



pwc

Centre Stage:

Budget 2023

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Foreword

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The Budget has certainly taken an expansionary approach with a significant increase in development expenditure consistent with the government playing a bigger role in driving growth.

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The theme of Budget 2023 “Responsive, Responsible and Reformist” paints a picture of the current economic landscape - demonstrating strong growth post-pandemic whilst looking ahead to building a more resilient future.

Assisting the B40 and hardcore poor

Budget 2023 continues to use direct cash handouts as the primary measure to assist the B40. I am particularly pleased with the significant increase in allocation for “Program Pembasmian Kemiskinan Tegar Keluarga Malaysia” which provides employment opportunities to the hardcore poor. This measure would be more sustainable in the longer term as compared to the continuous reliance on direct cash handouts.

What is in store for the M40?

The M40 group is not overlooked in Budget 2023. The 2% reduction in personal tax rates across the RM50,001 to RM100,000 tax brackets is a clear shoutout to the M40. There is also a mix of other broad based and specific measures which would mainly benefit the M40 group.

The ESG agenda - should more be done?

Budget 2023 expands upon many existing initiatives, such as green tax incentives and extension of duty exemptions on electric vehicles (EV) imports. The government is also considering the introduction of a carbon tax. Not only will this hasten the need for businesses to reduce emissions, but can be a source of revenue which can then help subsidise other areas of the overall green agenda.

Attracting investments in the right areas

Budget 2023 does not shy away from using incentives to promote investments to drive growth. Tax breaks alone may no longer be a large differentiating factor. Malaysia needs to distinguish itself by offering world-class infrastructure and human capital at a competitive price.

How will this be funded?

Notwithstanding the proposed reduction in personal tax rates, the government has projected an increase in tax collections across the various taxes - corporate income tax, personal income tax and sales & services tax. This could be a reflection of the government’s confidence that the economy will continue to recover to pre-pandemic levels, resulting in higher tax collections.

Budget 2023 - conclusion

Budget 2023 is probably one of the broadest and most overarching budgets I have seen in terms of areas covered, with allocations and initiatives which address both short term needs and the nation’s long term targets.

I would consider Budget 2023 as bold, despite the clear absence of large-scale reforms which many have speculated upon in the past year, including the re-introduction of GST, carbon taxes or a comprehensive subsidy reform.

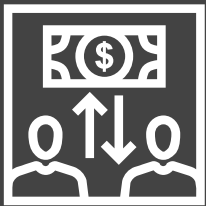
Jagdev Singh

Tax Leader, PwC Malaysia

Budget snapshot

Budget 2023: Keluarga Malaysia, Makmur Sejahtera

Agenda 1: Responsive Budget



Expansionary Fiscal Policy

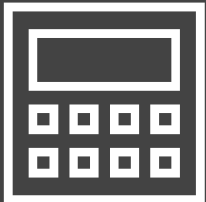
Priority To The Rakyat

- B40 Group
- M40 Group
- Women & Children
- Youth
- Social Protection
- Cost of Living
- Jobs & Skills Training
- Education & TVET
- Home Ownership
- Public Transportation
- Community
- Paddy Farmers, Fishermen and Smallholders

Business Support

- Tax Deductions and Cash Grants
- Financing Facilities
- Strategic Financing, Alternatives & Financial Guarantees
- Recovery of Tourism Industry

Agenda 2: Responsible Budget



Fiscal Responsibility

- Fiscal Consolidation
- Revenue Sustainability
- Addressing Revenue Leakage

Building National Resilience

- Healthcare
- National Defence & Public Safety
- Food Security
- Disaster Preparedness
- Financial Scams

Public Service Delivery Efficiency

- Public Private Partnership
- Government Linked Companies
- Government Administration
- Civil Servant's Welfare

Agenda 3: Reformist Budget



New Growth Areas

- Promote Investment & Trade
- Science, Technology & Innovation
- Commodity Sector
- Local Products
- Creative Sector
- Sports Industry

