



TAX FLASH

FEBRUARY 2023 (SPECIAL EDITION)

2023 Budget (Retabled) Highlights

Executive Summary

The honourable Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim has retabled the 2023 Budget themed “Malaysia Madani” on 24th February 2023 with the following 3 main focus area:-

- Driving an inclusive and sustainable economy;
- Inspiring confidence with institutional and governance reforms; and
- Facilitating social justice by reducing inequality.

One of the most notable highlights would be the Government’s intention to introduce the Luxury Goods Tax on luxury items such as watches and fashion items this year. With this, it will expand the tax base of the Government from those who can afford to own them. The Unity Government is also committed to study the introduction of Capital Gains Tax on disposal of shares of non-listed companies from the year 2024 onwards. In addition, it is also proposed in this retabled 2023 Budget that excise duty will be imposed on vape liquids/gels and e-cigarettes. The introduction of the new taxes is in line with what has been confirmed by the honourable Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim earlier that there would not be a broad-based consumption tax, or a tax based on what people consume such as Goods and Services Tax and Value Added Tax.

- [Moore Malaysia](#)
- [Moore Global](#)
- [Inland Revenue Board](#)
- [Budget Speech](#)
- [Appendices](#)
- [Tax Snapshot](#)

Just like the previous budget announcement, the Unity Government is focusing on addressing the challenges the nation is facing right now and intend to get business back on track by increasing the competitiveness of MSME. Hence, it is proposed that the tax rate on taxable income for first RM150,000 (an increase of RM50,000 as compared to the announcement made by the former Government back in October 2022) be reduced to 15% from 17% resulting in a saving of up to RM3,000 for MSME taxpayers, effective YA 2023.

As for resident individuals, it is proposed that the tax rate be increased by 0.5% to 2% for the tax brackets between RM100,001 to RM1 million and there will be reduction in personal tax rates of 2% for the RM35,001 to RM100,000 tax brackets which will result in tax savings for those in these income brackets.

Apart from the above, in an effort to encourage taxpayers (including those listed in Pandora Paper) to come forward and disclose any under-reported income, in similar fashion as the previous Special Voluntary Disclosure Programme announced in Budget 2019 and Budget 2022, the IRB and RMCD will grant a full waiver of penalties for taxpayers who make voluntary disclosures during the period from 1st June 2023 to 31st May 2024.

The key proposals outlined in the retabled 2023 Budget are summarised into the following broad categories:-

- A. Income Tax – Changes Affecting Individuals
- B. Income Tax – Changes Affecting Companies and Unincorporated Businesses
- C. Investment Incentives
- D. Stamp Duty
- E. Sales and Service and Indirect Taxes
- F. Others

Please note that due to the unavailability of the Finance Bill 2023 at the time of publication, we will update you on any further development affecting the above categories in due course.

Legend

ACA	=	Accelerated Capital Allowance
COVID-19	=	Coronavirus Disease 2019
EPF	=	Employees Provident Fund
EV	=	Electric Vehicle
FINAS	=	<i>Perbadanan Kemajuan Filem Nasional Malaysia</i>
IRB	=	Inland Revenue Board
ITA	=	Investment Tax Allowance
ITA 1967	=	Income Tax Act 1967
LLP	=	Limited Liability Partnership
MIDA	=	Malaysian Investment Development Authority
MOF	=	Ministry of Finance
MSME	=	Micro, Small and Medium Enterprise
PS	=	Pioneer Status
RMCD	=	Royal Malaysian Customs Department
SC	=	Securities Commission
SOCSSO	=	Social Security Organisation
SVDP	=	Special Voluntary Disclosure Programme
YA	=	Year of Assessment

A. Income Tax – Changes Affecting Individuals

1. Changes in Individual Tax Rate

- Tax rate for resident individuals be reduced by 2% for chargeable income bands from RM35,001 to RM100,000 but for chargeable income bands from RM100,001 to RM1,000,000, the tax rate be increased by 0.5% to 2%
- A comparison is as shown below:-

