



MOORE Advent

TAX FLASH

NOVEMBER 2020 (SPECIAL EDITION NO. 2)

2021 Budget Highlights

With the release of the Finance Bill 2020 on 16th November 2020, we provide you with the updates on the additional amendments contained therein besides those announced in the Budget Speech 2020. The updated key amendments are outlined broadly into the following categories:-

- A. Income Tax – Changes Affecting Individuals
- B. Income Tax – Changes Affecting Companies and Unincorporated Businesses
- C. Investment Incentives
- D. Real Property Gains Tax
- E. Petroleum Income Tax
- F. Stamp Duty
- G. Sales and Service and Indirect Taxes
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Legend

DGIR	=	Director General of Inland Revenue
EPF	=	Employee Provident Fund
HRDF	=	Human Resources Development Fund
IRB	=	Inland Revenue Board
ITA	=	Investment Tax Allowance
ITA 1967	=	Income Tax Act 1967
LBATA 1990	=	Labuan Business Activity Tax Act 1990
LLP	=	Limited Liability Partnership
MIDA	=	Malaysian Investment Development Authority
MoF	=	Minister of Finance
PENJANA	=	Short-Term Economic Recovery Plan
PITA 1967	=	Petroleum (Income Tax) Act 1967
R&D	=	Research and Development
RA	=	Reinvestment Allowance
RPGT	=	Real Property Gains Tax
RPGT Act 1976	=	Real Property Gains Tax Act 1976
SA 1949	=	Stamp Act 1949
SC	=	Securities Commission
SCIT	=	Special Commissioners of Income Tax
SME	=	Small and Medium Enterprise
YA	=	Year of Assessment

A. Income Tax – Changes Affecting Individuals

1. Reduction in Individual Tax Rate

- Tax rate for resident individuals be reduced by 1% for chargeable income band of RM50,001 to RM70,000
- A comparison is as shown below:-

Chargeable Income RM	Current Tax Rates %	Proposed Tax Rates %	Reduction %
0 – 5,000	0	0	-
5,001 – 20,000	1	1	-
20,001 – 35,000	3	3	-
35,001 – 50,000	8	8	-
50,001 – 70,000	14	13	1
70,001 – 100,000	21	21	-
100,001 – 250,000	24	24	-
250,001 – 400,000	24.5	24.5	-
400,001 – 600,000	25	25	-
600,001 – 1,000,000	26	26	-
1,000,001 – 2,000,000	28	28	-
Exceeding 2,000,000	30	30	-

- Effective YA 2021

2. Increase in Additional Tax Relief for Disabled Spouse

- Additional relief for disabled spouse be increased from RM3,500 to RM5,000
- Effective YA 2021

3. Increase in Tax Relief for Medical Expenses for Parents

- Relief for the expenses incurred for parents in respect of medical treatment, special needs and parental care be increased from RM5,000 to RM8,000
- Effective YA 2021

4. Expansion of the Scope of Income Tax Relief for Expenses Incurred on Study Fees

- Relief for study fee of up to RM7,000 is extended to include the fee incurred for attending any up-skilling or self-enhancement course conducted by a body recognised by the Director General of Skills Development under the National Skills Development Act 2006. The tax relief claimable is limited to RM1,000 for each year of assessment
- Effective YA 2021 and YA 2022

5. Increase and Expansion of Tax Relief for Medical Expenses for Self, Spouse and Child

- Relief on the expenses incurred on medical treatment for serious diseases for self, spouse and child and fertility treatment for a married individual be increased from RM6,000 to RM8,000
- The relief on the expenses incurred on complete medical examination, which forms part of the relief mentioned above, be increased from RM500 to RM1,000
- The scope of the tax relief for medical treatment expenses be expanded to include vaccination expenses of up to RM1,000 incurred in respect of the following:-

- Pneumococcal;
- Human Papillomavirus (HPV);
- Influenza;
- Rotavirus;
- Varicella;
- Meningococcal;
- Combination of tetanus-diphtheria-acellular pertussis (TDAP); and
- Coronavirus Disease 2019 (COVID-19)
- Effective YA 2021

6. Increase and Expansion of Relief for Lifestyle

- It is proposed that:-
 - i. the relief of lifestyle be increased from RM2,500 to RM3,000 where the additional relief of up to RM500 is allocated for the expenses incurred on purchasing sports equipment, entry/rental of sports facilities and registration fees for sports competitions where the organiser is approved and licensed by the Commissioner of Sports;
 - ii. the relief of lifestyle be expanded to widen the scope of lifestyle deduction (which currently only covers the purchase of printed daily newspapers) to subscription of electronic newspapers; and
 - iii. a special personal relief of up to RM2,500 (which is in addition to the current lifestyle relief of up to RM2,500) be given for the purchase of a personal computer, smartphone or tablet where the purchase is made on or after 1st June 2020 but not later than 31st December 2020 (previously introduced under PENJANA)
- Items (i) and (ii) are effective YA 2021
- Item (iii) is applicable for YA 2020 only

7. Temporary Increase of Tax Relief for Fees Paid to Child Care Centres and Kindergartens

- As previously introduced under PENJANA, it is proposed that additional tax relief of up to RM1,000 be given to either parent of a child on fees paid to a child care centre registered with the Director General of Social Welfare under the Child Care Centre Act 1984 or a kindergarten registered under the Education Act 1996 for the child aged 6 and below
- The additional tax relief of up to RM1,000 (i.e. maximum tax relief of up to RM3,000) is effective for YA 2020 and YA 2021 only as the current maximum tax relief of RM2,000 would apply subsequent to YA 2021

8. Tax Relief on Expenditure Incurred in Relation to Domestic Tourism

- As previously introduced under 2020 Economic Stimulus Package, it is proposed that the relief of up to RM1,000 be given to individuals on the following expenditure incurred (evidenced by receipts) which is related to domestic tourism:-
 - accommodation at the premises registered with the Commissioner of Tourism under the Tourism Industry Act 1992;
 - entrance fee to a tourist attraction
- Effective for payments made from 1st March 2020 to 31st December 2021

9. Recovery from Persons Leaving Malaysia

- A new Section 104(1A) of the ITA 1967 be introduced to empower the DGIR to issue a certificate (or a stoppage order) to any Commissioner of Police or Director of Immigration through an electronic medium or by way of electronic transmission to restrain a person from leaving Malaysia if he fails to pay:-
 - any tax or late payment penalty on unpaid tax under Section 103 of the ITA 1967;
 - any penalty for late payment of tax instalments under Section 107B(3) or 107C(9) of the ITA 1967;