National Infrastructure Development

- Largest Development Allocation
- Major Development Projects
- Strategic Projects

Inclusive Development

- Syiar Islam
- Rural Infrastructure
- Inter-Regional Development
- Small & Medium Projects
- Digital Connectivity

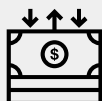
Sustainability Development

- Commitment Towards Carbon Neutral 2050
- Survival of Biodiversity
- Sustainable Communities

Budget snapshot

Fiscal position

Budget remains expansionary



Smaller Budget deficit

Deficit: RM99 bn
Revenue: RM273 bn
Expenditure: RM372 bn

2023: -5.5% of GDP

2022: -5.8% of GDP



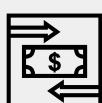
Lower operating expenditure, more managed cost of subsidies



Down 3.4% Overall expenditure

2023: RM372 bn

2022: RM385 bn



Down 4.3% Operating expenditure

2023: RM272 bn

2022: RM285 bn



Up 32.3% Gross development expenditure

2023: RM95 bn

2022: RM72 bn



Lower COVID-19 fund allocation

2023: RM5 bn

2022: RM29 bn

Lower revenue given an anticipated decline in non-tax revenue



Down 4.4% Revenue

2023: RM273 bn

2022: RM285 bn

Government debt remains below the debt ceiling



Elevated Government debt

2022: 61% of GDP

as at end-June

Note: The debt ceiling of 65% of GDP will expire at end-Dec 2022

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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The fiscal deficit is expected to narrow in 2023. This is underpinned by a decrease in operating expenditure and COVID-19 fund allocation despite higher development expenditure.

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Economic outlook 2023

Continued expansion in the global economy

Global and regional growth



Year	Global economic growth	International trade growth	ASEAN-5 growth
2023f	2.9%	3.2%	5.1%
2022e	3.2%	4.1%	5.3%

ASEAN-5: Indonesia, Malaysia, Philippines, Thailand, Vietnam

e: Estimates; f: Forecast

Source: International Monetary Fund (IMF)

Global growth is projected to expand at a moderate pace, due mainly to the economic slowdown in the US and China, tightening global financial conditions and spillovers from the Russia-Ukraine conflict.


Nonetheless, ASEAN-5 countries are expected to outpace global growth, supported by strong domestic demand amid the reopening of the economy following the easing of COVID-19 restrictions.

In Malaysia, economic activities are expected to continue its recovery momentum, as the economy transitions into the endemic phase.

Economic expansion is partly driven by the construction of major infrastructure projects, improved labour supply and tourism-related activities.

Continued expansion across all economic sectors

Malaysia's growth by sector




Year	Overall	Construction	Services	Manufacturing	Agriculture
2023f	4.0 - 5.0%	4.7%	5.0%	3.9%	2.3%
2022e	6.5 - 7.0%	2.3%	8.2%	6.3%	0.1%

Source: Ministry of Finance (MOF)

Private sector will remain the major contributor

Malaysia's growth by expenditure



Year	Public			Private	
	Overall	Consumption	Investment	Consumption	Investment
2023f	4.0 - 5.0%	2.0%	2.1%	6.3%	3.7%
2022e	6.5 - 7.0%	1.0%	2.2%	8.7%	3.0%

Source: Ministry of Finance (MOF)




Consumer and private capital spending are projected to drive growth, supported by improving labour market conditions and higher investments in technology-intensive sectors.

Economic outlook 2023

Inflation is projected to trend lower amid easing of commodity prices resulting in lower subsidy cost.

Labour market conditions is expected to improve, supported by the continued expansion in economic activities.



Lower inflation and unemployment

  			
Year	Consumer Price Index	Producer Price Index	Unemployment
2023f	2.8 - 3.3%	-	3.5 - 3.7%
2022e	3.3%	10.2%*	3.8 - 4.0%

*January to July 2022

Source: MOF

Weaker business sentiment

			
Year	FBM KLCI	Quarter	MIER Business Conditions Index (BCI)
2022	1,406 (7 Oct)	2Q-22	96.2
2021	1,564 (8 Oct)	1Q-22	101.0
-10.1%		-4.8 points	

Source: Bursa Malaysia and Malaysian Institute of Economic Research (MIER)

The FBM KLCI fell year-on-year, arising from growing concerns of a global economic slowdown.