Chargeable Income RM	Current Tax Rates %	Proposed Tax Rates %	Differences %
0 – 5,000	0	0	-
5,001 – 20,000	1	1	-
20,001 – 35,000	3	3	-
35,001 – 50,000	8	6	-2
50,001 – 70,000	13	11	-2
70,001 – 100,000	21	19	-2
100,001 – 250,000	24	25	+1
250,001 – 400,000	24.5	25	+0.5
400,001 – 600,000	25	26	+1
600,001 – 1,000,000	26	28	+2
1,000,001 – 2,000,000	28	28	-
Exceeding 2,000,000	30	30	-

- Effective YA 2023

2. Expansion of Scope of Tax Relief for Voluntary Contribution to the EPF Board

- Currently, the annual limit for making voluntary contribution to the EPF Board by an individual is RM60,000. Relief of up to RM4,000 available to tax resident individuals on obligatory contributions made to an approved provident fund has been expanded to cover voluntary contributions, including the contributions made by civil servants. For civil servants who are under the pension scheme, they are eligible to claim tax relief of up to RM7,000 on their *takaful* contribution or life insurance premium and the voluntary contribution made by them to the EPF Board
- It is proposed that the existing relief of up to RM3,000 given to a resident individual on life insurance premium or *takaful* contributions be expanded to cover additional voluntary contributions made by the individual to the EPF Board
- The maximum tax relief claimable of RM7,000 by the respective individuals is summarised as follows:-

No.	Type of Contribution/Payment	Maximum Tax Relief	Maximum Relief Claimable By	
			Non-Civil Servants	Civil Servants
1.	Mandatory contribution to approved schemes or voluntary contribution to the EPF Board (but excluding private retirement scheme) or contribution under any written law	RM4,000	RM4,000	RM7,000
2.	Life insurance premium or <i>takaful</i> contribution or additional voluntary contribution to the EPF Board or both	RM3,000	RM3,000	

- Effective YA 2023

3. Review of Tax Reliefs for Medical Expenses and Fees Paid to a Child Care and Kindergarten

It is proposed that the following tax reliefs granted to resident individuals be increased/expanded/extended:-

Tax Relief	Existing	Proposed/Effective
Medical Expenses for Self, Spouse and Child	<ul style="list-style-type: none"> • Tax relief of up to RM8,000 is given for medical treatment expenses incurred:- <ul style="list-style-type: none"> ○ for self/spouse/children on:- <ul style="list-style-type: none"> - serious disease - vaccination limited to RM1,000 - complete medical examination, mental health check-up or consultation, COVID-19 detection test including the purchase of self-test kit limited to RM1,000 ○ for self/spouse on:- <ul style="list-style-type: none"> - fertility treatment 	<ul style="list-style-type: none"> • The amount of tax relief be increased from RM8,000 to RM10,000 • The scope of tax relief for medical treatment expenses be expanded to include the intervention expenditure for Autism, Attention Deficit Hyperactivity Disorder, Global Developmental Delay, Intellectual Disability, Down Syndrome and Specific Learning Disabilities, limited to RM4,000 as below:- <ul style="list-style-type: none"> ○ diagnostic assessment certified by a medical practitioner registered with the Malaysian Medical Council ○ early intervention and rehabilitation programmes conducted by health profession practitioners registered under the Allied Health Profession Act 2016 • Effective YA 2023
Fees Paid to a Child Care Centre and Kindergarten	<ul style="list-style-type: none"> • Tax relief of up to RM3,000 is given to either parent of a child on fees paid to a child care centre registered with:- <ul style="list-style-type: none"> ○ the Director General of Social Welfare under the Child Care Centre Act 1984 ○ a kindergarten registered under the Education Act 1996 for the child aged 6 and below 	<ul style="list-style-type: none"> • The period of relief be extended for another year • Effective for YA 2024

