

TaXavvy

Budget 2023 (Retabled) Edition

24 February 2023

Welcome to our **TaXavvy Budget Edition** which brings you the key tax proposals of Budget 2023 as announced by the Prime Minister and Finance Minister, YAB Dato' Seri Anwar bin Ibrahim



Highlights



Tax rate for individuals

Tax savings for M40 and tax increase for higher income



Chargeable income band
RM35,001 to RM100,000
RM100,001 to RM1,000,000

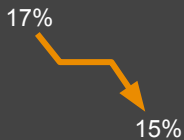
↓ 2%
↑ 0.5% to 2%

Effective from YA 2023



Tax rate for MSMEs

First RM150,000 chargeable income



Income tax rate for the first RM150,000 of chargeable income be reduced from 17% to 15%.

Effective from YA 2023



Special Voluntary Disclosure Programme

Full waiver of penalties



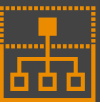
IRB and RMCD will reimplement the SVDP.

Effective from 1 June 2023 - 31 May 2024



Capital gains on disposal of unquoted shares

Study on new capital gains tax



The Government will conduct a study to introduce tax on capital gains on disposal of unquoted shares made by companies at a low tax rate.

Effective from 2024



Luxury goods tax

Introduction of luxury goods tax



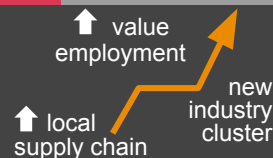
A Luxury Goods Tax with a certain threshold, based on the type of luxury items will be introduced in 2023.

Effective date not provided



Restructuring of investment incentives

Tiered rate incentive based on outcome



The Investment Promotion Agencies and investment incentives will be restructured towards a tiered rate incentive which is outcome-based.

Effective date not provided



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1

Tax Administration

Reintroduction of Special Voluntary Disclosure Program (SVDP)

The IRB and RMCD will reimplement the SVDP. Under the SVDP, a 100% penalty remission will be granted.

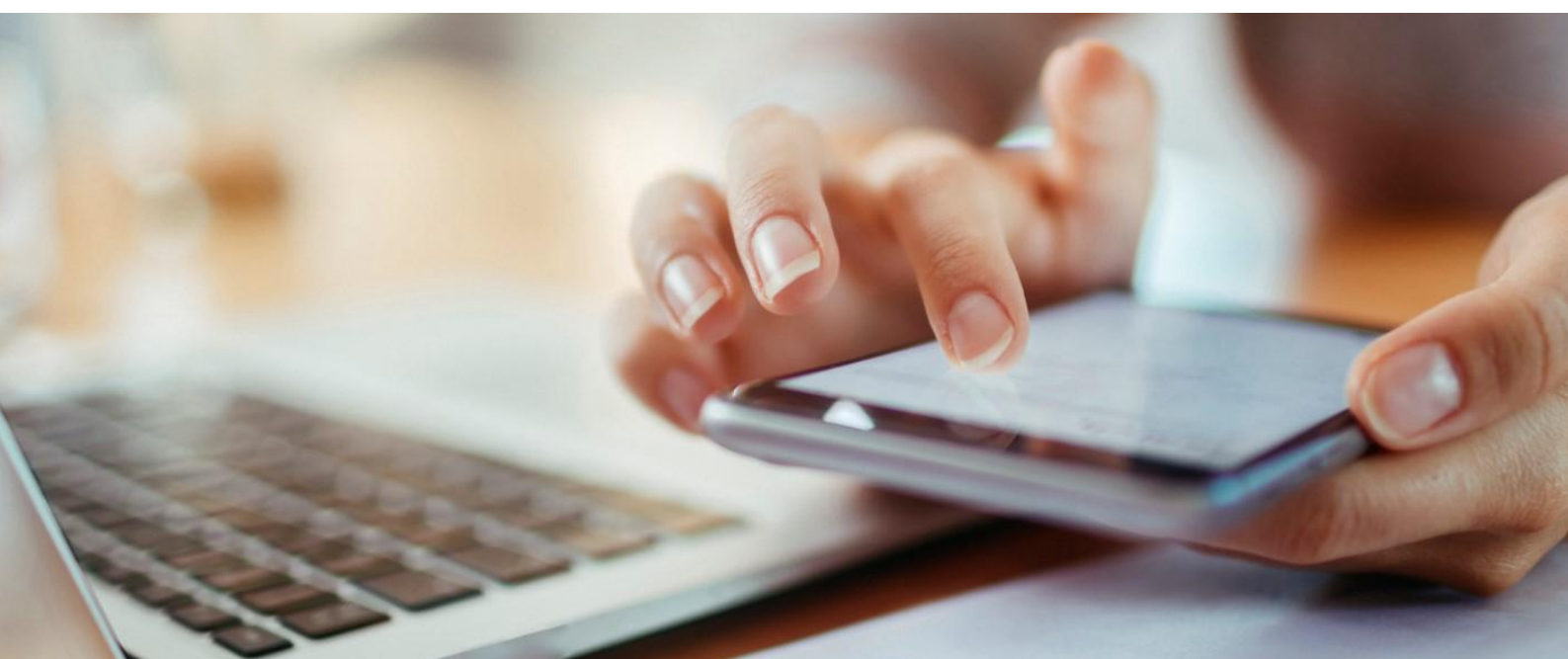
(Effective from 1 June 2023 - 31 May 2024)