MIER BCI indicated less favourable business sentiments due to lower sales, as well as domestic and external orders.



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Key budget measures



Key budget measures

The measures announced in Budget 2023 are comprehensive, covering a number of areas from job creation, driving growth, ESG to digital connectivity. Highlighted below are among the key measures that would impact the economy and businesses going into 2023.

Impact of Budget 2023 economic and fiscal measures on businesses

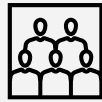
Responsive Support



Safeguarding the Rakyat's welfare



Expanding access to financing



Empowering women and youth



Supporting MSMEs



Creating jobs, upskilling workforce, and expanding social protection



Encourage home ownership

Responsible Finances



Building national resilience



Enhancing public service delivery



Preparing for natural disasters



Improving Malaysia's cybersecurity

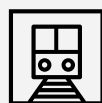
Implementing Reforms



Investment in new growth areas



Digital connectivity



Infrastructure development



Intensify sustainable development



Inclusive development

Key budget measures



A snapshot of ESG budget measures

To further strengthen the sustainability agenda, the Budget has incorporated a number of Environmental, Social and Governance (ESG) initiatives, as summarised below:



Environmental

Commitment towards Carbon Neutral 2050:

- Extension of Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) to encourage green investments
- RM3 bn allocated to Green Technology Financing Scheme (GTFS) for local green technology projects
- The High Technology & Green Facility fund size increased from RM800 mn to RM1 bn
- Khazanah Nasional Berhad (KNB) to invest RM150 mn in Dana Impak for nature based solutions in the development of Malaysia's carbon markets ecosystem

EVs:

- Extension of tax exemptions including import duty and excise duty on imported complete built-up (CBU) EV - *refer to tax proposal highlights*

Looking ahead to Carbon Tax:

- RM10 mn grant allocated for feasibility studies of carbon pricing mechanism with a view to introduce Carbon Tax in Malaysia

Disaster preparedness:

- RM15 bn allocation for Flood Mitigation Plan until 2030
- RM574 mn allocated to the National Disaster Management Agency (NADMA)



Social

Gender Equality

- Establish a Gender Focal Team in each ministry and agency so as to ensure all policies formulated will take gender considerations into account
- The Tribunal for Anti-Sexual Harassment will be established in early 2023, in line with the recently approved Anti-Sexual Harassment Bill 2021

Empowering Women

- RM235 mn financing schemes allocated for women entrepreneurs to grow their businesses and enhance their marketing strategy
- Income tax exemption for women returning to the workforce after a career break - *refer to tax proposal highlights*
- Securities Commission Malaysia (SC) to introduce a special training programme for women in the corporate sector to increase women's skills and their eligibility to be appointed as board members

Food Security Agenda

- Allocation of RM1.35 bn for food security projects in view of reducing dependency on imported supplies



Governance

Good Governance Principles

- To be adopted by all government-linked investment companies (GLICs) and will be extended to all Government-linked companies (GLCs). Initiatives include:
 - Establishing a sustainability framework for investments and setting ESG-compliant targets
 - RM330 mn on green procurement implementation including EV infrastructure
- **Increased penalty on environmental offenders**
 - This is under the Environmental Quality Act (Amendment) 2022 Phase 1

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Key budget measures



A snapshot of Digital measures

The Budget continues to emphasise on the development of the digital economy through connectivity, investments in domestic technology-based companies and strengthened cybersecurity measures.



