

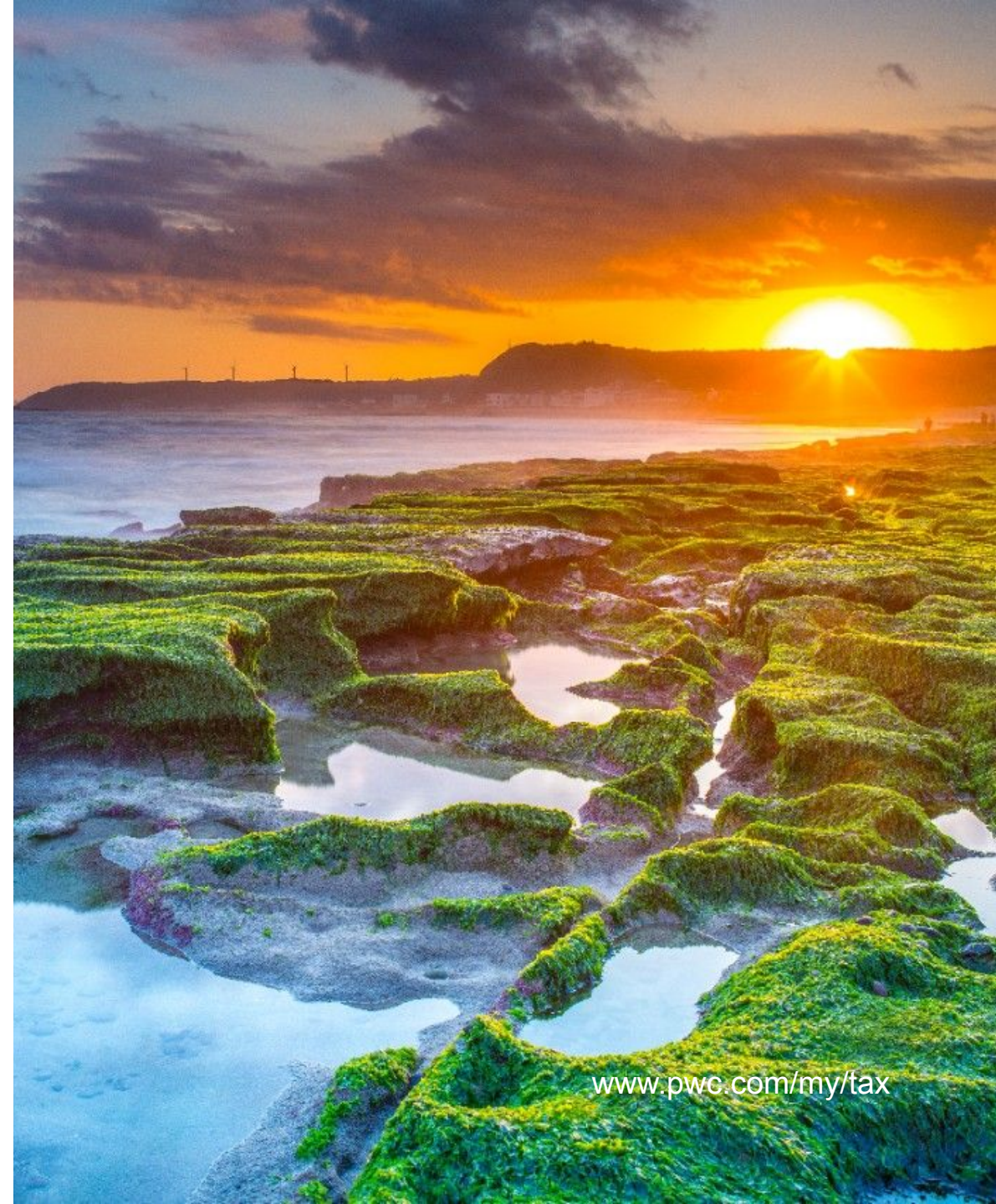


# Taxavvy

1 September 2023 | Issue 18-2023

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[www.pwc.com/my/tax](http://www.pwc.com/my/tax)

## Updated SVDP 2.0 Guidelines and FAQ

The Inland Revenue Board (IRB) has updated the following in relation to the Special Voluntary Disclosure Program 2.0 (SVDP 2.0) as at 22 August 2023:

- Operational Guidelines No. 2 Year 2023 (Amended)
- Frequently Asked Questions (FAQ)

The above are available on IRB's website [www.hasil.com.my](http://www.hasil.com.my) (Homepage > SVDP 2.0)



The following are the salient changes:

### Operational Guidelines No. 2 Year 2023 (Amended)

Paragraph 5.10 which states that audit / investigation action will not be carried out in the future for the year of assessment in which the voluntary disclosure is made has been updated to add that if voluntary disclosure is made on non-transfer pricing issues only and it is found that there is a risk on Transfer Pricing (TP) issues, audit / investigation action can be taken on the TP issues, and vice versa.