- any penalty for under-estimation of tax payable under Section 107B(4) or 107C(10) of the ITA 1967;
- any penalty for non-submission of estimate of tax payable under Section 107C(10A) of the ITA 1967;
- any late payment penalty on unpaid withholding tax under Section 107A(2), 109(2), 109B(2) or 109F(2) of the ITA 1967
- Effective 1st January 2021

10. Increase in the Limit of Tax Exemption on Compensation for Loss of Employment

- Currently, an individual is eligible for an exemption of RM10,000 for each completed year of service on the payment received upon termination of a contract of employment if the payment received is in relation to a period of employment with the same employer or with companies in the same group
- It is proposed that the above tax exemption on compensation for loss of employment be increased from RM10,000 to RM20,000 for each completed year of service in respect of an individual who has ceased employment on or after 1st January 2020 but not later than 31st December 2021
- Effective YA 2020 and YA 2021

11. Extension of Tax Relief Period for Private Retirement Scheme

- Tax relief of up to RM3,000 given on contributions made to a Private Retirement Scheme approved by SC and annuity premium be extended for another 4 years
- Effective YA 2022 to YA 2025

12. Extension of Tax Relief Period for *Skim Simpanan Pendidikan Nasional*

- Relief of up to RM8,000 given on net savings deposited into *Skim Simpanan Pendidikan Nasional* established under the Perbadanan Tabung Pendidikan Tinggi Nasional Act 1997 by a resident individual for his or her child be extended for another 2 years
- Effective YA 2021 and YA 2022

13. Extension of Application Period for Tax Incentives on the Returning Expert Programme

- Currently, a qualified individual participating in the Returning Expert Programme (whose application has been made to Talent Corporation Malaysia Berhad from 1st January 2014 to 31st December 2020) is entitled to the following tax incentives once the application is approved:-
 - employment income be taxed at a flat rate of 15% for 5 consecutive years of assessment; and
 - exemption on import duty and excise duty 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 the total duty exemption of up to RM150,000
- It is proposed that the application period be extended for another 3 years and the tax incentive on the Returning Expert Programme be revised as follows:-
 - employment income be taxed at a flat rate of 15% for 5 consecutive years of assessment; and
 - exemption on import duty and excise duty for the purchase of a CBU vehicle or excise duty exemption for the purchase of a CKD vehicle be subject to the total duty exemption of up to RM100,000
- Applications must be received by Talent Corporation Malaysia Berhad from 1st January 2021 to 31st December 2023

14. Exclusion of Income from Computation of Chargeable Income

- Please refer to Part B1 below

15. Tax Treatment on Approved Incentive Scheme

- Please refer to Part C1 below

16. Consequential Amendments as a Result of Review of Penalty for Furnishing an Amended Return

- Please refer to Part B9 below

17. Stoppage Order to Prevent Persons from Leaving Malaysia

- Please refer to Part B11 below

18. Special Income Tax Rate for Non-Resident Individuals Holding Key Positions in Companies Granted Incentives for Relocation of Manufacturing Activities to Malaysia

- Please refer to Part C4 below

B. Income Tax – Changes Affecting Companies and Unincorporated Business

1. Exclusion of Income from Computation of Chargeable Income

- Income distributed by Real Estate Investment Trust or Property Trust Fund approved by SC and listed on Bursa Malaysia which has been subjected to withholding tax under Section 109D of the ITA 1967 be excluded from the computation of chargeable income
- Effective YA 2021

2. Tax Rebate for Companies and LLP

- As previously introduced under PENJANA, it is proposed that companies and LLP be entitled to tax rebate equivalent to capital expenditure and operating expenditure incurred by the company or the LLP for 3 consecutive years of assessment, beginning from the year of assessment in which the company or the LLP commences operation
- The tax rebate allowable for each year of assessment is restricted to RM20,000. Any tax rebate in excess of the income tax charged for a year of assessment is neither refundable nor allowable for set-off against tax liabilities for that year of assessment or the subsequent years of assessment
- To be eligible for this tax rebate, a company or a LLP must fulfil the following conditions:-
 - incorporated or registered in Malaysia and qualify as a tax resident in Malaysia;
 - having paid-up capital in respect of ordinary shares or total contribution of capital (whether in cash or in kind) of not more than RM2.5 million at the beginning of the basis period for the year of assessment;
 - having gross business income of not more than RM50 million for the basis period for the year of assessment;
 - commences operation during the period from 1st July 2020 to 31st December 2021; and
 - other conditions to be prescribed under statutory order
- A company or a LLP that does not fulfil all the above conditions for a year of assessment shall not be eligible for the tax rebate for that year of assessment as well as the subsequent years of assessment
- Effective YA 2021

3. Review of Applicable Person for R&D Expenditure

- Currently, a person shall qualify for special deduction in respect of the following R&D expenditure (not being capital expenditure) incurred by him during the relevant period:-
 - expenditure on R&D related to his business and directly undertaken by him or on his behalf;
 - contribution in cash by the person to an approved research institute;
 - payment made by the person for the use of the services of an approved research institute or an approved research company;
 - payment made by the person for the use of the services of a R&D company or a contract R&D company
- An additional requirement be imposed such that the person has to be resident in Malaysia to be eligible for the above special deduction
- Effective upon coming into operation of the Finance Act 2020

4. Review of Double Deduction for R&D Expenditure

- Currently, double deduction is given on expenditure (not being capital expenditure) incurred by a person on approved R&D project under Section 34A of the ITA 1967
- It is proposed for the following:-
 - to be eligible for the claim for double deduction,
 - the person must be a tax resident in Malaysia; and
 - the amount of R&D expenditure incurred outside Malaysia in a basis period for a year of assessment shall not exceed 30% of the total R&D expenditure incurred in that basis period
 - where the amount of R&D expenditure incurred outside Malaysia in a basis period for a year of assessment exceed 30% of the total R&D expenditure incurred in that basis period, only a single deduction in respect of the total R&D expenditure incurred shall be allowed
- In addition, for a pioneer company that elect to claim a single deduction in respect of the qualifying R&D expenditure incurred during its tax relief period in the first basis period for a year of assessment in respect of its post-pioneer business, it is proposed that the pioneer company must be a tax resident in Malaysia
- Effective upon coming into operation of the Finance Act 2020