Providing wider coverage and better digital connectivity

- RM1.3 bn for **Digital Nasional Berhad's (DNB)** infrastructure expenditure to expand the 5G network
- RM700 mn allocation for **National Digital Infrastructure Plan (JENDELA) Phase 2** for the implementation of digital connectivity in industrial areas and schools



Capacity building and investment

- KNB, under **Dana Impak**, to invest RM230 mn of its fund in local high technology companies
- RM102 mn allocation under **Dana Kandungan Digital** for artists to produce more creative and innovative products
- RM100 mn for the development of local technology-based companies under **Domestic Investment Strategic Fund (DISF)**
- Tax deduction of up to RM1.5 mn on expenses incurred for listing for technology-based companies on Bursa Malaysia's Main Market



Strengthening nation's cybersecurity

- **National Scam Response Center (NSRC)** to be established with the collaboration between PDRM, Bank Negara Malaysia (BNM), Malaysian Communications and Multimedia Commission (MCMC) and National Financial Crime Centre (NFCC), and partnership with financial institutions to take action against online criminals
- RM73 mn allocation to strengthen cybersecurity, including building the capability of cyber forensic systems



Increasing automation in the commodity sector

- Allocation of additional foreign working levies collected to support employers undertaking automation initiatives
- RM250 mn worth of funds for agricultural startup companies to establish e-commerce platform and seed funding under Agrovest investment program by Agrobank



Expanding digital hubs nationwide

- RM25 mn allocation for the infrastructure development of digital traffic hub and alternative data center for the Southeast Asian region through the **Eight Special Border Economic Zone (SBEZ)** projects
- RM20 mn for MRANTI Technology Park's transformation in becoming a world-class innovation hub
- 6 new locations involving 2,000 short-term rental accommodations certified as Digital Nomad Hubs under DE Rantau initiative to promote digital professional mobility that supports the nomadic lifestyle

Key budget measures

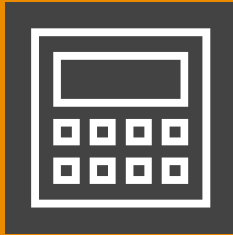


Responsive Support



Safeguarding the Rakyat's welfare	<ul style="list-style-type: none"> • Over RM55 bn for subsidies, aid and incentives to mitigate the challenge of rising cost of living • RM7.8 bn of cash assistance to enhance the Bantuan Keluarga Malaysia programme benefitting 8.7 mn recipients • RM1 bn to accelerate the agenda of eradicating hardcore poor to provide economic opportunities and alleviate income • RM2.5 bn for monthly assistance to the poor through Social Welfare Department. • Changes in personal income tax rates - <i>refer to tax proposal highlights</i> • RM1.6 bn of schooling assistance programmes including RM825 mn provided for Early Schooling Assistance and RM777 mn for Rancangan Makanan Tambahan
Empowering women and youth	<ul style="list-style-type: none"> • RM235 mn of financing for women entrepreneurs • To increase number of women eligible to be appointed as board members, SC will introduce special training programme • Tax exemption for women returning to workforce - <i>refer to tax proposal highlights</i> • RM305 mn financing facilities reserved for youth entrepreneurs will be provided by SME Bank, TEKUN, MARA, BSN and Agrobank
Creating jobs, upskilling workforce, and expanding social protection	<ul style="list-style-type: none"> • 129,000 job opportunities under SOCSO and Capital Market Graduate Program • RM750 mn for HRD Corp to provide skills training to increase workers productivity and enhance income opportunities • RM150 mn allocated for Self Employment Social Security Scheme for government to bear 80% of contributions. • Increased maximum investment limit for Amanah Saham Bumiputera (ASB) and ASB2 from RM200,000 to RM300,000.
Expanding access to financing	<ul style="list-style-type: none"> • RM1 bn to provide support in the form of equity injection and working capital for high-potential companies affected by COVID-19 • Various financing funds are offered for strategic projects through Bank Pembangunan Malaysia Berhad • Strengthen the recovery of the tourism sector: <ul style="list-style-type: none"> ◦ RM200 mn allocated for incentives, promotion, and marketing initiatives ◦ RM500 mn allocated to BNM Penjana Tourism Financing (PTF) with an increase of financing size from RM300,000 to RM500,000
Supporting MSMEs	<ul style="list-style-type: none"> • RM45 bn for SemarakNiaga to increase access to financing, especially for MSMEs and the informal sector • RM10 bn in loan funds are provided to encourage the automation and digitization of SMEs, support the food security agenda, and the recovery of the tourism sector • RM9 bn for Syarikat Jaminan Pembiayaan Perniagaan to provide financing guarantees for SMEs • RM1.7 bn will be available as microcredit loans and financing facilities to benefit of small entrepreneurs • Reduced tax rate for MSMEs - <i>refer to tax proposal highlights</i> • RM1 bn to give a one-off grant of RM1,000 to all registered MSMEs and registered taxi drivers
Encourage home ownership	<ul style="list-style-type: none"> • RM3 bn increase in allocation for government guarantee facility on housing loans for those without fixed income • Extend stamp duty exemption for first-home ownership - <i>refer to tax proposal highlights</i>