### Frequently Asked Questions (FAQ)

The following new questions have been inserted:

Question no.	Summary of key points
40	<p>The following clarification is provided to paragraph 5.5.6 of the guidelines (<i>If the surcharge offered under this SVDP 2.0 is 0%, what does it mean by the statement "Any transfer pricing adjustment arising from the voluntary disclosure under SVDP 2.0 can be subjected to a surcharge under subsection 140A(3C), ACP 1967, even if no additional assessment is raised"?</i>):</p> <ul style="list-style-type: none"><li>• Voluntary disclosures will be accepted for TP issues involving upward TP adjustments regardless whether it results in an assessment or not.</li><li>• For downward TP adjustments, only taxpayers engaged in domestic controlled transactions and have a positive net tax effect are eligible to make voluntary disclosure on condition that both parties make voluntary disclosure on TP.</li></ul>
42	<p>With reference to Q 40, if there is no change to the net impact of tax position, both parties are not eligible under the SVDP 2.0. This has been illustrated with the following example:</p>

## Question no. Summary of key points

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Description	Co. A (RM)	Co. B (RM)
<i>Profit from business</i>	4,500,000	7,000,000
<i>(+) Additional TP adjustment (SVDP 2.0)</i>	900,000	(900,000)
<i>Adjusted Income</i>	5,400,000	6,100,000
<i>(-) Capital Allowance</i>	(800,000)	(500,000)
<i>Aggregate Statutory Income from Business</i>	4,600,000	5,600,000
<i>Tax rate</i>	24%	24%
<i>Tax impact</i>	216,000 additional assessment	(216,000) reduced assessment
<i>Net tax impact</i>	Nil	

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Where one of the related parties in a transaction has tax incentives / losses carried forward or huge unabsorbed capital allowance, those:

- with only domestic controlled transactions; and
- TP adjustment which results in positive net tax impact (illustrated as follows), will be eligible for the SVDP 2.0.

Description	Co. A (RM)	Co. B (RM)
<i>Tax rate</i>	24%	24%
<i>Tax impact</i>	200,000 additional assessment	(150,000) reduced assessment
<i>Net tax impact</i>	50,000	



**Question no. Summary of key points**

29 & 46	Circumstances under which audit / investigation action can be taken: <ul style="list-style-type: none"><li>• If voluntary disclosure is made on non-TP issues only and it is found that there is a risk on TP issues, audit / investigation action can be taken on the TP issues, and vice versa.</li><li>• Tax payment on the voluntary disclosure is not followed within the stipulated time frame.</li></ul>
4	SVDP 2.0 does not apply for amendment of incorrect tax rates used.
7	New taxpayers for SVDP 2.0 are those: <ul style="list-style-type: none"><li>• Who have yet to obtain a Tax Identification Number (TIN),</li><li>• Without any tax transactions in IRB's records, and/or</li><li>• Who are declaring income to IRB for the first time</li></ul>
23	IRB will issue an SVDP 2.0 Letter to taxpayers who meet the eligibility requirements of SVDP 2.0. Taxpayers who have submitted voluntary disclosure through the income tax return form / Real Property Gains Tax return form via e-Filing, and meet the requirements, can contact the nearest IRB state / special branch to obtain the SVDP 2.0 Letter.
24	A tax agent may submit a voluntary disclosure for a taxpayer via the TAeF System or the MyTax Portal. Details and procedures have been set out in the FAQ.



## Deduction for Expenses in relation to Listing on the Main, ACE or LEAP Market

Following the announcement in the retabled Budget 2023, the Income Tax (Deduction for Expenses in relation to Listing on Main Market, Access, Certainty, Efficiency (ACE) Market or Leading Entrepreneur Accelerator Platform (LEAP) Market of Bursa Malaysia Securities Berhad) Rules 2023 (“the Rules”) has been issued.



The following are the salient points:

<b>Eligibility</b>	<p>A technology-based company which:</p> <ol style="list-style-type: none"><li>1. Principal activity is the design, development and manufacture, production or application in any of the fields and activities specified in the Schedule to the Rules (appended in the following page).</li><li>2. Principal activity is certified as such by Bursa Malaysia Securities Berhad (“Bursa Malaysia”).</li><li>3. Has applied for listing on the Main Market, ACE Market or LEAP Market (“the Markets”).</li></ol>
<b>Deduction</b>	<ol style="list-style-type: none"><li>1. Deduction is given for the following expenditures incurred in relation to listing on the respective Market:<ul style="list-style-type: none"><li>● Fees to Bursa Malaysia and Securities Commission Malaysia</li><li>● Professional advisory fee to the principal adviser for listing on the Main Market; the main adviser for listing on the ACE Market or on the LEAP Market</li><li>● Fees, in relation to the listing exercise, to the solicitor, company secretary, tax adviser, reporting accountant, auditor, valuer, independent market researcher, issuing house and share registrar</li><li>● Fees for underwriting, placement and brokerage services</li></ul></li><li>2. The deduction can only be claimed in the YA the company is listed on the respective Market, and is restricted to the adjusted income in that YA. Any amount exceeding the adjusted income cannot be carried forward.</li><li>3. The total amount deductible is limited to RM1.5 million.</li></ol>
<b>Effective date</b>	<p>The Rules are effective from YA 2023 to YA 2025.</p>

## Qualifying fields and activities

<b>Field</b>	<b>Activity</b>
Advanced electronics and information technology	(a) Components <ul style="list-style-type: none"> <li>(i) input or output technologies</li> <li>(ii) storage and batteries</li> <li>(iii) smart cards</li> <li>(iv) integrated circuits</li> <li>(v) micro-processors</li> </ul>
	(b) Systems and architectures <ul style="list-style-type: none"> <li>(i) operating systems environments</li> <li>(ii) software component architectures</li> <li>(iii) computing platforms</li> <li>(iv) micro-processor-based products</li> <li>(v) security</li> <li>(vi) neural networks</li> <li>(vii) fuzzy logic systems</li> <li>(viii) display systems</li> <li>(ix) pattern recognition system and image processing</li> <li>(x) machine vision</li> <li>(xi) facial recognition technology</li> <li>(xii) artificial intelligence</li> <li>(xiii) blockchain, digital assets</li> <li>(xiv) digital wallet</li> <li>(xv) internet of things</li> </ul>
	(c) Software <ul style="list-style-type: none"> <li>(i) fuzzy logic systems</li> <li>(ii) application development environments</li> <li>(iii) database management systems</li> <li>(iv) groupware, workflow, document and knowledge management</li> </ul>