5. Review of Restriction of Tax Deduction on Payments to Labuan Companies

- Currently, the restriction on deduction of expenditure under Section 39(1)(r) of the ITA 1967 applies to payments made by a Malaysian resident to Labuan entities carrying on Labuan business activities under LBATA 1990, i.e. those that have fulfilled the substance requirements
- It is proposed that the restriction of tax deduction on payments to Labuan companies be extended to all Labuan entities regardless whether they comply with the substance requirements
- Effective 1st January 2021

6. Review of Definition of Related Companies under the Provision of Group Relief

- Currently, for the purpose of group relief, a surrendering company and a claimant company are “related companies” if at least:-
 - i. 70% of the paid-up capital in respect of the ordinary shares of the surrendering company is directly or indirectly (through the medium of other companies resident and incorporated in Malaysia) owned by the claimant company;
 - ii. 70% of the paid-up capital in respect of ordinary shares of the claimant company is directly or indirectly (through the medium of other companies resident and incorporated in Malaysia) owned by the surrendering company; or
 - iii. 70% of the paid-up capital in respect of ordinary shares of the surrendering company and claimant company are directly or indirectly owned by another company resident and incorporated in Malaysia
- For item (iii) above, where the surrendering company and claimant company are indirectly owned by another company resident and incorporated in Malaysia through the medium of other companies, there is currently no requirement for the medium companies to be resident and incorporated in Malaysia
- It is proposed that for item (iii) above, where the surrendering company and claimant company are indirectly owned by another company resident and incorporated in Malaysia through the medium of other companies, the medium companies must also be resident and incorporated in Malaysia
- Effective YA 2022

7. E-Filing of Income Tax Return for LLP

- Currently, a LLP is allowed to file its tax returns manually (i.e. via postal delivery or by hand delivery) or through e-Filing
- It is proposed that the submission of tax returns through e-Filing by a LLP be made mandatory
- Effective YA 2021

8. Employer's Responsibilities for Tax of Employees

- The employer shall notify the DGIR in respect of the following in the prescribed form:-
 - on the commencement of employment of an individual, not later than 30 days after the commencement of the employment
 - on the cessation of employment of an individual, not less than 30 days before the cessation of the employment
 - in the case of death of an individual under an employment, not more than 30 days after being informed of the death of the individual
 - on the departure of an employee from Malaysia for a period exceeding 3 months, not less than 30 days before the expected date of departure
- Effective 1st January 2021

9. Consequential Amendments as a Result of Review of Penalty for Furnishing an Amended Return

- The following consequential proposals have been made following the review of penalty for furnishing an amended return as announced in the Budget 2020, i.e. removal of an increased sum on any amount of balance unpaid in relation to an amended return:-
 - the DGIR's discretion to remit the increased sum be removed
 - liability to pay the increased sum recoverable by the Government via civil proceedings notwithstanding that it is under appeal or protest be removed
- Deemed to have effect from 1st January 2020

10. Tax Payable Notwithstanding Institution of Proceeding under Any Law

- A new Section 103B of the ITA 1967 be introduced to provide that institution of any proceedings under any other written law against the Government or the DGIR shall not relieve any person from liability for the payment of tax, debt or other sum for which he is or may be liable to pay under the ITA 1967
- Effective 1st January 2021

11. Stoppage Order to Prevent Persons from Leaving Malaysia

- The DGIR shall no longer be empowered to issue a certificate to the Commissioner of Police or Director of Immigration containing particulars of outstanding debts arising from an increased sum in relation to an amended return with a stoppage order for that person to be prevented from leaving Malaysia
- Effective 1st January 2021

12. Penalty for Failure to Furnish Contemporaneous Transfer Pricing Documentation

- Currently, there is no specific provision in the ITA 1967 to provide for imposition of penalty for failure to furnish contemporaneous transfer pricing documentation
- It is proposed that a new Section 113B of the ITA 1967 be introduced to provide that where a person fails to furnish a contemporaneous transfer pricing documentation in accordance with the transfer pricing rules shall, on conviction, be liable to a fine of RM20,000 to RM100,000 or imprisonment for a term not exceeding 6 months or both. Upon conviction of the offence, the court may make order for the transfer pricing documentation to be submitted within 30 days or other period as the court deems fit
- In the event of no prosecution, a penalty of RM20,000 to RM100,000 may be imposed
- The aggrieved taxpayer may appeal to the SCIT within 30 days from the notification of the penalty
- Effective 1st January 2021

13. Power to Disregard Structure in a Controlled Transaction

- The DGIR may now disregard any structure adopted by a person entering into a controlled transaction if:-

- the economic substance of that transaction differs from its form; or
- the arrangement made in relation to the transaction differs from those which would have been adopted by independent persons behaving in a commercially rational manner and the actual structure impedes the DGIR from determining an appropriate transfer price
- The DGIR shall make adjustments to the structure of the transaction as he thinks fit to reflect the structure which would have been adopted by an independent person dealing at arm's length
- Effective 1st January 2021

14. New Surcharge on Transfer Pricing Adjustments

- Currently, penalty for non-compliance of arm's length price would only arise when the transfer pricing adjustments result in additional tax payable. The penalty rate in the range of 0% to 100% (under the Transfer Pricing Audit Framework 2019) will be imposed on the additional tax payable
- It is now proposed that a new "surcharge" of not more than 5% of the amount of transfer pricing adjustments be introduced. The surcharge could be imposed even though the transfer pricing adjustments do not result in any additional tax liability for that year of assessment
- The surcharge shall be treated as tax payable for the purposes of collection and recovery of tax payment including recovery by civil suit
- The DGIR may in his discretion remit the whole or part of the surcharge
- Effective 1st January 2021

15. New Definition of Plant

- "Plant" is now being defined under Paragraph 70A, Schedule 3 of the ITA 1967 as an apparatus used by a person for carrying on his business, but does not include a building, an intangible asset, or any asset used and that functions as a place within which a business is carried on
- Effective YA 2021

16. Extension of Period of Further Deduction for Employment of Senior Citizens, Ex-Convicts, Parolees, Supervised Persons and Ex-Drug Dependants

- The existing further deduction given to employers on monthly remuneration paid to their full-time employees who are senior citizens (≥ 60 years of age), ex-convicts, parolees, supervised persons and ex-drug dependants which does not exceed RM4,000 each be extended for another 5 years
- Effective YA 2021 to YA 2025