Comment



In respect of indirect taxes, we assume that this programme covers all of the indirect taxes administered by the RMCD. The programme is expected to encourage taxpayers to be in-compliance and increase revenue for the Government. More information is required from the RMCD in respect of the scope of the voluntary disclosure programme.

Companies should review their tax compliance to determine if there are any instances of taxes underestimated, underpaid or erroneously reported.





2

Capital Gains Tax

Capital gains tax



In line with international best practices, the Government will conduct a study to introduce tax on capital gains from the disposal of unquoted shares made by companies at a low tax rate. An engagement session will be held by the Government with stakeholders to examine the details of the proposal.

(Effective from 2024)



3

Personal Tax

Review of resident individual income tax rates

With effect from YA 2023, the income tax rate for -

- each of the chargeable income bands from RM35,001 to RM100,000 is reduced by 2%; and
- each of the chargeable income bands from RM100,001 to RM1,000,000 is increased by between 0.5% to 2%.

The new schedule of income tax rates is as follows:

Chargeable income	Current (YA 2022)		Proposed (from YA 2023 onwards)		(Tax savings) / Tax increase	
	Rate (%)	Tax payable (RM)	Rate (%)	Tax payable (RM)	Amount (RM)	Percentage (%)
First 5,000		0		0		
Next 15,000	1	150	1	150		
First 20,000		150		150		
Next 15,000	3	450	3	450		
First 35,000		600		600		
Next 15,000	8	1,200	6 ↓ 2%	900		
First 50,000		1,800		1,500	(300)	(16.7)
Next 20,000	13	2,600	11 ↓ 2%	2,200		
First 70,000		4,400		3,700	(700)	(15.9)
Next 30,000	21	6,300	19 ↓ 2%	5,700		
First 100,000		10,700		9,400	(1,300)	(12.1)
Next 150,000	24	36,000	25 ↑ 1%	37,500		
First 250,000		46,700		46,900	200	0.4
Next 150,000	24.5	36,750	25 ↑ 0.5%	37,500		
First 400,000		83,450		84,400	950	1.1
Next 200,000	25	50,000	26 ↑ 1%	52,000		
First 600,000		133,450		136,400	2,950	2.2
Next 400,000	26	104,000	28 ↑ 2%	112,000		
First 1,000,000		237,450		248,400	10,950	4.6
Next 1,000,000	28	280,000	28	280,000		
First 2,000,000		517,450		528,400	10,950	2.1
Above 2,000,000	30		30			