4. Tax Deduction for Donation Made to Non-Governmental Organisations Involved in Grassroots Sports Development Programme

- Please refer to Part B7 below

5. Re-Introduction of SVDP

- Please refer to Part B2 below

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

- Please refer to Part C1 below

B. Income Tax – Changes Affecting Companies and Unincorporated Business

1. Review of Income Tax Treatment for MSME

- Currently, the preferential tax rate of 17% on chargeable income up to RM600,000 is accorded to the following entities with annual sales of not more than RM50 million:-
 - a MSME [i.e. a company resident and incorporated in Malaysia with paid-up capital of not more than RM2.5 million and none of its related companies within the group (related by way of shareholding of more than 50%) is having paid-up capital exceeding RM2.5 million]
 - a LLP resident in Malaysia with total contribution of capital (whether in cash or in kind) of not more than RM2.5 million and it is not related to any company [by way of contribution of capital (whether in cash or in kind) or shareholding of more than 50%] having paid-up capital exceeding RM2.5 million
- It is proposed that the tax rate on chargeable income for the first RM150,000 be reduced by 2% from 17% to 15% and the tax rate for the remaining chargeable income be maintained at 17% and 24% as follows:-

Chargeable Income	Tax Rate
First RM150,000	15%
RM150,001 to RM600,000	17%
In excess of RM600,000	24%

- Effective YA 2023

2. Re-Introduction of SVDP

- It is proposed that the SVDP be re-introduced by the IRB and RMCD with remission of 100% penalty
- Effective for voluntary disclosure made between the period from 1st June 2023 to 31st May 2024

3. Expansion of Scope of Tax Deduction for the Employment of Inmate and Ex-Inmate of Henry Gurney School and Institutions under the Social Welfare Department

- Currently, an employer is given further tax deduction of remuneration incurred by him for employment of senior citizen, ex-convict, ex-drug dependent, parolee and supervised person until YA 2025, subject to the following conditions:-
 - the employee is employed on a full-time basis;
 - the monthly remuneration does not exceed RM4,000;
 - employer and employee are not the same person; and
 - the employer is not a relative of the employee
- It is proposed that the further tax deduction be expanded to include remuneration paid to inmate and ex-inmate of Henry Gurney School under Malaysian Prison Department, protection and rehabilitation institution and non-government care centres registered under the Social Welfare Department
- Effective YA 2023 to YA 2025

4. Extension and Expansion of Tax Deduction on Cost of Listing in Bursa Malaysia

- Currently, tax deduction of up to RM1.5 million is allowed for the following expenditure incurred by technology-based companies for the basis period in a year of assessment when the company is listed on the Access, Certainty, Efficiency ["ACE"] Market or Leading Entrepreneur Accelerator Platform ["LEAP"] Market of Bursa Malaysia from the YA 2020 until YA 2022:-
 - payment of fees to Bursa Malaysia and SC;
 - payment of the following professional fees:-
 - advisory fee to the sponsor, being the main adviser for listing on the ACE Market, and approved adviser, being the main adviser for listing on the LEAP Market; and
 - in relation to the listing exercise, fees to the solicitor, company secretary, tax adviser, reporting accountant, auditor, valuer, independent market researcher, issuing house and share registrar; and
 - payment of fees for underwriting, placement and brokerage services
- It is proposed that the above tax deduction be extended for another 3 years
- In addition, it is proposed that the deduction be expanded to cover technology-based companies listing on the Main Market of Bursa Malaysia
- Effective YA 2023 to YA 2025

5. Tax Deduction on Remuneration for Hiring of Former National Athletes

- It is proposed that tax deduction be given to an employer in respect of remuneration incurred by him for the employment of former national athletes
- The effective date of this proposal is unknown, pending the gazette of the relevant legislations