C. Investment Incentives

1. Tax Treatment on Approved Incentive Scheme

- A new Section 65B of the ITA 1967 be introduced to provide the following tax treatments for a person carrying on a business in Malaysia in respect of a source consisting of a qualifying activity under an incentive scheme approved by the MoF:-
 - the business from the qualifying activity shall be treated as a separate and distinct source of business;
 - any loss for a year of assessment which is carried forward to the following year of assessment can only be deducted from the source of income of the qualifying activity;
 - any unabsorbed loss shall only be allowed to be carried forward up to a maximum of 7 consecutive years of assessment after the end of the incentive period. Any remaining unabsorbed amount after the end of the 7 years of assessment shall be disregarded;
 - an additional assessment may be raised by the DGIR at any time within 5 years after the expiration of the incentive period to recover the amount of tax ought to be paid if the person fails to comply with the conditions prescribed by the MoF for the approved incentive scheme
- The person carrying on business of a qualifying activity will be subject to a concessionary tax rate of not more than 20% on chargeable income

- This approved incentive scheme for a qualifying activity is defined to include:-
 - any high technology activity in manufacturing and services sector; and
 - any other activities which would benefit the economy of Malaysia.
- Besides, a person or an individual resident who is not a citizen having and exercising employment in a company which carries on the qualifying activity will be subject to tax of not more than 20% of the chargeable income
- Effective YA 2021

Note: The IRB has indicated that the qualifying activities are applicable to the following incentive schemes:-

- Global Trading Centre;
- Companies Relocating to Malaysia;
- Companies Manufacturing Pharmaceutical Products;
- Principal Hub

2. New Tax Incentives for Global Trading Centre

- To enhance and simplify the tax incentive for trading activities covered under the Principal Hub, it is proposed that a new incentive scheme known as Global Trading Centre be introduced and a concessionary 10% income tax rate be given for a period of 5 years and renewable for another 5 years
- Further details for this proposal are unknown, pending gazette of the relevant legislations
- Effective for applications received by MIDA from 1st January 2021 until 31st December 2022

3. Review of Tax Incentive for Companies Relocating Their Operations to Malaysia and Undertaking New Investments

- Currently, the following tax incentives are given to attract foreign companies to relocate their business to Malaysia:-
 - (i) New Company
 - Tax rate at 0% for 10 years be applied to new investment by foreign companies in manufacturing sector with capital investment between RM300 million to RM500 million;
 - Tax rate at 0% for 15 years be applied to new investment by foreign companies in manufacturing sector with capital investment above RM500 million;
 - (ii) Existing Company
 - For existing companies in Malaysia relocating their overseas facilities to Malaysia with capital investment above RM300 million, a 100% investment tax allowance for 5 years shall be given
- To be eligible for the above incentives, companies must relocate and commence operations within a period of one year from the date of approval and the amount of investment involved must be made within a 3-year period
- The above incentives apply to applications received by MIDA from 1st July 2020 to 31st December 2021
- As previously introduced under PENJANA, it is proposed that:-
 - Application period to MIDA for the tax incentives be extended for another year until 31st December 2022;
 - The scope of the tax incentives be expanded to cover companies in selected services sector including companies adapting Industrial Revolution 4.0 and digitalisation technology with investment that contribute to significant multiplier effect in the following services:-
 - provision of technology solution, or more typically technology company which develops technology and provides technology solutions based on substantial scientific or engineering challenges;
 - provision of infrastructure and technology for cloud computing;
 - research and development/design and development activities;
 - medical devices testing laboratory and clinical trials;
 - any services or manufacturing related services as determined by the MoF

- The tax incentives be revised as follows:-
 - (i) New Company
 - Tax rate of 0% to 10% for 10 years be applied to new investment by foreign companies
 - (ii) Existing Company
 - Tax rate at 10% for 10 years be applied to existing companies in Malaysia relocating their overseas facilities to Malaysia
- Effective date as follows:-
 - for manufacturing sector, applications received by MIDA on or before 31st December 2022
 - for selected services sector, applications received by MIDA from 7th November 2020 until 31st December 2022

4. Special Income Tax Rate for Non-Resident Individuals Holding Key Positions in Companies Granted Incentives for Relocation of Manufacturing Activities to Malaysia

- Non-resident individuals holding key positions / C-Suite positions in a company that has been granted incentives for relocation of manufacturing activities to Malaysia under PENJANA be subject to income tax at the flat rate of 15% for a period of 5 consecutive years
- This incentive is subject to the following conditions:-
 - restricted to 5 non-resident individuals employed in each company;
 - receiving a monthly salary of not less than RM25,000 each; and
 - must attain tax resident status in Malaysia throughout the incentive period
- Effective for applications received by MIDA from 7th November 2020 until 31st December 2021

5. Tax Incentives for Manufacturer of Pharmaceutical Products Including Vaccines

- It is proposed that the following tax incentives be given to encourage manufacturers of pharmaceutical products including vaccines, especially COVID-19 vaccine, to invest in Malaysia:-
 - income tax rate of 0% to 10% for the first 10 years; and
 - income tax rate of 10% for the subsequent period of 10 years
- Other facilities such as grants and import duty / sales tax exemption for machineries, equipment and raw materials may be considered for companies making such investment in Malaysia
- Effective for applications received by MIDA from 7th November 2020 to 31st December 2022

6. Extension of Tax Exemption for Principal Hub Incentive

- Currently, an approved Principal Hub is eligible to enjoy the following concessionary income tax rates:-
 - (i) New Company
 - Tier 1: 0% income tax rate for a period of 5 years and eligible for renewal for another 5 years subject to the following criteria:-
 - employment of at least 50 high valued workers;
 - employment of at least 5 key posts personnel; and
 - annual operational expenditure of at least RM10 million
 - Tier 2: 5% income tax rate for a period of 5 years and eligible for renewal for another 5 years subject to the following criteria:-
 - employment of at least 30 high valued workers;
 - employment of at least 4 key posts personnel; and
 - annual operational expenditure of at least RM5 million
 - (ii) Existing Company
 - 10% income tax rate for a period of 5 years subject to the following criteria:-
 - employment of at least 30 high valued workers;
 - employment of at least 5 key posts personnel; and
 - annual operational expenditure of at least RM10 million
- It is proposed that the window period for the applications received by MIDA which is due to end in 2020 be extended for another 2 years

- Minimum condition on the number of high value jobs, key positions and annual operating expenditure to be relaxed for renewal of the second 5 years incentive period for new companies
- Effective for applications received by MIDA from 1st January 2021 to 31st December 2022