Key budget measures



Responsible Finances



Building national resilience	<ul style="list-style-type: none"> ● RM36.1 bn allocation to strengthen the capacity of public healthcare under Ministry of Health <ul style="list-style-type: none"> ○ Allocation includes RM4.9 bn for procurement of medicine, a 12% increase compared to 2022 ○ RM1.8 bn to build new hospitals, clinics and facilities ● Controlling the impact of rising food prices through <ul style="list-style-type: none"> ○ Setting ceiling prices for food items and eliminating import permits ○ RM1 bn worth of BNM Agrofood Financing Scheme to help entrepreneurs increase production by using agriculture technology
Preparing for natural disasters	<ul style="list-style-type: none"> ● RM15 bn allocation for Flood Mitigation Plan until 2030 as a long-term strategy ● For 2023, projects that will be implemented include : <ul style="list-style-type: none"> ○ Construction of Sabo Dam project worth RM562 mn in 46 locations across the country ○ Development of RM2 bn dual-purpose reservoir to overcome the flood problem and as a raw water storage ○ Upgrading of the weather forecast system ● Up to RM574 mn allocated to NADMA for flood relief efforts
Improving Malaysia's cybersecurity	<ul style="list-style-type: none"> ● Measures to curb financial scams will be implemented, such as : <ul style="list-style-type: none"> ○ Establishment of NSRC through a collaboration between authorities and financial institutions ○ Provide a platform for the public to report details of scam ○ Improve individual's financial and digital literacy ● Allocation of RM73 mn for CyberSecurity Malaysia to strengthen the monitoring, detection, and reporting of cyber threats, including building the capability of cyber forensic systems.
Enhancing public service delivery	<ul style="list-style-type: none"> ● Launch of the Public-Private Partnership (PPP) Master Plan 2023-2032 that is capable of driving infrastructure projects based on user pay such as highways and in-kind payment such as land swap <ul style="list-style-type: none"> ○ RM250 mn allocated through the Infrastructure Facilitation Fund to support the implementation of high-impact PPP projects in the infrastructure, social and security sectors. ● Investment and support from GLCs and GLICs <ul style="list-style-type: none"> ○ RM1.3 bn in venture capital to support start-up entrepreneurs ○ RM1.35 bn on food security projects ○ Establish sustainability framework for investments and ESG-compliant targets ○ RM330 mn on green procurement implementation including EV infrastructure ○ RM45 bn on domestic direct investments such as development of Kwasa Damansara by EPF