6. Tax Deduction for Sponsorship of Smart Artificial Intelligence-Driven Reverse Vending Machine

- Currently, tax deduction under Section 34(6)(h) of the ITA 1967 is given to any person who carries out community projects that provide significant benefits to the public in Malaysia related to the fields of education, health, housing, infrastructure, information and communication technology or maintenance of a building designated as a heritage site, projects to increase the income of the poor as well as environmental preservation/conservation projects
- It is proposed that the tax deduction be given to companies and other than companies (individuals, partnerships, trusts and cooperatives that have business income) that make donations or sponsorships of Artificial Intelligence-Driven Reverse Vending Machine
- Effective for contribution/sponsorship and application received by MOF from 1st April 2023 until 31st December 2024

7. Tax Deduction for Donation Made to Non-Governmental Organisations Involved in Grassroots Sports Development Programme

- It is proposed that donors (individuals/companies) be eligible for tax deduction restricted to 10% of aggregate income in respect of the donation made to Non-Governmental Organisation involved in grassroots sports development programme
- The effective date of this proposal is unknown, pending the gazette of the relevant legislations

8. Tax Deduction on Issuance Cost of SRI-Linked *Sukuk*

- Currently, the SC has introduced the framework on Sustainable and Responsible Investment ["SRI"] *sukuk* which enables fundraising by companies through financing towards improving sustainability practices and supporting the transition to low carbon activities
- The framework on SRI-linked *sukuk* aims to address a wider range of financing needs for companies at different stages of their sustainability journey, providing companies more opportunities for transition to net zero carbon targets and further meet the Government's desire to achieve net zero carbon emissions targets by the year 2050

- It is proposed that tax deduction on the cost of issuing SRI-linked *sukuk* that is approved or permitted or deposited with the SC be given for a period of 5 years
- Effective YA 2023 to YA 2027

9. Tax Deduction on Contributions Made to *Tabung Komuniti Filem dan Pembangunan Filem Kenegaraan* under FINAS

- It is proposed that tax deduction be given to persons who made contributions to *Tabung Komuniti Filem dan Pembangunan Filem Kenegaraan* under FINAS
- The effective date of this proposal is unknown, pending the gazette of the relevant legislations

10. Special Tax Deduction to Hoteliers for Expenditure Incurred on Malaysian-Made Handicraft

- Currently, there is no tax deduction in respect of the expenditure incurred on purchasing Malaysian-made handicraft
- It is proposed that a special tax deduction of up to RM150,000 be given to hoteliers in respect of the expenditure incurred on Malaysian-made handicraft purchased from handicraft entrepreneurs registered with Malaysian Handicraft Development Corporation (*Perbadanan Kemajuan Kraftangan Malaysia*)
- This special deduction shall not apply if claim for tax deduction under Section 33 of the ITA 1967 or capital allowance under Schedule 3 of the ITA 1967 has been made on the above expenditure
- Effective for eligible expenditure on handicraft products incurred from 1st January 2023 to 31st December 2025

11. Tax Incentive for Company Renting Non-Commercial EV

- Currently, companies renting motor vehicles (including EV) other than motor vehicles licensed by the appropriate authority for commercial transportation of goods or passengers are given tax deduction for the rental amount subject to the following limits:-
 - maximum of RM100,000 for cost of vehicle not exceeding RM150,000; and
 - maximum of RM50,000 for cost of vehicle exceeding RM150,000
- It is proposed that the rental amount for non-commercial EV be allowed up to a maximum of RM300,000
- Effective YA 2023 to YA 2025

12. Income Tax Exemption on Welfare Hospitals

- It is proposed that an income tax exemption be granted to any welfare hospital that registered as a company limited by guarantee
- The amount of income exempted from tax would be equal to the amount of expenses incurred by the welfare hospital
- Donors are entitled to a tax deduction of up to 10% of their aggregate income for the relevant year of assessment