7. Extension of Additional RA Incentive

- RA is currently given to a company that has incurred capital expenditure on a factory, plant or machinery for the purposes of a qualifying project in respect of a manufacturing activity or agriculture activity (excluding rearing chickens and ducks)
- A company is entitled to RA for 15 consecutive years of assessment commencing from the year of assessment in which the first RA claim is made
- For companies that have exhausted their eligibility to RA claim upon expiry of the RA incentive period, they are entitled to make a claim for Special RA for another 3 years of assessment (i.e. from YA 2016 to YA 2018) as announced in Budget 2016
- As previously introduced under PENJANA, it is proposed that a claim for additional RA for another 3 years of assessment be given to companies that have exhausted both their eligibilities to claim for RA and/or Special RA. For illustration:-

15 Consecutive Years of RA Ended in:-	Additional RA Incentive		
	YA 2020	YA 2021	YA 2022
YA 2019 or prior years	√	√	√
YA 2020	N/A	√	√
YA 2021	N/A	N/A	√

- Effective YA 2020 to YA 2022

8. Review of Income Tax Exemption on Green SRI Sukuk Grant

- Currently, income tax exemption is given to the recipient of the Green Sustainable and Responsible Investments ["Green SRI"] *sukuk* grant to finance the external review expenditure incurred for the issuance of *sukuk*
- It is proposed that the tax exemption on Green SRI *sukuk* grant be expanded to include all SRI *sukuk* and bonds which meet the ASEAN Green, Social and Sustainability Bond Standards approved by SC
- The income tax exemption on the above grant be extended for another 5 years
- Effective for applications received by SC from 1st January 2021 to 31st December 2025

9. Review and Expansion of Scope of Tax Incentives for Commercialisation of R&D Findings

- Currently, the following tax incentives are given to promote commercialisation of R&D findings of public research institutions (including public higher learning institutions) in Malaysia:-
Non-Resource Based
 - For investor company
 - Tax deduction equivalent to the amount of investment made in the subsidiary company that undertakes commercialisation of R&D findings of public research institutions
 - For subsidiary companies that commercialise R&D findings of public research institutions
 - Income tax exemption of 100% of statutory income for 10 years
 - Available to applications received by MIDA from 29th September 2012 to 31st December 2017
- It is proposed that the above tax incentives be reintroduced and effective for applications received by MIDA from 7th November 2020 to 31st December 2025
- The scope of the above tax incentives be expanded to cover commercialisation of R&D findings by private higher learning institutions

10. Tax Exemption for Individuals Investing in Equity Crowdfunding

- Tax exemption on aggregate income be given to individual investors investing in equity crowdfunding, subject to the following conditions:-
 - the eligible amount for tax exemption is equivalent to 50% of the amount of investment made but restricted to RM50,000 for each year of assessment;
 - the amount exempted is also restricted to 10% of the aggregate income for the year of assessment, where the excess will be disregarded;
 - the investor, investee company and amount of investment made must be verified by SC;
 - the investor must not have any family relationship with the investee company;
 - the investment must be made through equity crowdfunding platform approved by SC;
 - the investment must not be disposed of either in full or in part within 2 years from the date of making the investment
- Effective for investment made from 1st January 2021 until 31st December 2023

11. Extension of Period of Tax Incentive for Export of Private Healthcare Services

- Currently, the private healthcare sector is given an exemption of statutory income equivalent to 100% of the value of increased exports of healthcare services and the exemption can be set-off against 70% of statutory income
- Conditions:-
 - at least 10% of the total number of patients receiving private healthcare services are qualified healthcare travelers for each year of assessment; and
 - at least 10% of the company's gross income is derived from qualified healthcare travelers for each year of assessment
- The above income tax exemption be extended until YA 2022

12. Extension of Tax Incentive Period

- It is proposed that the existing tax incentives for maintenance, repair and overhaul activities for aerospace, building and repair of ships, Bionexus status and economic corridor developments (such as East Coast Economic Region Development Corridor, *Iskandar* Malaysia and Sabah Development Corridor) that due to end in year 2020 be extended until year 2022

13. Review of Tax Incentive for Manufactures of IBS Components

- Currently, the following tax incentives are given for the manufacturers of industrialised building system ["IBS"] components producing IBS basic components such as columns, beams, slabs, walls and roof trusses and IBS systems such as precast concrete system, foamwork system, steel framing system, block work system, timber framing system, innovative system and modular system/components:-
 - (i) Category 1:
Companies producing at least 3 basic components of IBS or IBS system that use at least 3 basic IBC components
 - income tax exemption of 70% of statutory income for a period of 5 years; or
 - ITA of 60% on qualifying capital expenditure incurred within 5 years and allowable to set-off against 70% of statutory income
 - (ii) Category 2:
Companies producing at least 4 or more basic components of IBS or IBS system that use at least 4 basic IBS components
 - income tax exemption of 100% of statutory income for a period of 5 years; or
 - ITA of 60% on qualifying capital expenditure incurred within 5 years and allowable for set-off against 100% of statutory income
- The above tax incentives are available to applications received by MIDA from 10th September 2015 until 31st December 2020

- It is proposed that:-
 - application period for the above tax incentives be extended for another 5 years
 - Categories 1 and 2 be merged where companies are only required to produce at least 3 basic components of IBS or IBS system that use at least 3 basic IBS components
 - ITA of 60% on qualifying capital expenditure incurred within 5 years be given which can be utilised to set-off against 70% of the statutory income for each year of assessment
- Effective for applications received by MIDA from 1st January 2021 to 31st December 2025

D. Real Property Gains Tax

1. Power for DGIR to Remit Penalty Imposed on Disposer for Incorrect and Wrong Notification under Section 13 of the RPGT Act 1976

- Currently, Sections 14(5) and 15(4) of the RPGT Act 1976 provide that penalty of 10% of the tax payable will be imposed on the disposer in the event that incorrect or wrong notification is furnished to the acquirer under Section 13(6) of the RPGT Act 1976 that resulted in failure by the acquirer to retain and remit the retention sum under Section 21B of the RPGT Act 1976 to the IRB
- New Sections 14(5A) and 15(4A) of the RPGT Act 1976 be introduced to empower the DGIR to remit a portion or full amount of the penalty being imposed under Sections 14(5) and 15(4) of the RPGT Act 1976 for any good caused shown
- Effective 1st January 2021