Key budget measures



Implementing Reforms

Investment in new growth areas	<ul style="list-style-type: none"> • RM590 mn to attract high-value-added investments in key areas including automotive (Radio Frequency and Bluetooth technology), electric and electronics (E&E), medical devices, aerospace (Maintenance, Repair, and Overhaul operations) and petrol chemical industries • RM364 mn for R&D activities led by Ministry of Higher Education and the Ministry of Science, Technology, and Innovation • RM100 mn for the DISF to support the development of local technology-based companies • RM152 mn for the film industry through Dana Penerbitan Filem Kenegaraan (DEKAN) and Dana Kandungan Digital • RM50 mn for Cradle Fund to coordinate the Malaysian startup ecosystem
Infrastructure development	<ul style="list-style-type: none"> • RM3.3 bn projected allocation for the MRT3 project in 2023
Inclusive development	<ul style="list-style-type: none"> • RM92 mn to spur development of the halal industry, which includes: <ul style="list-style-type: none"> ◦ Halal Hub Centre Development Project ◦ Malaysia Services and Halal Global programme ◦ Improve industry compliance with halal certification and adopt halal innovation ◦ Onboarding OKU who want to venture into the halal business
Digital connectivity	<ul style="list-style-type: none"> • RM700 mn in 2023 for the JENDELA Phase 2 project • RM1.3 bn in 2023 for DNB in expanding the 5G network
Intensify sustainable development	<ul style="list-style-type: none"> • Encourage green investments by extending the GITA and GITE until 31 December 2025 • Enhance the GTFS under Green Tech Malaysia • RM1 bn soft loan under BNM High Technology & Green Facility to support sustainable technology start-ups • RM150 mn under Dana Impak to spur nature-based solutions • RM100 mn per year for Ecological Fiscal Transfer for Biodiversity Conservation (EFT) • RM252 mn for conservation wild species conservation and river conservation projects • RM100 mn for Yayasan Hasanah to lead efforts at the community level, such as generating income, ensuring that no one is left behind in education, and strengthening the health check-up programme

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Tax proposal highlights



Tax proposal highlights



Key proposed highlights

No introduction of new taxes	No new taxes have been introduced
Extension of time limit for carry forward of unabsorbed business losses for certain sectors	Extension of of carry forward losses period to a maximum of 20 years (currently 10 years) for companies in sectors that have a long gestation period (e.g. forest plantations and hydroelectric projects)
Enhancement of 100% Accelerated Capital Allowance (ACA)	Capital expenditure threshold is increased up to RM10 mn (from max RM4 mn) for all categories, including agriculture and adaptation of Industry 4.0 elements. Applications to be received by Malaysian Investment Development Authority (MIDA) and Ministry of Agriculture & Food Industries (MAFI) from 1 Jan 2023 to 31 Dec 2027
2% reduction of corporate income tax rate for Micro SMEs	2% reduction in corporate income tax rate from 17% to 15% for Micro SMEs for the 1st RM100,000 of chargeable income effective YA 2023
Review of individual income tax rate	<ul style="list-style-type: none"> 2% reduction in individual income tax rate for each chargeable income band between RM50,001 to RM100,000 (tax savings up to RM1,000) 0.5% increase in individual income tax rate for chargeable income band of RM250,001 to RM400,000 (approximately RM750) due to consolidation of bands effective YA 2023
Alignment to Organisation for Economic Co-operation and Development (OECD) Pillar 2 requirements	Detailed analysis will be done to consider the introduction of Qualified Domestic Minimum Top-up Tax, targeted for 2024



Tax proposal highlights



Environmental

Tax incentive for manufacturer of EV charging equipment

- 100% income tax exemption up to 10 years for companies that make early investments from YA 2023 to YA 2032. If the investments are made by the companies after YA 2023, the companies are eligible to enjoy the incentive for the remaining period only
- 5-years 100% Investment Tax Allowance (ITA) for each year of assessment

Applications to be received by MIDA **from 8 Oct 2022 until 31 Dec 2025**

Tax incentive for rental of EV

Maximum rental amount of EV allowed for tax deduction is increased to RM300,000 (from RM100,000) to encourage utilisation of low-carbon vehicles. **Effective from YA 2023 to YA 2025**

Potential introduction of carbon tax

Assessment of carbon pricing mechanism in preparation and matching grant of RM10 mn to SME companies for carbon assessment purposes



Social

Women returning to the workforce

Income tax exemption on income received for **YAs 2023 to 2028** in relation to women returning to the workforce after a career break of at least 2 years. The incentive is applicable to applications submitted to Talent Corporation Malaysia Berhad between **1 Jan 2023 to 31 Dec 2027**