<b>Field</b>	<b>Activity</b>
Advanced electronics and information technology	(v) systems and network management (vi) animation, graphics, visualisation, image solutions, computer-aided design (CAD), shrink-wrap software
	(d) Applications <ul style="list-style-type: none"> <li>(i) electronic commerce and electronic hailing services</li> <li>(ii) data warehousing and data centres</li> <li>(iii) corporate applications</li> <li>(iv) cloud services</li> <li>(v) virtual and augmented reality</li> <li>(vi) cyber security</li> <li>(vii) wearable technology</li> </ul>
	(e) Communications <ul style="list-style-type: none"> <li>(i) transmission media</li> <li>(ii) networking systems and protocols</li> <li>(iii) internet and intranet</li> </ul>
Telecommunications	(f) Supporting products and services <ul style="list-style-type: none"> <li>(i) uninterrupted power supply</li> <li>(ii) network equipment or modem, server, etc.</li> </ul>
	(g) Big data, data analytics and predictive analytics
	(a) Telecommunication network (b) Cellular or fixed lines services (c) Value-added interactive voice and data services (d) Value-added network data services (e) Satellite-based communications (f) Maritime and broadband communication (g) Equipment, components and parts

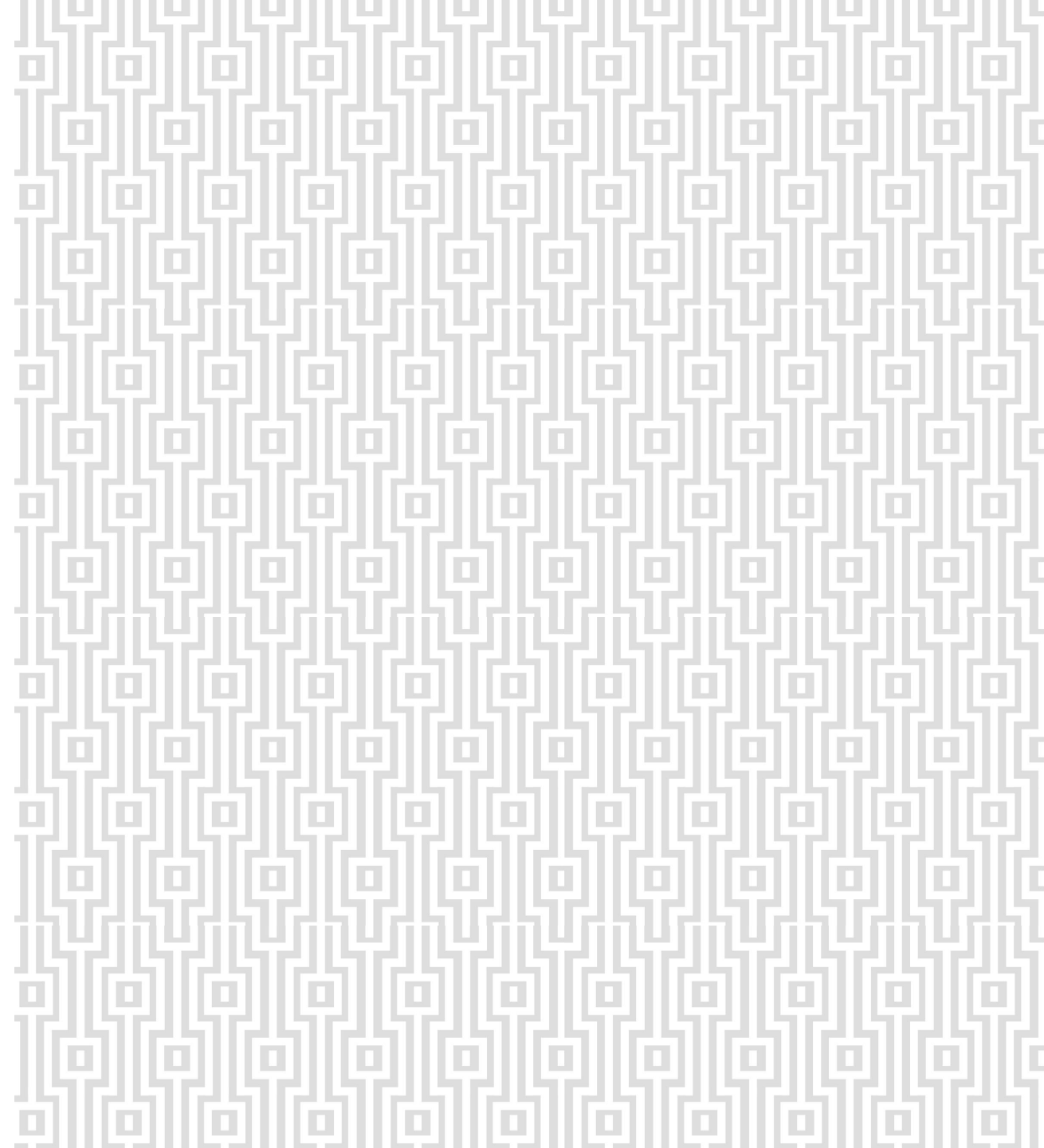
## Qualifying fields and activities (con't)