2. Retention Sum by Acquirer in Relation to Disposal of a Chargeable Asset by an Executor of the Estate of a Deceased Person Who is Not a Citizen and Not a Permanent Resident

- The requirement for the acquirer to retain up to 7% of the total consideration value if the disposer is not a citizen, not a permanent resident and not a company incorporated in Malaysia be expanded to include an executor of the estate of a deceased person who is not a citizen and not a permanent resident
- Effective 1st January 2021

3. Tax Payable Notwithstanding Institution of Proceeding under Any Law

- A new Section 21C of the RPGT Act 1976 be introduced to provide that institution of any proceedings under any other written law against the Government or the DGIR shall not relieve any person from liability for the payment of tax, debt or other sum for which he is or may be liable to pay under the RPGT Act 1976
- Effective 1st January 2021

4. Recovery from Persons Leaving Malaysia

- A new Section 22(1A) of the RPGT Act 1976 be introduced to empower the DGIR to issue a certificate (or a stoppage order) to any Commissioner of Police or Director of Immigration through an electronic medium or by way of electronic transmission to restrain a person from leaving Malaysia if he fails to pay:-
 - any RPGT payable by him (whether or not due or due and payable)
 - any penalty for late payment of RPGT payable under Section 21(4) of the RPGT Act 1976
 - any penalty for late payment of retention sum under Section 21B(2) of the RPGT Act 1976
- The definition of “person” under Section 22 of the RPGT Act 1976 refers to a director of a company specified in Paragraph 5(1) of Schedule 1 to the RPGT Act 1976
- Effective 1st January 2021

5. Furnishing of RPGT Return Electronically

- It is proposed that a person may authorise a tax agent, an advocate and solicitor of the High Court of Malaysia or an advocate of the High Court of Sabah and Sarawak to furnish a prescribed form by way of an electronic medium or electronic transmission on behalf of that person
- Effective 1st January 2021

6. Application of RPGT Rates to a Society Registered under the Societies Act 1966

- It is proposed that the current RPGT rates of a company incorporated in Malaysia or a trustee of a trust (as tabulated below) shall also be applied to a society registered under the Societies Act 1966:-

Disposal	RPGT Rate
Within 3 years after date of acquisition	30%
In the 4 th year after date of acquisition	20%
In the 5 th year after date of acquisition	15%
In the 6 th year after date of acquisition or thereafter	10%

- Effective 1st January 2021

E. Petroleum Income Tax

1. Tax Payable Notwithstanding Institution of Proceeding under Any Law

- A new Section 48A of the PITA 1967 be introduced to provide that institution of any proceedings under any other written law against the Government or the DGIR shall not relieve any person from liability for the payment of tax, debt or other sum for which he is or may be liable to pay under the PITA 1967
- Effective 1st January 2021

2. Recovery of Penalty Amount on Default of Instalment Payment by Suit

- It is proposed that the increased sum for non-compliance with tax instalment scheme approved under Section 48(6) of the PITA 1967 via civil proceedings be recoverable notwithstanding that the increased sum is under appeal or protest
- Effective 1st January 2021

3. Public Ruling in PITA Administration

- A new Section 71B of the PITA 1967 be introduced to empower the DGIR to issue Public Rulings ["PR"] and/or withdraw either wholly or partly, any such PR issued
- The PR issued under this section is binding on the DGIR if a chargeable person under the PITA 1967 applies any provision stated in the PR
- Effective 1st January 2021

F. Stamp Duty

1. Introduction of Digital Stamping

- As previously introduced under PENJANA, it is proposed that digital stamping be made as one of the modes to denote the payment of stamp duty on dutiable instruments
- The MoF shall prescribe the means of digital stamping as well as to provide for matters relating to the issuance and validity of digital stamping
- Effective 1st January 2021

2. Recovery of Duties, Penalties and Other Sums

- A new Section 50(2) of the SA 1949 be introduced to provide that the DGIR (including his deputies) and any employee of the IRB authorised by the DGIR be deemed as authorised public officers to represent the Government in respect of all proceedings for recovery of duties, penalties and other sums under the SA 1949
- Further, a new Section 50(3) be introduced to provide that in a suit for the recovery of duties, penalties and other sums under the SA 1949, the production of a certificate signed by the DGIR containing the name and address of the defendant together with the amount of duty or penalty due from the defendant shall be sufficient as evidence of the amount due for the court to give judgement for that amount due

- Effective 1st January 2021

3. Stamping of Letter Effecting a Contract or Agreement

- Currently, where an agreement is evidenced by one or more letters between parties, an additional adjudication fee of RM10 is payable for honest omission of stamping of the letter or letters evidencing an agreement for the purposes of Section 55 of the SA 1949. Further, the letter or letters stamped shall be marked with the words “Duly Stamped” with the signature or initials of the DGIR as well as the date of stamping
- It is proposed that the additional adjudication fee and marking mentioned above are no longer required
- Effective 1st January 2021

4. Recovery from Persons Leaving Malaysia

- A new Section 74(1A) of the SA 1949 be introduced to empower the DGIR to issue a certificate (or a stoppage order) to any Commissioner of Police or Director of Immigration through an electronic medium or by way of electronic transmission to restrain a person from leaving Malaysia if he fails to pay any duties, penalties or other sums required to be paid under the SA 1949
- Effective 1st January 2021

5. Expanding the Power for the MoF to Exempt, Reduce or Remit Stamp Duty

- Currently, the provisions under Section 80(1A) of the SA 1949 appear to only empower the MoF to exempt, reduce or remit stamp duty on instruments in relation to any scheme
- It is proposed that the abovementioned provisions be amended to clarify that the said power applies to any instrument, regardless of whether it is related to a scheme
- Effective 1st January 2021

6. Power for the DGIR to Remit Stamp Duty

- A new Section 80B of the SA 1949 be introduced to empower the DGIR to remit (fully or partly) the stamp duty paid or payable by any person on the basis of poverty suffered by that person
- Effective 1st January 2021

7. Extension and Expansion of Stamp Duty Exemption for Purchase of First Residential Property

- Currently, stamp duty exemption is given on the instrument of transfer of ownership and loan agreement in respect of the acquisition of the first residential property priced up to RM300,000 by an individual who is a Malaysian citizen. This exemption applies to sale and purchase agreements executed from 1st January 2019 to 31st December 2020
- For the acquisition of the first residential property priced exceeding RM300,000 up to RM500,000 by an individual who is a Malaysia citizen, stamp duty remission of up to RM300,000 of the value of property is given on instrument of transfer of ownership and loan agreement. This remission applies to sale and purchase agreements executed from 1st July 2019 to 31st December 2020
- It is proposed that the threshold of the abovementioned stamp duty exemption of RM300,000 be increased to RM500,000 and the exemption period be extended for another 5 years
- Effective for sale and purchase agreements executed from 1st January 2021 to 31st December 2025

