

KEY HIGHLIGHTS OF CAPITAL GAINS TAX (CGT) IN BUDGET 2024

Disposal of Capital Assets Subject to CGT (effective from 01 March 2024)

a) Situated in Malaysia

- i) Shares of a company incorporated in Malaysia not listed on the stock exchange.
- ii) Shares of a controlled company incorporated outside Malaysia which owns real property situated in Malaysia or shares of another controlled company or both, subject to certain conditions.

b) Situated Outside Malaysia

- iii) All types of capital assets
(* more clarification is required on the detailed rules governing the taxability of gains arising from disposal of capital assets situated outside Malaysia).

Taxability

It is proposed that the gains or profit from the disposal of capital assets be included as a class of income on which tax is chargeable under the new Section 4(aa) of the Income Tax Act, 1967.

This capital gains tax will only be applicable to disposal of capital assets by a company, a limited liability partnership, a trust body or a cooperative society.

Tax Exemption From CGT

Any gains or profits from the disposal of capital assets situated in Malaysia will be exempted from income tax. However, the exemption does not apply to the following :-

- i) Disposal of shares of a company incorporated in Malaysia not listed on the stock exchange; and
- ii) Disposal of shares on a foreign company that owns real property in Malaysia.

CGT Vs RPGT When There is A Disposal of RPC Shares

<u>Particulars</u>	<u>CGT</u>	<u>RPGT</u>
Disposal of RPC shares by a company; LLP; trust body; co-operative society	√	
Disposal of RPC shares by individuals		√

Applicable Tax Rates

<u>Period of Disposal</u>	<u>Tax Rates</u>
a) Capital assets (situated in Malaysia) acquired before 01 January 2024	- 10% on the chargeable income; or - 2% on the gross disposal price.
b) Capital assets (situated in Malaysia) acquired on or after 01 January 2024	10% of the chargeable income from the disposal of the capital asset
c) Disposal of capital assets other than a disposal under (a) and (b) above	At the applicable rate to the company, LLP, trust body or co-operative society as specified under the ITA on the chargeable income from the disposal of the capital asset

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CGT Administration - Tax Reporting and Payments

- CGT returns must be furnished electronically within 60 days from the date of the disposal of capital asset.
- CGT must be paid within 60 days from the date of disposal of capital asset.

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