C. Investment Incentives

1. Review of Tax Incentives for Various Sectors

It is proposed that the following tax incentives granted to eligible companies in various sectors be expanded/extended:-

Tax Incentive / Allowance	Current Position	Proposed Changes and Effective Period
<p>Automation in Manufacturing and Services Sectors</p>	<ul style="list-style-type: none"> • Manufacturing and services companies which incur qualifying capital expenditure on automation equipment is given tax incentive as follows:- <ul style="list-style-type: none"> ○ <u>Category 1 : Labour-intensive industry (rubber, plastic, wood and textile products)</u> <ul style="list-style-type: none"> - ACA of 100% for automation equipment on the first RM4 million for qualifying capital expenditure incurred; and ○ <u>Category 2 : Industries other than Category 1 including the services sector</u> <ul style="list-style-type: none"> - ACA of 100% for automation equipment on the first RM2 million for qualifying capital expenditure incurred • Both categories are also eligible for income tax exemption equivalent to 100% on qualifying capital expenditure incurred for automation equipment 	<ul style="list-style-type: none"> • ACA for automation equipment be enhanced as follows:- <ul style="list-style-type: none"> ○ scope of automation to include the adaptation of Industry 4.0 elements; ○ scope of tax incentive is expanded to include agriculture sector; and ○ the threshold for capital expenditure in respect of both Categories 1 and 2 above and also the agriculture sector be aligned and increased up to RM10 million • Effective for applications received by MIDA and Ministry of Agriculture and Food Industries from 1st January 2023 to 31st December 2027
<p>Food Production Project</p>	<ul style="list-style-type: none"> • Tax incentives for food production projects:- <ul style="list-style-type: none"> ○ The company that undertakes investment in a subsidiary company engaging in new food production project is given tax deduction equivalent to the amount of investment made in the subsidiary in the basis year the investment is made; and ○ A company carrying out:- <ul style="list-style-type: none"> - a new food production project is given 100% tax exemption of statutory income for a period of 10 years of assessment; or 	<ul style="list-style-type: none"> • The scope of tax incentive be expanded to include agricultural-based projects on Controlled Environment Agriculture • The application period for tax incentives be extended for another 3 years • Effective for applications received by Ministry of Agriculture and Food Security from 1st January 2023 to 31st December 2025

	<ul style="list-style-type: none"> - an expansion of the existing food production project is given 100% tax exemption of statutory income for a period of 5 years of assessment o The approved food production project was also expanded in year 2021 to include planting of seeds for agro-food and high seas fishing projects 	
Bionexus Status Company	<ul style="list-style-type: none"> • Company undertaking biotechnology activity and approved with BioNexus status is eligible for tax exemption of 70% on statutory income commencing from the first statutory income for a period of 10 years (new business) or 5 years (existing business / expansion project) • For applications received by Malaysian Bioeconomy Development Corporation from 1st January 2021 to 31st December 2022 	<ul style="list-style-type: none"> • The tax exemption on statutory income of BioNexus status company be increased from 70% to 100% • The application period for tax incentives be extended for another 2 years • Effective for applications received by Malaysian Bioeconomy Development Corporation from 1st January 2023 to 31st December 2024
Aerospace Industry	<ul style="list-style-type: none"> • New and existing aerospace companies in Malaysia undertaking high-value activities such as manufacturing or assemble of systems, devices, parts or components and maintenance, repair and overhaul for aircraft, systems, devices, parts or components and engineering & design / services related are given tax incentives as follows:- <ul style="list-style-type: none"> o <u>New Company</u> <ul style="list-style-type: none"> - Income tax exemption of 70% to 100% for a period between 5 to 10 years; or - ITA of 60% to 100% for a period of 5 years and can be set-off against 70% to 100% of statutory income o <u>Existing Company</u> <ul style="list-style-type: none"> - ITA of 60% for a period of 5 years and can be set-off against 70% of statutory income for each year of assessment 	<ul style="list-style-type: none"> • It is proposed that the application period for the above tax incentive which expired on 31st December 2022 be extended for another 3 years • Effective for applications received by MIDA from 1st January 2023 to 31st December 2025