Existing	Proposed
Expansion of scope of tax relief for medical treatment expenses for taxpayer, spouse and child	
<p>Tax relief is given for medical treatment expenses of up to RM8,000 for the following:</p> <ul style="list-style-type: none"> serious illness for taxpayer, spouse or child fertility treatment for taxpayer or spouse vaccination for taxpayer, spouse or child of up to RM1,000 full medical check-up, mental health check-up or consultation, COVID-19 detection test including the purchase of self-test kit for taxpayer, spouse or child, limited to RM1,000. 	<p>The scope of the tax relief is to be expanded to include intervention expenditure for Autism, Attention Deficit Hyperactivity Disorder, Global Developmental Delay, Intellectual Disability, Down Syndrome and Specific Learning Disabilities, limited to RM 4,000 where:</p> <ul style="list-style-type: none"> Diagnostic assessment is certified by a medical practitioner registered with the Malaysian Medical Council. Early intervention and rehabilitation programme is conducted by a health profession practitioner registered under the Allied Health Profession Act 2016. <p>With the expanded scope, the amount of tax relief for medical treatment expenses is increased from RM8,000 to RM10,000.</p> <p>(Effective from YA 2023)</p>
Extension of tax relief on fees paid to child care centre and kindergarten	
<p>Tax relief for fees paid to child care centre (registered with the Director General of Social Welfare under the Child Care Centre Act 1984) and kindergarten (registered under the Education Act 1996) for each child aged 6 years and below is RM3,000 for YA 2022 and YA 2023.</p>	<p>The relief of RM3,000 is to be extended for another 1 year.</p> <p>(Effective for YA 2024)</p>
Expansion of the scope of life insurance premiums or takaful contribution on life insurance policy	
<p>Tax relief for payment of life insurance premiums or takaful contribution on life insurance policy contracted on the life of the individual or spouse for -</p> <ul style="list-style-type: none"> Pensionable public servant - restricted to RM7,000 Other than public servant - restricted to RM3,000 	<p>The scope of the relief is to be expanded to cover contributions to Employees Provident Fund made voluntarily by individuals or pensionable public servants of up to RM3,000.</p> <p>(Effective from YA 2023)</p>
Concessionary tax rate for C-Suite in Electrical & Electronic (E&E) sector	
<p>A flat rate of 15% (for 5 consecutive years) applies to non-citizen individuals who are resident in Malaysia and hold a C-Suite position or key position in Malaysian companies which relocate their overseas operation into Malaysia, subject to meeting the eligibility criteria.</p>	<p>The flat tax rate of 15% is to be extended until 2024.</p> <p>(Based on the Budget speech, the extension could cover C-suite positions in the E&E sector)</p>



4

Corporate Tax

Reduction of income tax rate for MSMEs

Currently, the preferential income tax rate for an eligible MSME* is as follows:

Chargeable income	Income Tax Rate (%)
Up to RM600,000	17
Exceeding RM600,000	24

** MSME refers to a company with paid up capital in respect of ordinary shares of not more than RM2.5 million or a LLP with total contribution of capital of not more than RM2.5 million, and with gross business income of not more than RM50 million.*

As the Government’s commitment to support and empower MSMEs, it is proposed that the income tax rate for the first RM150,000 of chargeable income be reduced by 2 percent:

Chargeable income	Income tax rate (%)
First RM150,000	15
RM150,001 - RM600,000	17
Exceeding RM600,000	24

This will result in tax savings of up to RM3,000.

(Effective from YA 2023)



There is no announcement on Malaysia's adoption of the Global Minimum Tax (GMT) in the Budget speech.

Background

In October 2021, more than 130 jurisdictions of the OECD Inclusive Framework on Base Erosion and Profit Shifting, including Malaysia, have politically committed to changes to the international corporate tax system.

The OECD-led GMT project (also referred to as Pillar 2) establishes a global minimum tax with a minimum effective tax rate (ETR) of 15% at the jurisdictional level. Multinational Enterprise (MNE) groups with a global turnover of EUR 750m or more will be within the scope of Pillar 2. Where the ETR is below the agreed minimum, a top-up tax liability will be imposed so that the overall rate will reach the established minimum in each jurisdiction. The Ultimate Parent Entity's (UPE) jurisdiction has the first right to apply the top-up tax.

The Pillar 2 Model Rules also provides for the introduction by source jurisdictions of their own domestic top-up tax (referred to as the "qualified domestic minimum top-up tax" or "QDMTT") which is fully creditable against any top-up tax liability at the UPE jurisdiction. With a QDMTT, an income source jurisdiction becomes first in line to collect the top-up tax instead of the UPE jurisdiction thereby preserving the source jurisdiction's right of taxation over income derived from its state.

The adoption of Pillar 2 continues to gain momentum internationally.

In December 2022, the EU Council formally adopted the EU Minimum Tax Directive (Pillar Two) which is based on the OECD's Pillar 2 Model Rules. EU Member States shall transpose the Directive into their domestic legislation by 31 December 2023.

The United Kingdom plans to implement the Pillar 2 Rules including the QDMTT for in-scope businesses with accounting periods beginning on or after 31 December 2023.

South Korea became the first to pass the Pillar 2 Rules in its domestic legislation which is set to be effective for fiscal years beginning on or after 1 January 2024.

In the recent Singapore's 2023 Budget, it was announced that Singapore plans to implement the Pillar 2 rules with the QDMTT rule for in-scope businesses with accounting periods beginning on or after 1 January 2025. The implementation timeline is subject to adjustment if there are delays internationally.

Hong Kong SAR has also announced in its recent 2023-24 Budget that it proposed to implement the Pillar 2 rules with the QDMTT rule starting from 2025.