<b>Field</b>	<b>Activity</b>
Equipment or instrumentation, automation and flexible manufacturing systems	<ul style="list-style-type: none"> <li>(a) Scientific, laboratory and medical equipment</li> <li>(b) Medical implants, devices and prostheses</li> <li>(c) Computer process control systems or equipment</li> <li>(d) Wireless technology and wireless processes</li> <li>(e) Process instrumentation</li> <li>(f) Robotics</li> <li>(g) Remote monitoring</li> <li>(h) High precision cutting or measurement or calibration machines</li> <li>(i) Powder metallurgy</li> <li>(j) Advanced factory machine operations</li> <li>(k) Rapid tooling and prototyping</li> </ul>
Life sciences and biotechnology	<ul style="list-style-type: none"> <li>(a) Genetic engineering</li> <li>(b) Cell cultures</li> <li>(c) Biopolymers</li> <li>(d) Metabolytes</li> <li>(e) Food and food supplements</li> <li>(f) Fine chemicals</li> <li>(g) Diagnostics</li> <li>(h) Waste, waste minimisation and waste treatment</li> <li>(i) Waste optimisation or utilisation</li> <li>(j) Waste remediation</li> <li>(k) Bioconversion processes</li> </ul>
Healthcare	<ul style="list-style-type: none"> <li>(a) Pharmaceuticals</li> <li>(b) Nutraceuticals</li> <li>(c) Medical products</li> <li>(d) Diagnostic and imaging</li> <li>(e) Telemedicine</li> <li>(f) Nanomedicine</li> </ul>

<b>Field</b>	<b>Activity</b>
Electro-optics, non-linear optics and optoelectronics	<ul style="list-style-type: none"> <li>(a) Optical lenses</li> <li>(b) Laser application equipment and peripherals</li> <li>(c) Photonics, including fibre-optics communication equipment and peripherals</li> <li>(d) Optoelectronics systems components</li> <li>(e) Optical systems components</li> <li>(f) Electronic sensors</li> <li>(g) Semiconductor lasers</li> </ul>
Advanced materials	<ul style="list-style-type: none"> <li>(a) Polymers, biopolymers, biomaterials, composite and graphene materials</li> <li>(b) Superconductors</li> <li>(c) Fine ceramics and advanced ceramics</li> <li>(d) High strength composites</li> <li>(e) Specialty materials, rare earth elements, smart materials and new alloys</li> <li>(f) Magnetic and permanent magnetic materials</li> <li>(g) Nanomaterials</li> </ul>
Energy	<ul style="list-style-type: none"> <li>(a) Fuel cells</li> <li>(b) Advanced batteries</li> <li>(c) Solar cells</li> <li>(d) Renewable energy</li> <li>(e) Hybrid energy technology</li> <li>(f) Energy efficiency methods</li> </ul>
Aerospace	<ul style="list-style-type: none"> <li>(a) Aircraft and aircraft equipment, components, accessories and parts</li> <li>(b) Aircraft modification, conversion and refurbishment</li> <li>(c) Equipment, components, accessories or parts for satellites and micro satellites</li> </ul>

**Qualifying fields and activities (con't)**

<b>Field</b>	<b>Activity</b>
Aerospace	(d) Equipment, components, accessories or parts for satellite earth observation and aerial surveillance applications (e) Unmanned aerial vehicle
Transportation	(a) Split engines (b) High performing engines (c) Micro engines (d) Transport navigation and tracking systems (e) Electronic vehicles
Value-added services	(a) Education and training relating to application of smart technologies (b) Education and training of knowledge workers (c) System developers, system integrators, content or solution providers



## FAQ on Equity Crowdfunding Tax Exemption

The Securities Commission Malaysia (SC) has issued a Frequently Asked Questions (FAQ) dated 30 August 2023 on Equity Crowdfunding Tax Exemption under the Income Tax (Exemption) (No. 4) Order 2022.



The following are the salient points:

### **What does the date of investment refer to?**

Date of investment refers to the closing date of the issuer's fundraising campaign on the Equity Crowdfunding (ECF) platform. However, if the investor exercised his cooling off rights, the investor will not be entitled to apply for the tax exemption.

A key condition of the incentive requires that the investment must not be disposed of (in full or in part) within 2 years from the *date of investment*.

### **Is there any limitation on the amount of investments that an individual can make to qualify for the ECF tax exemption?**

An individual may make multiple investments in different ECF platforms in a year. The exemption shall be:

1. an amount equal to 50% of the amount of total investment made by the qualifying individual and shall not exceed fifty thousand ringgit for each YA; and
2. limited to 10% of the aggregate income of the qualifying individual in the basis period for a YA in which the exemption is granted.

### **How does a qualifying individual investor apply for the ECF tax exemption?**

- Engage ECF operator for details on ECF tax exemption. Investor may be required to provide ECF operator with additional information and declaration.
- ECF operator would need to verify the information provided by investor. Once the information is verified, it will be submitted to the SC.
- The SC will verify the information provided by the ECF operator.
- ECF operator will provide investor with the annual certification of investment upon obtaining SC's verification. Investor can use this certification when applying for the ECF tax exemption.

Please refer to [TaXavvy 8/2022](#) for details of the incentive.

The FAQ is available on the SC's website [www.sc.com.my](http://www.sc.com.my) (Regulations > Guidelines > Recognized Markets (ECF, P2P, DAX, PCF and e-Services)).