<p>Ship Building and Ship Repairing Industry</p>	<ul style="list-style-type: none"> • Tax incentives are given to the companies undertaking Ship Building and Ship Repair ["SBSR"] activities in Malaysia:- <ul style="list-style-type: none"> ○ <u>New Company</u> <ul style="list-style-type: none"> - PS with tax exemption of 70% of statutory income for a period of 5 years; or - ITA of 60% on the qualifying capital expenditure incurred within 5 years and can be set off against 70% of statutory income ○ <u>Existing Company</u> <ul style="list-style-type: none"> - ITA of 60% on the qualifying capital expenditure incurred within 5 years and can be set off against 70% of statutory income • For applications received by MIDA from 1st January 2020 until 31st December 2022 	<ul style="list-style-type: none"> • It is proposed that the application period for the tax incentives be extended for another 5 years • Effective for SBSR applications received by MIDA from 1st January 2023 until 31st December 2027
<p>Relocation of Manufacturing Activities to Malaysia</p>	<ul style="list-style-type: none"> • Tax incentives are as follows:- <ul style="list-style-type: none"> ○ <u>New Company</u> <ul style="list-style-type: none"> - Tax rate of 0% to 10% for 10 years be applied to new investment by foreign companies ○ <u>Existing Company</u> <ul style="list-style-type: none"> - Tax rate at 10% for 10 years be applied to existing companies in Malaysia relocating their overseas facilities to Malaysia • Special income tax rate for non-resident individuals holding key positions / C-Suite positions in the eligible companies are subject to income tax at the flat rate of 15% for a period of 5 consecutive years with the following conditions:- <ul style="list-style-type: none"> ○ Restricted to 5 non-resident individuals employed in each company ○ Having monthly salary of not less than RM25,000 each ○ Must attain tax resident status in Malaysia throughout the incentive period 	<ul style="list-style-type: none"> • It is proposed that the period for application of the tax incentives for submission to MIDA by both the company and the non-resident individual be extended for another 2 years until 31st December 2024

2. Tax Incentives for Manufacturer of EV Charging Equipment

- Currently, Malaysia is actively promoting electric mobility ecosystem to support the development of local EV industry and encourage domestic demand in line with the National Automotive Policy 2020 and the Low Carbon Mobility Blueprint 2021 – 2030
- To attract immediate high-value investment in manufacturing of EV charging equipment, it is proposed that tax incentives for EV be given as follows:-
 - Income tax exemption of 100% on statutory income from YA 2023 to YA 2032
 - Companies that make early investments are eligible for tax exemption up to a period of 10 years. For companies that make investments after YA 2023, tax exemption is only given for the remaining exemption period; or
 - ITA of 100% for a period of 5 years and allowable for set-off against 100% of statutory income
- Effective for applications received by MIDA from 25th February 2023 until 31st December 2025

3. Tax Incentives for Carbon Capture and Storage Technology

- To encourage the initiative to control the emission of carbon dioxide using Carbon Capture and Storage Technology ["CCS"], it is proposed that new tax incentives be given as follows:-
 - Companies undertaking CCS in-house activity
 - ITA of 100% of qualifying capital expenditure for a period of 10 years and to be set-off against 100% of the statutory income;
 - Full import duty and sales tax exemption on equipment for CCS technology commencing from 1st January 2023 until 31st December 2027; and
 - Tax deduction for allowable pre-commencement expenses within 5 years prior to the date of commencement of operation
 - Companies undertaking CCS services
 - ITA of 100% of qualifying capital expenditure for a period of 10 years and to be set-off against 100% of the statutory income;
 - Income tax exemption of 70% of statutory income for a period of up to 10 years; and
 - Full import duty and sales tax exemption on equipment for CCS technology commencing from 1st January 2023 until 31st December 2027
 - Companies engaging CCS services be given tax deduction on fees incurred for the use of CCS services from the YA 2023 to YA 2027
- Effective for applications received by MOF from 25th February 2023 to 31st December 2027