5

Tax Incentives



Incentives for carbon capture and storage

Malaysia has to ensure the achievement of Low Carbon Nation Aspiration by 2040 under the National Energy Policy 2022 - 2040. The Government has identified an initiative to curb the emission of carbon dioxide (CO₂) using Carbon Capture and Storage technology (CCS). The oil and gas as well as power generation industries are pioneer industries which use the CCS technology in Malaysia. This technology comprises the following 3 activities:

- carbon capture;
- transportation of captured CO₂; and
- underground or sea bed carbon storage.

To recognise CCS activities as a new source of economic growth and in achieving net zero greenhouse gas emission, the following tax incentives are proposed:

(i) Companies undertaking CCS in-house activity

- | | |
|----|--|
| a) | ITA of 100% QCE for a period of 10 years which can be set-off against up to 100% of business SI; |
| b) | Full import duty and sales tax exemption on equipment used for CCS technology commencing from 1 January 2023 until 31 December 2027; and |
| c) | Tax deduction for allowable pre-commencement expenses within 5 years from the date of commencement of operation |

(ii) Companies undertaking CCS services

- | | |
|----|--|
| a) | ITA of 100% of QCE for a period of 10 years which can be set-off against up to 100% of SI; or |
| b) | Tax exemption of 70% on SI for a period of 10 years; and |
| c) | Full import duty and sales tax exemption on equipment used for CCS technology starting 1 January 2023 until 31 December 2027 |

(iii) Companies using CCS services

- | | |
|----|--|
| a) | Tax deduction on fees incurred for use of services |
|----|--|

(Effective for application received by MOF from 25 February 2023 until 31 December 2027)

Tax deduction can be claimed through the Income Tax Return Form from YA 2023 to YA 2027



Tax deduction on contribution in the sports industry

To enhance training programs and sports facilities for national athletes, it is proposed that tax deduction of up to 10% of aggregate income is given to individuals or corporations for contributions made to non-profit organisations carrying out sports development programs at the grassroots level.

(The effective date is not stated)



Tax deduction for the employment of former national athletes

To maintain and protect the welfare of national athletes, it is proposed that tax deduction will be given to employers who employ former national athletes.

(The effective date is not stated)



Tax deduction for contribution in the creative sector

To support the industry players in creating high-quality creative content, it is proposed that a tax deduction is given for contributions made to the *Tabung Komuniti Filem dan Pembangunan Filem Kenegaraan under FINAS*.

(The effective date is not stated)



Tax deduction for the issuance cost of Sustainable and Responsible Investment (SRI) linked sukuk

To provide an innovative Shariah-compliant financing and to place Malaysia as a regional hub of SRI-linked sukuk issuance, it is proposed that a tax deduction be given for a period of 5 years on the cost of issuing SRI-linked sukuk that is approved / permitted / deposited with the Securities Commission Malaysia.

(Effective from YA 2023 to YA 2027)



Incentives for manufacturer of electric vehicle (EV) charging equipment

To further complement the ecosystem for EV and to attract immediate high-value investment in the manufacturing of EV charging equipment, it is proposed that incentives be given as follows:

Incentive	Description
PS	Exemption from income tax on 100% of SI for YA 2023 to YA 2032.
ITA	100% on QCE incurred for a period of 5 years which can be utilised against 100% of SI for each YA.

(Effective for applications received by MIDA from 25 February 2023 - 31 December 2025)



Tax deduction for sponsorship of Smart Artificial Intelligence (AI) - Driven Reverse Vending Machine

To support the recycling of plastic waste ecosystem and to ensure the collected-for-recycling rate be increased through effective and organised plastic waste collection programme, it is proposed that a tax deduction under Section 34(6)(h) of the ITA 1967 be given to companies and other than companies (individuals, partnerships, trusts and cooperatives that have business income) that make donations or sponsorships of AI - Driven Reverse Vending Machine.

(Effective for contribution / sponsorship and application received by MOF from 1 April 2023 - 31 December 2024)



Tax allowance for data centres

To facilitate the Government to optimise its services to the Rakyat, the Government will ensure more data centres can be opened in Malaysia by providing tax incentives, in addition to other infrastructure and facilities.

Comment

Further clarity pertaining to the proposed incentive is required.