## Gazette Orders and Guidelines for Relocation of Manufacturing Operations and C-Suite Position Incentives

The following gazette orders in relation to the tax incentives for relocation of manufacturing operations to Malaysia have been issued:

1. Income Tax (Exemption) Order 2023 (“Exemption Order 2023”)
2. Income Tax (Relocation of Manufacturing Business Incentive Scheme) Rules 2023 (“2023 Relocation Rules”)
3. Income Tax (For an Individual Resident Who is not a Citizen and Holds C Suite Position in an Approved Company) Rules 2023 (“C-Suite Rules 2023”)

MIDA has also issued the updated Guidelines and Procedures for the Application of Special Tax Incentive (Relocation) for the Manufacturing Sector (“the Guidelines”). The Guidelines is available on [www.mida.gov.my](http://www.mida.gov.my) (Forms and Guidelines > Manufacturing Sector).

The incentives were first announced under the PENJANA initiative and extended under the retabled Budget 2023. The following are the salient points of the gazette orders:

	<i>Exemption Order 2023</i>	<i>2023 Relocation Rules</i>	<i>C-Suite Rules 2023</i>
<i>Effective period</i>	From year of assessment (YA) 2021		
<i>Application period</i>	Applications to MIDA from 1 July 2020 to 31 December 2024	Applications to MIDA by a: <ul style="list-style-type: none"> <li><i>Company approved under the Exemption Order 2023 or 2023 Relocation Rules</i> <ul style="list-style-type: none"> <li>● from 7 November 2020 to 31 December 2024</li> </ul> </li> <li><i>Company approved under the Income Tax (Relocation of Provision of Services Business Incentive Scheme) Rules 2022*</i> <ul style="list-style-type: none"> <li>● from 7 November 2020 to 31 December 2022</li> </ul> </li> </ul>	
	* Refer <a href="#">TaXavvy 1/2023</a> for details of the incentive for relocation of services.		

	<i>Exemption Order 2023</i>	<i>2023 Relocation Rules</i>	<i>C-Suite Rules 2023</i>
<i>Tax incentive</i>	<ul style="list-style-type: none"> <li>• Tax exemption on statutory income from a qualifying activity, equivalent to 100% of the qualifying capital expenditure (QCE) made in a YA.</li> <li>• The exemption is for 5 years commencing from the first QCE incurred but not earlier than 1 July 2020 (Note 1).</li> <li>• The qualifying activity is a new manufacturing activity but excludes activities specified in the Schedule to the Exemption Order 2023 (appended after this table).</li> <li>• The QCE is capital expenditure on factory, machinery or plant used in the qualifying activity, but excludes living accommodation or machinery / plant used by the management, administration or clerical staff.</li> </ul>	<ul style="list-style-type: none"> <li>• 0% income tax rate on the chargeable income in respect of an approved qualifying activity for an approved period of: <ul style="list-style-type: none"> <li>- 10 YAs (RM300 million QCE requirement)</li> <li>- 15 YAs (RM500 million QCE requirement).</li> </ul> </li> <li>• The qualifying activity is a new manufacturing activity but excludes activities specified in the Schedule to the 2023 Relocation Rules (appended after this table).</li> </ul>	15% income tax rate on chargeable income from employment in an approved company for 5 YAs.
<i>Qualifying person</i>	<p>An existing company which:</p> <ul style="list-style-type: none"> <li>• is incorporated under the Companies Act 2016 and resident in Malaysia</li> <li>• has existing manufacturing operations in Malaysia</li> <li>• is relocating its new manufacturing operations to Malaysia, which is not an expansion of an existing product.</li> </ul>	<p>A new company which:</p> <ul style="list-style-type: none"> <li>• is incorporated under the Companies Act 2016 and resident in Malaysia</li> <li>• does not have existing manufacturing operations in Malaysia</li> <li>• is relocating its manufacturing operations to, or establishing a new operation in Malaysia.</li> </ul>	<p>An individual who:</p> <ul style="list-style-type: none"> <li>• is not a citizen</li> <li>• is employed by the approved company in a C-Suite position for the approved YAs.</li> </ul> <p>The number of individuals eligible per approved company is limited to 5 individuals.</p>

*Note 1 - Per the Guidelines, the QCE can be backdated up to 3 years but not earlier than 1 July 2020.*

	<i>Exemption Order 2023</i>	<i>2023 Relocation Rules</i>	<i>C-Suite Rules 2023</i>
<i>Key conditions</i>	<ul style="list-style-type: none"> <li>• Minimum investment of RM300 million in fixed assets, excluding land, within 3 years from incurrence of first QCE.</li> <li>• Employs at least 80% full-time Malaysian employees by the 3rd year from the first invoice of the qualifying activity, through to the end of the exemption period.</li> <li>• Note 2.</li> </ul>	<ul style="list-style-type: none"> <li>• The following minimum investment in fixed assets, excluding land, within 3 years from incurrence of first QCE (Note 3): <ul style="list-style-type: none"> <li>- RM300 million for approval of 10 YAs</li> <li>- More than RM500 million for approval of 15 YAs</li> </ul> </li> <li>• Employs at least 80% full-time Malaysian employees by the 3rd year from the first invoice of the qualifying activity, through to the end of the incentive period.</li> <li>• Note 2.</li> </ul>	<p>The individual must, for the approved YAs:</p> <ul style="list-style-type: none"> <li>• be resident in Malaysia</li> <li>• receive employment income in a C-Suite position from the approved company</li> <li>• receive a minimum basic salary of RM25,000 per month</li> </ul>
<i>Withdrawal</i>	<ul style="list-style-type: none"> <li>• The exemption equivalent to the allowance given on QCE will be withdrawn if the factory, machinery or plant is disposed of within 5 years from acquisition.</li> <li>• Where any conditions imposed are not complied with in any YA, the exemption shall be withdrawn.</li> </ul>		<p>The incentive may be withdrawn if the conditions imposed are not complied with.</p>
<i>Non-application</i>	<ul style="list-style-type: none"> <li>• The exemption shall not apply where certain specified incentives have been claimed or granted including reinvestment allowance, incentives under sections 127(3)(b) and 127(3A) of the Income Tax Act 1967 (ITA 1967).</li> <li>• A related company is also not eligible for the exemption under the Exemption Order 2023 for the same qualifying activity.</li> </ul>	<p>The exemption shall not apply where certain specified incentive has been claimed or granted including reinvestment allowance, incentives under sections 127(3)(b) and 127(3A) of the ITA 1967.</p>	