8. Extension of Stamp Duty Exemption for Revival of Abandoned Housing Projects

- Currently, stamp duty exemption is given on the following instruments in respect of abandoned housing projects (certified by the Ministry of Housing and Local Government) executed from 1st January 2013 to 31st December 2020:-
 - By rescuing contractor / developer
 - Loan agreements approved by licensed bank and financial institution to finance the abandoned projects
 - Instruments of transfer of the land and residential property in the abandoned projects

- By purchaser
 - Loan agreements approved by licensed bank and financial institution to finance the residential property
 - Instruments of transfer of the residential property
- It is proposed that the above stamp duty exemption be extended for another 5 years
- Effective for loan agreements and instruments of transfer executed from 1st January 2021 to 31st December 2025

9. Extension of Period of Stamp Duty Exemption for *Perlindungan Tenang* Products

- It is proposed that the current stamp duty exemption on insurance policies and takaful certificates for *Perlindungan Tenang* products which cover life, fire and flood with an annual premium or contribution not exceeding RM100 be extended for another 5 years
- Effective for insurance policies and takaful certificates issued from 1st January 2021 to 31st December 2025

10. Extension of Period of Stamp Duty Exemption for Structured Warrant or Exchange-Traded Fund

- It is proposed that the current stamp duty exemption on a contract note executed for the sale and purchase transaction of structured warrant or exchange-traded fund approved by SC under the Capital Markets and Services Act 2007 in Bursa Malaysia Securities Berhad be extended for another 5 years
- Effective for trading of structured warrant or exchange-traded fund executed from 1st January 2021 to 31st December 2025

G. Sales and Service Tax and Indirect Tax

1. Increase of Sales Limit for Value-Added and Additional Activities Carried Out in Free Industrial Zone and Licensed Manufacturing Warehouse

- In order to enhance the competitiveness of the company as well as to meet the new dynamics in global trade, it is proposed that the limit on sales value of allowable value-added and additional activities be increased from 10% to 40% of the company's total annual sales value
- Effective for applications received by Royal Malaysian Customs Department from 7th November 2020 onwards

2. Exemption on Import Duty and/or Excise Duty for the Purchase of a CBU Vehicle or a CKD Vehicle under Returning Expert Programme

- Please refer to Part A13 above

3. Imposition of Excise Duty on Electronic Cigarettes

- To streamline the tax treatment for all types of cigarette and tobacco products, it is proposed that:
 - excise duty at the ad valorem rate of 10% be imposed on all types of electronic and non-electronic cigarette devices including vape; and
 - excise duty at the rate of RM0.40 per millilitre be imposed on liquid or gel used in electronic cigarette devices including vape
- Effective 1st January 2021

4. Expansion of the Scope of Imposition of Tourism Tax on Accommodation Booked Through Online Platform

- To ensure equal treatment between tourists who make their reservation for accommodation directly with the registered accommodation premises operators and through online platform providers, it is proposed that the imposition of tourism tax be expanded to include reservation for accommodation premises made through online platform providers
- Effective 1st July 2021

5. Extension of Exemption of Sales Tax for Bus Operators

- For the purpose of reducing the operation cost of bus operators, the sales tax exemption on the purchase of locally assembled buses (including air-conditioners installed locally and chassis fitted engine) be extended for another 2 years
- Effective 1st January 2021 to 31st December 2022

6. Tightening of Trading of Cigarettes

- It is proposed that the following measures be taken in order to tighten the trading of cigarettes:-
 - freezing the issuance of new import licence for cigarette;
 - tightening the renewal of import licence for cigarette through review of licence conditions including the imposition of import quota;
 - limiting transshipment of cigarette to dedicated ports only;
 - imposition of tax on the importation of cigarettes with drawback facilities for cigarettes re-exported;
 - disallowing transshipment of cigarettes and re-exporting of cigarettes by small boats including *kumpit*. Transshipment and re-export of cigarettes will only be allowed for those kept in ISO containers; and
 - making cigarettes and tobacco products as taxable goods in all Duty-Free Islands and any free zones that have been permitted retail sale of duty-free cigarettes
- Effective 1st January 2021

H. Labuan

1. Review of Requirements in Relation to Labuan Business Activity and Determination of Chargeable Profits for Labuan Entity Which Fails to Comply with Such Requirements

- Currently, Section 2B(1) of the LBATA 1990 provides the requirements relating to the number of full time employees and annual operating expenditure in Labuan (i.e. substantial activities requirements), for purposes of Labuan business activity. A Labuan entity carrying on a Labuan business activity which fails to comply with the substantial activities requirements under Section 2B(1) of the LBATA 1990 is charged to tax at the rate of 24% on its chargeable profits
- It is proposed that:-
 - i. Section 2B(1) of the LBATA 1990 be expanded to include requirements in relation to control and management in Labuan for a Labuan non-trading activity
 - ii. a new Section 2B(1B) of the LBATA 1990 be introduced to clarify that the chargeable profits of a Labuan entity which fails to comply with the requirements shall be the net profits as reflected in its audited accounts in respect of the Labuan business activity
- Item (i) is effective 1st January 2021
- Item (ii) is effective YA 2020

2. Extension of Time for Election by a Labuan Entity to be Taxed under ITA 1967

- It is proposed that Section 3A(2) of the LBATA 1990 be amended to empower the DGIR to allow an extension of time to a Labuan entity for furnishing the election to be taxed under the ITA 1967
- Effective upon coming into operation of the Finance Act 2020

3. Right to Appeal Against an Assessment

- It has been clarified that the right to appeal against an assessment under Section 6D(1) of the LBATA 1990 includes an additional assessment
- Effective YA 2020

4. Tax Payable Notwithstanding Institution of Proceeding under Any Law

- A new Section 13B of the LBATA 1990 be introduced to provide that institution of any proceedings under any other written law against the Government or the DGIR shall not relieve any person from liability for the payment of tax, debt or other sum for which he is or may be liable to pay under the LBATA 1990
- Effective 1st January 2021