4. Tax Incentives for Chicken Rearing in Closed House System

- To encourage more chicken rearers to adopt environmental-friendly closed house system, it is proposed that the following tax incentives be given for a period of 3 years:-
 - ACA of 100% on the qualifying capital expenditure; and
 - income tax exemption of 100% equivalent to the qualifying capital expenditure
- Effective YA 2023 to YA 2025

D. Stamp Duty

1. Review of Stamp Duty on Instrument of Transfer of Immoveable Property by Way of Love and Affection

- Currently, stamp duty exemption is given on instrument of transfer of any immoveable property between husband and wife, and 50% remission of stamp duty chargeable is given on instrument of transfer of any immoveable property between parents and children in the case where the recipient is a Malaysian citizen
- In order to reduce cost of stamp duty for transfer of property by way of love and affection between parents and children, grandparents and grandchildren, it is proposed that the:-
 - stamp duty on instrument of transfer of immoveable property be fully exempted, limited to the first RM1 million of the property's value; and

- remaining balance of the property's value be subject to *ad valorem* duty rate with 50% remission on the stamp duty imposed
- The above stamp duty treatment will only apply to the recipients of the immoveable property who are Malaysian citizens
- Effective for instrument of transfer executed from 1st April 2023

2. Review of Stamp Duty on Educational Loan / Scholarship Agreements

- Currently, stamp duty on educational loan / scholarship agreements executed for the purpose of pursuing higher education in higher educational institutions are charged at the fixed rate of RM10. Stamp duty at *ad valorem* rate would be charged on the same agreements for the purpose of pursuing other levels of education
- It is proposed that stamp duty on educational loan / scholarship agreements executed for the purpose of pursuing education at all levels including certificate (education/skills/professionals) in any educational and training institutions be also charged at the fixed rate of RM10
- Effective for educational loan / scholarship agreements executed from 1st June 2023

3. Extension of Stamp Duty Exemption for Instruments in Relation to Restructuring or Rescheduling of Loan or Financing

- Currently, stamp duty exemption is granted for restructuring or rescheduling of loan or financing between a borrower or customer and a financial institution with the following conditions:-
 - the existing instrument of loan or financing agreement has been duly stamped; and
 - the restructuring or rescheduling of a loan or financing does not contain the element of additional value to the original amount of loan or financing under the existing instrument of loan or financing agreement
- The exemption applies to instruments executed from 1st March 2020 to 31st December 2022
- It is proposed that the above stamp duty exemption be extended for another 2 years
- Effective for instruments executed from 1st January 2023 to 31st December 2024

4. Stamp Duty Remission for First-Time Purchase of Residential Property Valued More Than RM500,000 up to RM1 Million

- Stamp duty remission of 75% be given on instrument of transfer and loan agreement for first-time purchase of residential property valued more than RM500,000 up to RM1 million
- Effective date of execution of instrument/agreement to be determined

E. Sales and Service Tax and Indirect Tax

1. Tax Incentives for Carbon Capture and Storage

- Please refer to Part C3

2. Import Duty and Sales Tax Exemption on Studio and Filming Production Equipment

- For the purpose of boosting the level of creativity of industry players in creating high value creative content in the domestic and international markets as well as attracting foreign film producers to carry out filming activities in Malaysia, it is proposed that import duty and sales tax exemption on studio and filming production equipment be given to providers of studio equipment, production and post-production services for a period of 3 years
- Effective for applications received by the MOF from 1st April 2023 to 31st March 2026