*Note 2 - It is specified under the Guidelines that an application for determination of effective date and annual compliance of the incentive is to be submitted to MIDA.*

*Note 3 - It is specified under the Guidelines that capital investment made before the date of approval of incentive will not be included into the minimum investment required.*

### Schedule to the Exemption Order 2023 and 2023 Relocation Rules (list of non-qualifying activities)

<i>Industry</i>	<i>Non-qualifying activity</i>
Iron and steel	All products for iron and steel considered sensitive except products listed in the promoted activities or promoted products under the Promotion of Investments Act 1986 under the category of manufacture of iron and steel, and manufacture of non-ferrous metal and their products
Machinery and equipment	Weapon and ammunitions
Electrical	Electrical products supplied to generate power for consumption of Tenaga Nasional Berhad and Petronas such as general cables, wire harness, distribution boards, control panels, switching apparatus, transformers
Beverages and tobacco	(a) Liquor and alcoholic beverages (b) Tobacco and tobacco products including cigarette (c) Beverages
Palm oil	Palm oil milling and refining
Food manufacturing	(a) Production of food products that only involve mixing, blending and cooking such as sauces, paste, premix food products (b) Sugar (c) Pineapple canning
Paper, printing and publishing	(a) Paper-based packaging materials from waste paper except for coated duplex board (b) Printing and publishing

<i>Industry</i>	<i>Non-qualifying activity</i>
Wood and wood products	Wood-based products including furniture, plywood, sawn timber and others
Automotive or motor vehicle	(a) Remanufacturing or reconditioning or reassembly of motor vehicles and related components (b) Non-energy efficient vehicle
Aerospace for military or defense application	Drones and rocket aerospace related products for military or defense application (Non-commercial segment)
Petroleum	Refinery of crude petroleum oil
Rubber	Passenger car tires
Plastic	General plastic products such as plastic bags, bottles
Construction	Manufacturing of construction material except for the following products: (a) Industrial Building System (b) Panels (c) Boards (d) Tiles (e) Blocks or similar articles of natural and synthetic fibre agglomerated with cement, plaster or other mineral binding substance

## Schedule to the Exemption Order 2023 (con't)

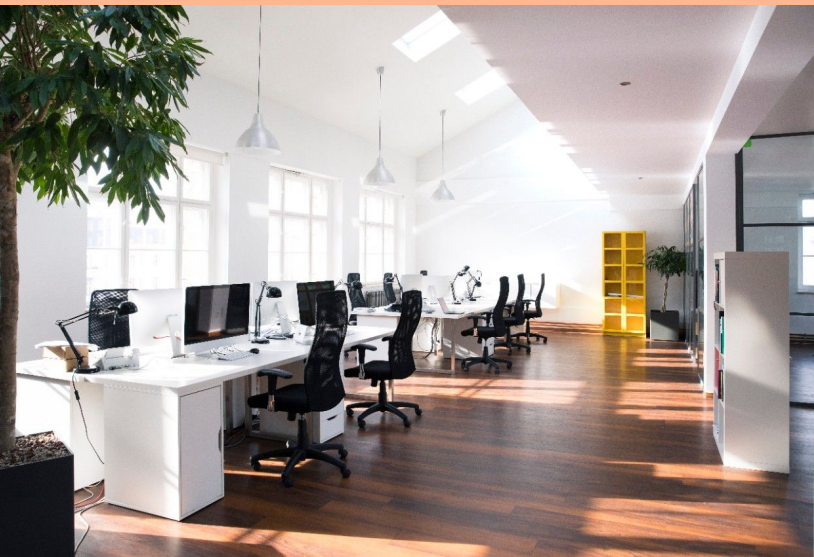
<i>Industry</i>	<i>Non-qualifying activity</i>
Textile	Textiles products except for the following activities: <ul style="list-style-type: none"> <li>(a) Natural or man-made fibres</li> <li>(b) Yarn of natural or man-made fibres</li> <li>(c) Woven fabrics</li> <li>(d) Knitted fabrics</li> <li>(e) Non-woven fabrics</li> <li>(f) Finishing of fabrics such as bleaching, dyeing and printing</li> <li>(g) Specialised apparel</li> <li>(h) Technical textiles or functional textiles and textile products</li> </ul>
All	<ul style="list-style-type: none"> <li>(a) Recycling of any types of waste</li> <li>(b) Gloves</li> </ul>



## Gazette Orders for Principal Hub 2.0 Incentives

The following gazette orders for the Principal Hub (PH) 2.0 incentives have been issued:

- Income Tax (Exemption) (No. 2) Order 2023
- Income Tax (Exemption) (No. 3) Order 2023



### Income Tax (Exemption) (No. 2) Order 2023 (“Exemption Order 2”)

This order applies to existing companies:

- without Operational Headquarters (OHQ), International Procurement Centre (IPC) or Regional Distribution Centre (RDC) status, or
- with OHQ, IPC or RDC status, with or without the incentive related to its status.