5. Penalty for Breach of Confidence

- Currently, the penalty for breach of confidence is only applicable to any person who communicate any return of profits, statutory declaration or information made or received to another person. On conviction, that person shall be liable to a fine not exceeding RM1,000,000, or to imprisonment for a term not exceeding 2 years, or to both
- The scope of the breach of confidence be expanded to include:-
 - any person receiving any return of profits, statutory declaration or information made or received, knowing or having reasonable ground to believe at the time when he receives it that such return, declaration or information is communicated or disclosed to him in contravention of Section 20(3) of the LBATA 1990; and
 - uses, produces or discloses such return, declaration or information to any other person
- A minimum fine of RM20,000 be introduced to the penalty for breach of confidence
- Effective 1st January 2021

6. Extending the Power of the DGIR to Compound Offences

- The power of the DGIR to compound offences be extended to include offences in regards to failure to file the Country-by-Country Report and Common Reporting Standard under Section 24(1) of the LBATA 1990
- Effective 1st January 2021

I. Others

1. Enhancement of Targeted Loan Repayment Assistance

- From April until September 2020, loan moratoriums were provided automatically to aid borrowers
- Beginning 1st October 2020, banks have continued to offer extended moratorium and other forms of repayment assistance to individuals who have lost their jobs or individuals and SMEs whose income have been severely affected by the COVID-19 pandemic
- It is proposed that:-
 - B40 borrowers (i.e. for individuals who are the recipients of *Bantuan Sara Hidup* or *Bantuan Prihatin Rakyat*), and micro enterprises with loans up to RM150,000 be given the following options:-
 - a moratorium on their instalments for a period of 3 months; or
 - a reduction in their monthly repayment by 50% for a period of 6 months
 - The application process for repayment assistance be simplified for M40 borrowers
- Effective December 2020

2. Minimum EPF Contribution by Employees

- It is proposed that the minimum rate of contribution by employees to the EPF be reduced from 11% to 9%
- Effective January 2021 to December 2021

3. Withdrawal of EPF Savings from Account 1

- The EPF Board has announced that to assist members who have lost their jobs, given no-pay leave, or have no other source of income, the *i-Sinar* facility to be launched by the EPF will allow eligible members to withdraw their EPF savings from Account 1 (which consists of 70% of the contribution and specifically for retirement) to lighten their financial burden

- Eligible members will have access to 10% of their savings in Account 1, subject to always having a minimum balance of RM100. The amount of withdrawal allowed depends on the savings available in Account 1 as shown below:-

Account 1: Savings RM90,000 and Below	Account 1: Savings Above RM90,000
Have access to any amount up to RM9,000 (subject to RM100 remaining balance at all times)	Have access of up to 10% of their Account 1 savings (with total maximum amount of RM60,000)
First month of advance up to RM4,000	First month of advance up to RM10,000

- Advances will be made over a period of 6 months from the first month of crediting
- Members will be required to replace the full amount advanced where all future contributions will be fully (100%) credited to Account 1 until the amount advanced is replenished. Thereafter, contributions by members will revert to 70% to Account 1 and 30% to Account 2
- Applications by eligible members can be made commencing from December 2020 and fund will be credited into the members' bank account by the end of month following their application

4. Withdrawal of EPF Savings from Account 2

- Currently, EPF members are allowed to make partial withdrawal from Account 2 (consists of 30% of the contribution):-
 - upon reaching the age of 50
 - to fund own/children's education
 - to purchase a house
 - to build a house
 - to reduce/redeem housing loan balance
 - to pay monthly housing loan instalment
 - to purchase a PR1MA house
 - to perform Hajj
 - to cover medical expenses and/or to buy healthcare equipment
 - when they have more than RM1 million savings
 - under i-Lestari withdrawal facility that provides financial aid during COVID-19 pandemic
- It is announced that EPF members are also allowed to withdraw from EPF Account 2 to purchase insurance and *takaful* products approved by EPF relating to life and critical illness coverage for themselves and family members

5. Extension of the Implementation of the Wage Subsidy Program

- The Wage Subsidy Program was introduced under the *Prihatin* Economic Stimulus Package to provide financial assistance to employers for local employees earning RM4,000 or less
- Applications for the Wage Subsidy Program began on 1st April and ended on 30th September 2020. It was then extended for an additional 3 months (i.e. until 31st December 2020)
- It is announced that the Wage Subsidy Program will be further extended for another 3 months (i.e. until 31st March 2021) with a more targeted approach specifically for the tourism sector, which includes the retail sector at a rate of RM600 per month for workers earning RM4,000 or less. The limit of 200 eligible employees will be increased to 500 eligible employees

6. Exemption from HRDF Levy

- Exemption from HRDF Levy was granted in the 2020 Economic Stimulus Package for a period of 6 months from 1st April 2020 to 30th September 2020
- Tourism sector and companies that are affected by the COVID-19 pandemic be given exemption from the HRDF levy for another period of 6 months from 1st January 2021 to 30th June 2021

7. Incentive for Private Employers

- Incentive of RM1,000 per month for up to 3 months be given to private employers for each new graduate who participates in the apprenticeship program
- Grant of up to RM4,000 be given for training programs for the apprentices

8. Grant for e-Satellite Farm Programme

- Matching grant up to RM30,000 be provided to the Area Farmers' Organisation to purchase agriculture equipment in relation to Internet of Things such as drones

9. Grant for Aquaculture Development Programme

- Matching grant up to RM20,000 be provided to micro entrepreneurs to purchase equipment to develop high-value aquaculture livestock such as lobster and grouper

10. Grant for Palm Oil Industry

- Matching grant of RM30 million be allocated by the Government to encourage the palm oil industry to invest in mechanisation and automation

11. Grant *Khas Prihatin*

- Grant of RM1,000 be given to traders, hawkers, taxi drivers, e-hailing, rental cars and tour drivers in Sabah affected by the lack of tourists

12. SME Digitalisation Grant Scheme and the Automation Grant

- Currently, matching grant worth RM500 million under SME Digitalisation Grant Scheme is given to SMEs adopting digitalisation measures such as electronic Point of Sale systems ["e-POS"], Enterprise Resource Planning and electronic planning system. Another RM550 million matching grant under Automation Grant is given to manufacturing and service companies to automate their business processes
- Additional funds amounting to RM150 million will be allocated by the Government for the SME Digitalisation Grant Scheme and the Automation Grant
- In addition, the eligibility condition for these grants be relaxed to include micro SMEs and start-ups that have been operating for at least 6 months

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