3. Review of Excise Duty and Sales Tax Exemption on the Sale or Transfer of Individually Owned Taxis and Hired Cars

- To assist individual taxi owners affected by the COVID-19 pandemic, it is proposed that the excise duty and sales tax exemption on sale / transfer / private use / disposal of individually owned taxis and hired cars be expanded and reviewed as follows:-

- Exemption granted based on the following licenses and services:-
 - Taxis (budget taxis, executive taxis and TEKS1M);
 - Airport taxis (budget and family); and
 - Hired cars
- Vehicle age condition is relaxed to at least 5 years from the date of registration
- Effective for applications received by the RMCD from 1st March 2023

4. Extension of Tax Incentives to Support the Development of EV Industry

- To spur domestic demand and encourage the growth of locally assembled EV activity, it is proposed that the tax incentives for EV be extended as follows:-

No.	Tax Measures	Incentive Period Extension
i.	Full import duty exemption on components for locally assembled EV	Until 31 st December 2027
ii.	Full excise duty and sales tax exemption on locally assembled Completely-Knocked-Down ["CKD"] EV	
iii.	Full import duty and excise duty exemption on imported Completely Built-Up ["CBU"] EV	Until 31 st December 2025

5. Import Duty and Sales Tax Exemption on Nicotine Replacement Therapy

- To support the mQuit Programme and encourage the use of Nicotine Replacement Therapy as an option for smoking cessation, it is proposed that import duty and sales tax exemption be given for purchase of nicotine gum and nicotine patch for a period of 3 years
- Effective for applications received by the MOF from 1st April 2023 to 31st March 2026

6. Excise Duty on Nicotine-Based Products for Electronic Cigarettes and Vape

- It is proposed that excise duty be imposed on nicotine-based products (liquid or gel) used in electronic cigarettes and vaping

7. Re-Introduction of SVDP

- Please refer to Part B2 below

F. Others

1. Introduction of Luxury Goods Tax

- The Government plans to introduce a Luxury Goods Tax starting this year on luxury goods with a certain value limit depending on the type of luxury goods such as luxury watches and luxury fashion items

2. Introduction of Capital Gains Tax on Disposal of Unlisted Shares

- The Government is studying to introduce capital gains tax for the disposal of unlisted shares by companies at a low rate
- Effective year 2024

3. Incentives for Employers Hiring Technical and Vocational Education and Training Graduates

- Incentives under SOCSO will be given to employers who hire technical and vocational education and training graduates
- The incentive of RM600 per month will be paid for a period of 3 months to the employer as an addition to the salary offered to the graduates

4. Incentives for Employers Hiring the Vulnerable Groups

- Incentives under SOCSO will be given to employers who hire the vulnerable groups, such as persons with disabilities, ex-convicts, homeless people and the hardcore unemployed

- Hiring incentives of up to RM600 per month will be paid for a period of 3 months to the employer

5. Grants

The Government has allocated funds for the following grants in Budget 2023:-

No.	Type of Grants	Allocation	Targeted Beneficiary and Purposes	Eligible Amount
i.	<i>Pertubuhan Prihatin Komuniti Grant</i>	RM20 million	2,000 resident associations carrying out voluntary activities during calamities	Not specified
ii.	Plantation Sector	RM50 million	To promote automation in the plantation sector through the use of robotics and artificial intelligence which can employ skilled local workers	Matching grant
iii.	Tourism Sector	RM115 million	Companies involved in the promotion and organising tourism programmes, including international sporting and cultural events as well as charter flights	Matching grant
iv.	<i>Skim Geran Pendigitalan PKS dan Penjaja Kecil</i>	RM100 million	Small and medium enterprises and small hawkers that subscribe to business digitalisation applications such as POS system, accounting or inventory management system	Matching grant of up to RM5,000
v.	National Sports Programmes	RM50 million	To encourage private sector sponsorship for sports programmes, especially unity-based sports, organisation of tournaments at the national level and reality sports programmes	Matching grant of an amount equivalent to the sponsorship by private sector

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