Stamp duty exempted on transfer of real property between family members

With effect from **1 Jan 2023**, stamp duty of RM10 (instead of ad valorem rates) applies on transfer of real property between husband and wife, parents and children and grandparents and grandchildren, provided that the recipient of the real property is a Malaysian resident



Governance

e-Invoice and Tax Identification Number (TIN)

With effect from 2023, the Inland Revenue Board (IRB) will be introducing e-Invoice gradually and Malaysian individuals and permanent residents who are 18 years and above will be given TIN automatically as the use of TIN will be mandatory for stamping of all documents and instruments

Online "Stamp Assessment and Payment System"

All processes of stamping instruments and payments of stamp duty to the IRB will be fully online **with effect from 2024** using the Stamp Assessment and Payment System

Tax proposal highlights



Digital

Expanded definition of “*plant*” for CA claim

Inclusion of intangible assets such as **software** as part of the definition of ‘*plant*’ for **CA claim purposes**. Currently, the ‘*plant*’ definition excludes intangible asset

Inclusion of technology-based companies on Bursa Malaysia Main Market for tax deduction on listing costs

Tax deduction on listing costs for ACE and LEAP markets to be expanded to **Bursa Malaysia Main Market** but only for **technology-based companies**. The deduction is also extended until **YA 2025**

Streamlining service tax exemption on digital services to include non bank digital payment service providers

Service tax exemption for:-

- recipients of digital payments services; and
- local non-bank digital payment service providers (including payment instrument issuers, merchant acquirers, payment system operators)

Effective **1 August 2022 until 30 July 2025**



Tourism and Hospitality

Introduction of Reinvestment Allowance (RA) incentive for Hotel and Selected Tourism Projects

Renovation, expansion and modernisation activities for the following projects be given RA at 60% on qualifying capital expenditure for a period of 5 years consecutively and to be set-off against 70% of statutory income **from YA 2023 to 2027**:

- 1 to 5-star hotels registered with Ministry of Tourism, Art and Culture (MOTAC); and
- selected tourism projects i.e. theme park and convention centres with a capacity of at least 3000 participants and registered with MOTAC

Tax Incentive for Tour Operators

Tax exemption of 100% of statutory income be given to tour operators for YA 2023 for tourism packages with at least 400 local tourists per year or 200 inbound tourists per year



Extension of key incentives

Tax Incentive for Medical Tourism

ITA of 100% of qualifying capital expenditure for a period of 5 years, to be set-off against up to 100% of statutory income extended for applications received by MIDA **from 1 Jan 2023 until 31 Dec 2025**

Tax Incentive for Bionexus Status Company

100% income tax exemption (increased from 70%) for applications received by the Malaysian Bioeconomy Development Corporation **from 1 Jan 2023 to 31 Dec 2024**

Relocation Incentive specific to E&E sector

0% income tax rate for manufacturing companies and 15% tax rate on C-Suite is **extended to 2024** for the E&E sector

Tax Incentive for Principal Hub 3.0

0%, 5% or 10% income tax rate is extended for another 3 years for applications received by MIDA **from 1 Jan 2023 to 31 Dec 2025**

Tax Incentive for Global Trading Centre

10% income tax rate is extended for another 3 years for applications received by MIDA **from 1 Jan 2023 to 31 Dec 2025**

Let's talk



Soo Hoo Khoon Yean

Managing Partner

khoon.yean.soo.hoo@pwc.com



Nurul A'in Abdul Latif

Deputy Executive Chair

nurul.ain.abdul.latif@pwc.com



Jagdev Singh

Tax Leader

jagdev.singh@pwc.com



Sundara Raj

Markets Leader &

Chief Digital Officer

sundara.raj@pwc.com



Andrew Chan

South East Asia

Sustainability & Climate

Change Leader

andrew.wk.chan@pwc.com



Patrick Tay

Deals Partner,

Economics and Policy

patrick.se.tay@pwc.com

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Tel: 03-2173 3830 / 0267

Email: my_events@pwc.com

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