



Taxavvy

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Mid-Term Review of the Twelfth Malaysia Plan

2021 - 2025

Malaysia MADANI: Sustainable, Prosperous,
High-Income



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The Prime Minister tabled the mid-term review of the Twelfth Malaysia Plan (12MP) at the Dewan Rakyat today, 11 September 2023, with the theme *Malaysia MADANI: Sustainable, Prosperous, High-Income*.

A total of 17 Big Bold measures are introduced covering important strategies and initiatives that will serve as the main catalyst in accelerating the efforts to reform the socioeconomic development of the nation in line with the Malaysia MADANI aspiration. Among the Big Bold measures include developing high growth high value industries, enhancing fiscal sustainability, retargeting subsidies, accelerating energy transition, advancing digitalisation and technology through government technology as well as empowering micro, small and medium enterprises.

Tax-related initiatives and strategies

The following are the key tax-related plans set out under the 12MP:

- Progressive tax policy that ensures wealthier individuals and corporations contribute proportionately more to society will be explored in line with international best practices.
- The initiatives that will be implemented to expand government revenue include adopting technology and digitalisation such as introduction of electronic invoicing system in phases and the two pillar approach to address cross border tax base erosion and profit shifting by companies.
- Administrative procedures for customs duties exemption on eligible Maintenance, Repair and Overhaul (MRO) parts and components will be reviewed to be more simplified and facilitative in reducing cost of doing business. List of spare parts and components eligibility for duties exemption will also be reviewed to standardise the tax treatment at entry points. These measures will allow for a more simplified custom procedures for MRO in attracting investment and strengthening industry competitiveness.
- Multi-tier levy mechanism to be implemented and at the same time automation and mechanisation will be promoted to ensure the number of foreign workers does not exceed 15% of the total workforce.
- Existing tax incentives and guidelines on childcare centres will be streamlined.
- Existing income tax reliefs on health and life insurance will be reviewed.
- A feasibility study on carbon pricing, which include carbon tax and emissions trading system will be conducted.
- Progressive taxes on unhealthy products will be explored to promote healthy ageing.

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