

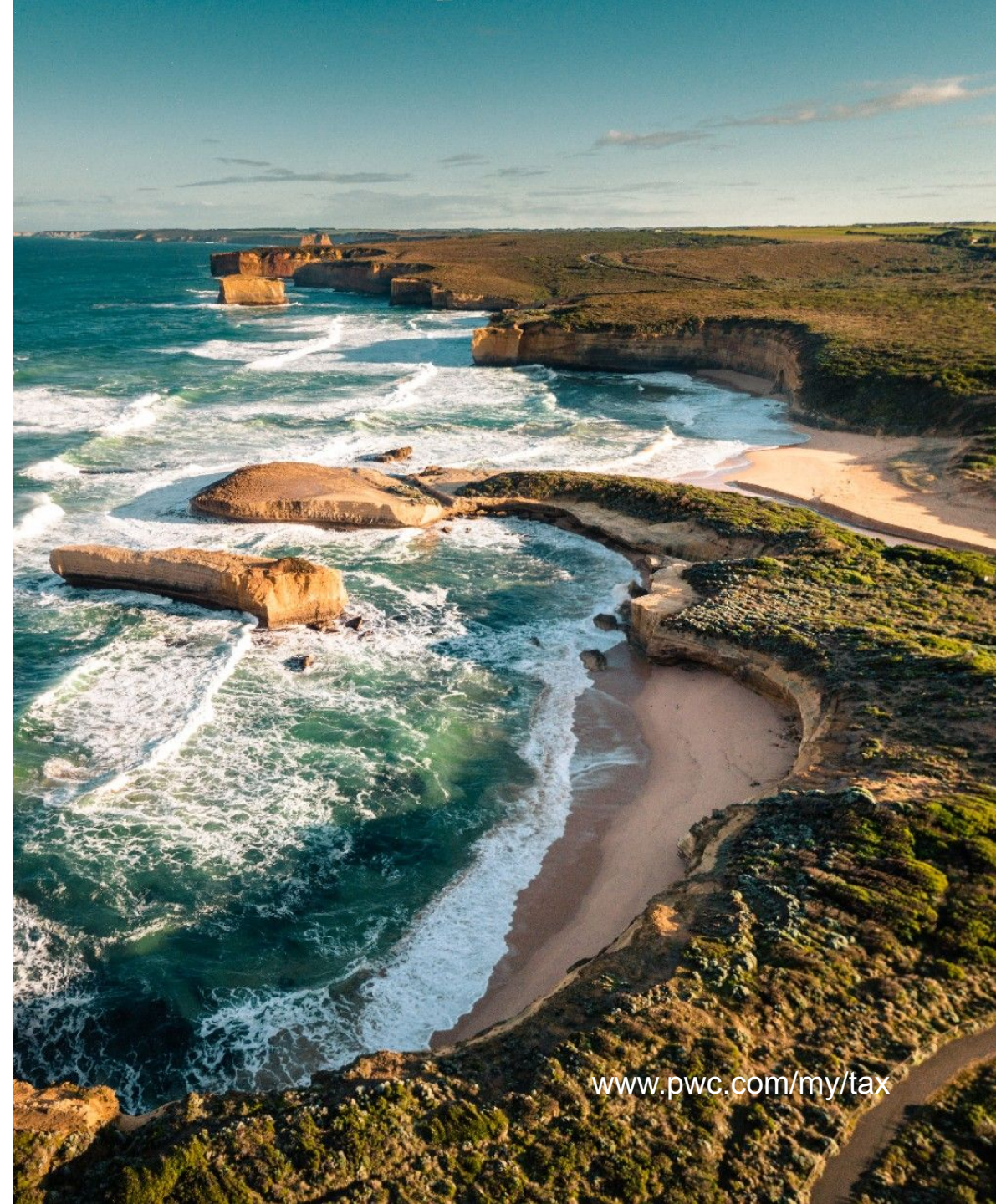


TaXavvy

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In this issue

- Public Ruling 1/2023 - Taxation of Income from Employment on Board a Ship
- Public Ruling 2/2023 - Tax Incentive for Investment in BioNexus Status Company
- Income Tax (Exemption) (No. 20) 2007 (Amendment) Order 2023
- Income Tax (Determination of Knowledge Worker and Qualifying Activity in the East Coast Economic Region) Rules 2023



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Public Ruling 1/2023 - Taxation of Income from Employment on Board a Ship

The Inland Revenue Board has issued Public Ruling 1/2023 - Taxation of Income from Employment on Board a Ship (“PR 1/2023”) which replaces Public Ruling 12/2016 of the same title.