### Income Tax (Exemption) (No. 3) Order 2023 (“Exemption Order 3”)

This order applies to new companies:

- which do not have an existing entity or related entity in Malaysia, or
- which have an existing entity or related entity in Malaysia but have not undertaken any PH qualifying services in Malaysia.

The gazette orders are effective from YA 2019 for applications to MIDA from 1 January 2019 to 31 December 2020. The gazette orders are generally consistent with the PH 2.0 guidelines (refer to [TaXavvy 15/2019](#)). Salient points to note, as compared to the PH 2.0 guidelines include:

	Exemption Order 2	Exemption Order 3
<i>Definition of network company</i>		The definition of a network company includes a franchise. A franchise was not included in the definition specified in the PH 2.0 guideline dated 15 May 2020.
<i>Treatment of losses</i>		Losses arising from PH activities are to be disregarded.
<i>Withdrawal / surrender of exemption</i>		<ul style="list-style-type: none"> <li>• The exemption may be withdrawn completely if the PH fails to comply with any conditions imposed.</li> <li>• The PH has an option to surrender the incentive.</li> </ul>
<i>Non-application</i>		The PH 2.0 incentives shall not apply where certain specified incentive has been claimed or granted. These include reinvestment allowance, incentive under the Promotion of Investments Act 1986, exemption under sections 127(3)(b) or 127(3A) of the Income Tax Act 1967 and special tax deductions (except for prescribed deductions for secretarial fees, tax filing fees and audit fees).

## Guidelines for Manufacturer of Electric Vehicle Charging Equipment

Following the announcement in the retabled Budget 2023, MIDA has issued the Guideline and Procedures for the Application of Tax Incentives for Manufacturer of Electric Vehicle Charging Equipment (“the Guidelines”).



The application period for the incentive is from 25 February 2023 to 31 December 2025. The following are the salient points:

### Tax incentive

The following incentives are available for new and existing companies undertaking expansion and / or diversification for manufacturing of electric vehicle (EV) charging equipment:

Incentive	Incentive period
Income tax exemption of 100% statutory income (SI). Unabsorbed losses can be carried forward for 7 YAs.	YA 2023 to YA 2032. Hence, a company may enjoy up to 10 YAs of the incentive if investment is made early from YA 2023.
Investment Tax Allowance of 100% on QCE incurred within 5 years to be set-off against 100% of SI.  Unutilised allowance can be carried forward until fully utilised.	-

### Key criteria

- Incorporated under the Companies Act 2016 and has a manufacturing licence (ML) or ML exemption.
- For expansion, there has to be expansion of current products into manufacturing of EV charging equipment which must not be similar to the existing products of the company.
- Key thresholds to fulfil:
  - 80% of full-time employees are Malaysians
  - 20% value add in the products
  - 15% of full-time workforce are science and technical staff

The Guidelines is available on [www.mida.gov.my](http://www.mida.gov.my) (Forms and Guidelines > Manufacturing Sector)

## MIDA - Digitisation of Key Certificates

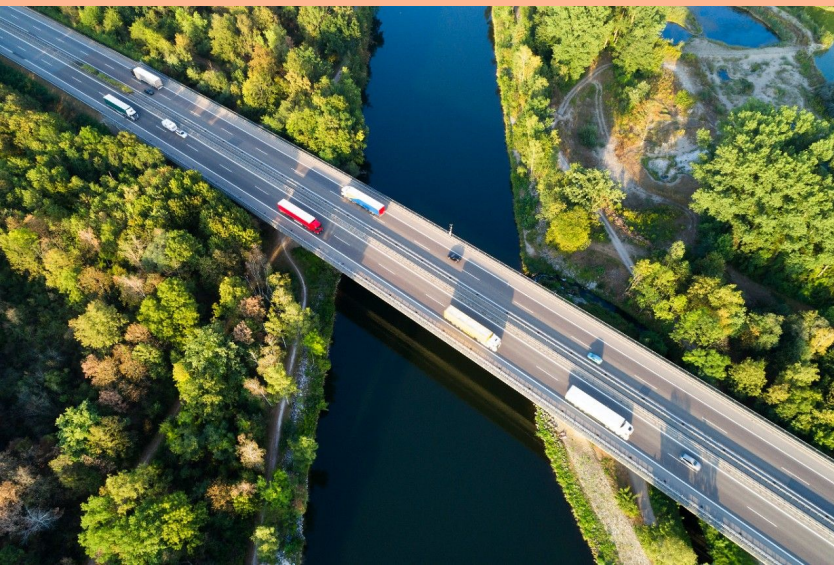
MIDA has issued a press release on 28 August 2023 to announce the digitisation of three key certificates in the manufacturing sector:

- the Manufacturing Licence (ML),
- Permit under the Petroleum Development Act 1974 (PDA Permit Certificate), and
- Pioneer Status Certificate.

