary.</p> <p><i>Transfer executed from 1/1/2024</i></p> | <p>A flat stamp duty of 4% on instrument of transfer executed by foreign-owned companies and non-citizen individuals (except for Malaysian permanent residents).</p> <p><i>Transfer executed from 1/1/2024</i></p> |

LABUAN

Islamic financial activities in Labuan

Full tax exemption for a period of 5 years for Labuan entity undertaking Islamic financial related trading activities.

Effective YA 2024 up to YA 2028

The highlights are for general guidance only. It is prepared based on the information available as at 13.10.2023.