The key changes in PR 1/2023 are as follows:

The definition of seagoing ship has been expanded for clarity, as follows:

*“Seagoing ship is not defined in the Income Tax Act 1967. For the purpose of this Public Ruling, a seagoing ship refers to any vessel **which sails beyond the port limit**. This is in line with the definition of “seagoing ship” under the Merchant Shipping Ordinance (MSO) 1952. Port limit varies depending on each port’s bylaws and is controlled by the respective port authority... Therefore, a ship **sailing in Malaysian waters that does not sail beyond the port limit is not considered as a seagoing ship.**”*

PR 1/2023 is available on IRB’s website www.hasil.gov.my (Legislation > Public Rulings).



Public Ruling 2/2023 - Tax Incentive for Investment in BioNexus Status Company

The IRB has issued Public Ruling 2/2023 - Tax Incentive for Investment in BioNexus Status Company (“PR 2/2023”) which supersedes Public Ruling 10/2018 of the same title.

The changes in PR 2/2023 are mainly to include references to the Income Tax (Deduction for Investment in BioNexus Status Companies) (Amendment) Rules 2022 which was gazetted (refer [TaXavvy Issue 11-2022](#)) to extend the tax incentive for qualifying investments made during the period from 1 January 2021 to 31 December 2022 based on Budget 2021 measures.

PR 2/2023 is available on IRB’s website www.hasil.gov.my (Legislation > Public Rulings).



Income Tax (Exemption) (No. 20) 2007 (Amendment) Order 2023

The Income Tax (Exemption) (No. 20) 2007 (Amendment) Order 2023 has been issued to amend the Income Tax (Exemption) (No. 20) Order 2007 which provides income tax exemption for an Iskandar Development Region (IDR) Status Company.

The key changes are as follows:

- The incentive period has been extended to 31 December 2024 [i.e. the incentive will not apply to an IDR status company which commences its qualifying activity after 31 December 2024 (previously 31 December 2020)].
- 2 new qualifying activities have been introduced with effect from 1 January 2021:
 - a. Wellness and assisted living
 - b. Emerging digital technologies



Income Tax (Determination of Knowledge Worker and Qualifying Activity in the East Coast Economic Region) Rules 2023

The Income Tax (Determination of Knowledge Worker and Qualifying Activity in the East Coast Economic Region) Rules 2023 (“the Rules”) has been issued and is effective from the year of assessment 2022.



The salient points of the Rules are:

The incentive

- A qualifying person may apply to be subject to a flat income tax rate of 15% in respect of chargeable income from employment with a designated company
- Any excess chargeable income (in addition to amounts from employment with the designated company) will be subject to the prevailing income tax rate of the taxpayer

Qualifying person

- A Malaysian citizen or foreign national who is a knowledge worker
- Has not derived any employment income from a designated company in the East Coast Economic Region (ECER) for at least 2 years or for a period as determined by the Minister of Finance (MOF) prior to making the application
- Is employed by a designated company during the period 1 January 2022 to 31 December 2024
- Resides within the ECER

Designated company

- Resident company incorporated under the Companies Act 2016
- Carrying out qualifying activity within the Malaysia-China Kuantan Industrial Park and satisfies conditions as determined by the MOF

Knowledge worker

Key conditions for a person to fulfill as determined by the MOF:

- Holds a degree or master’s degree in any professional field from a recognised university with at least 10 years working experience in the relevant field,
- Holds a doctor of philosophy degree in any related field from a recognised university with at least 5 years working experience in the relevant field, or
- Holds a professional certificate in any technical field from a recognised institution or university with at least 15 years working experience in the relevant technical field.

The application is to be made to the ECER Development Council during the period 1 January 2022 to 31 December 2024.

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