This is part of MIDA's digital transformation to streamline government processes and delivery systems as well as to improve the ease of doing business in Malaysia. It will involve the integration of the Digital Organisation Trustmark seal featuring both the MITI Trustmark (featured in ML and Permit PDA certificates) and MIDA Trustmark (featured in Pioneer Status Certificate), as well as incorporate a secure QR Code which users can scan using a verification tool by Pos Digicert (available in the iOS App Store and Android Google Play).

The newly enhanced features comply with the Digital Signature Act 1997 and the Digital Signature Regulation 1998 and will be available through the InvestMalaysia Portal (<https://investmalaysia.mida.gov.my>) effective from **1 September 2023**.

The press release is available on MIDA's website [www.mida.gov.my](http://www.mida.gov.my) (Media & Events > Announcement / Media Release).



## Mandatory use of e-Services by IRB

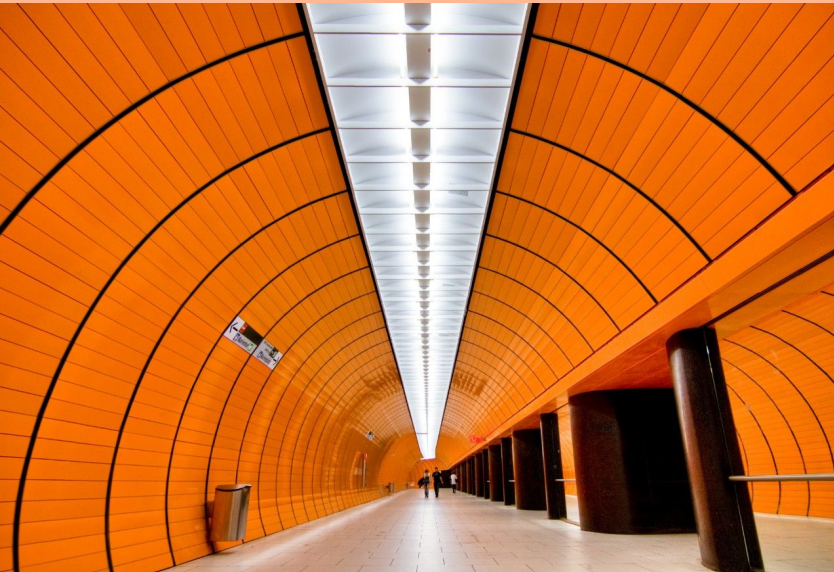
The IRB has published an announcement on its website to inform that in line with the technological and digital transformation of tax services, the IRB will make it mandatory for taxpayers to use the e-Services for services that have already been provided online through the MyTax Portal. This will be carried out in stages, beginning from 1 September 2023, in preparation for the switch to full e-Services by 1 January 2024.

The IRB has listed down the following category of services that e-Services are mandatory in stages, commencing from 1 September 2023:

- Registration of the Tax Identification Number (TIN)
- Application for Personal Identification Number (PIN)
- Updating of information
- Advance payments (e-PCB, eCP39, eData PCB, e-Anggaran)
- Submission of tax returns, tax documents and instruments (for stamp duty)
- Applications and appeals

The announcement and details are available on IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Homepage > e-Services).

The IRB has also issued a media statement on 30 August 2023 to encourage the use of e-WHT form as part of the switch to e-Services in stages from 1 September 2023. The media statement is available on IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Homepage > Media Release).



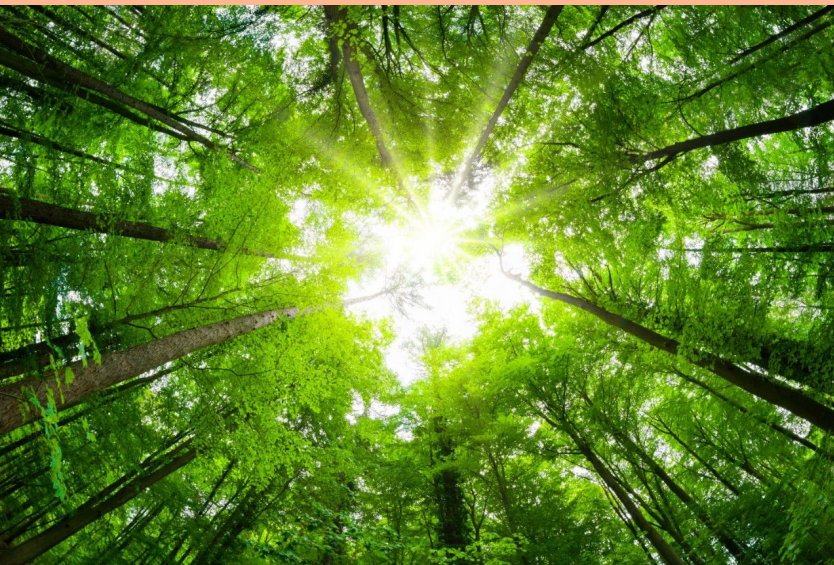
## Cessation of use of Hasil Stamps and Franking Machines

IRB has issued a media statement on 21 August 2023 on the cessation of use of Hasil stamps and franking machines.

IRB has issued a media statement on 21 August 2023 stating the following:

- Physical Hasil stamps and franking machines will no longer be used for stamping of agreements or documents with effect from 1 January 2024.
- No refunds will be given for physical Hasil stamps that have been purchased.
- Citizens and permanent residents with an income tax file can register for a STAMPS user ID, apply for stamping and payment of stamp duty via the STAMPS portal at <https://stamps.hasil.gov.my>
- Registration of individual income tax file can be made via e-Daftar at <https://edaftar.hasil.gov.my>

The media release available on IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Homepage > Media Release).



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