Existing	Proposed
Expansion of tax incentive for automation in manufacturing and services sector	
<p>Manufacturing and services companies are eligible for ACA on purchase of automation equipment -</p> <p>Category 1: Labour-intensive industry (rubber, plastic, wood and textile products)</p> <ul style="list-style-type: none"> • ACA of 100% on the first RM4 million of QCE incurred • Income tax exemption equivalent to 100% on the above ACA <p>Category 2: Other industries (including services sector)</p> <ul style="list-style-type: none"> • ACA of 100% on the first RM2 million QCE incurred • Income tax exemption equivalent to 100% on the above ACA <p>(For applications received by MIDA until 31 December 2023)</p>	<p>The incentive is to be enhanced as follows:-</p> <ul style="list-style-type: none"> • Scope of automation to include the adaptation of Industry 4.0 elements; • Scope of tax incentive be expanded to include agriculture sector; and • Capital expenditure threshold for categories 1 & 2 and agriculture be aligned and increased to RM10 million. <p>[Effective for applications received by MIDA and Ministry of Agriculture and Food Security (MAFS) from 1 January 2023 - 31 December 2027]</p>
Chicken rearing in Closed Housed System	
<p>RA was given until YA 2010 to chicken and duck rearers who shifted from the open house system to a closed house system</p>	<p>It is proposed that ACA and income tax exemption of 100% on QCE will be given to chicken rearers who adopt environmental-friendly closed house system and increase productivity. Thus, the QCE that can be claimed amounts to 200% within a year.</p> <p>(Effective from YA 2023 to YA 2025)</p>

Existing	Proposed						
Increase in tax deduction for rental of electric vehicle (EV)							
Companies renting non-commercial motor vehicles, including EV are given tax deduction under Section 39(1)(k) of the ITA 1967 as follows:	Companies that rent non-commercial EV will be given tax deduction on rental amount up to RM300,000. (Effective from YA 2023 to YA 2025)						
<table> <tr> <th>Cost of motor vehicle</th><th>Rental allowed for tax deduction</th></tr> <tr> <td>Not exceeding RM150,000</td><td>Up to RM100,000</td></tr> <tr> <td>Exceeding RM150,000</td><td>Up to RM50,000</td></tr> </table>	Cost of motor vehicle	Rental allowed for tax deduction	Not exceeding RM150,000	Up to RM100,000	Exceeding RM150,000	Up to RM50,000	
Cost of motor vehicle	Rental allowed for tax deduction						
Not exceeding RM150,000	Up to RM100,000						
Exceeding RM150,000	Up to RM50,000						
Special tax deduction on expenditure on Malaysian-made handicraft							
CA can be claimed on the first purchase of qualifying assets while a tax deduction can be claimed on subsequent purchase for replacing the assets valued at less than RM2,000	<p>A special tax deduction is to be given up to RM150,000 on expenditure incurred by hoteliers on qualified Malaysian-made handicraft purchased from local handicraft entrepreneur registered with Malaysian Handicraft Development Corporation.</p> <p>This special tax deduction does not apply to an expenditure where a claim has been made under Section 33 or Schedule 3 of the ITA 1967.</p> <p>(Effective from 1 January 2023 - 31 December 2025)</p>						

Existing	Proposed
Further tax deduction for the employment of senior citizens, ex-convicts, parolees, supervised persons and ex drug dependents	
<p>A further deduction is given to employers for the remuneration on the employment of senior citizens, ex-convicts, parolees, supervised persons and ex-drug dependants.</p> <p>(Effective from YA 2019 to YA 2025)</p>	<p>The scope of the tax incentive is to be extended to include remuneration paid to the following inmates and ex-inmates of:</p> <ul style="list-style-type: none"> • Henry Gurney School under Malaysian Prison Department; and • Protection and rehabilitation institution and non-government care centres registered under the Social Welfare Department <p>(Effective from YA 2023 to YA 2025)</p>
Income tax incentive for charitable hospitals	
<p>Hospitals can apply to be regarded as an approved institution / organisation under Section 44(6) of the ITA 1967. Income of the approved institution is tax exempted provided that conditions are fulfilled and donors would be eligible to claim a tax deduction for contributions made up to 10% aggregate income.</p>	<p>It is proposed that income tax exemption equivalent to expenditure incurred for charity purposes be given to charitable hospitals registered as company limited by guarantee ("CLBG"). Donors would be eligible to claim a tax deduction for contributions made up to 10% (of aggregate income*).</p> <p>(The effective date is not stated)</p> <p><i>*not in Budget speech</i></p>

Tax incentives

The following tax incentives are to be extended:

Tax incentive	Period of extension	Effective period
1 Incentive for relocation to Malaysia Special tax rate of 0% for up to 15 years or 100% ITA for 5 years for qualifying companies in the manufacturing and selected services sector.	2 years (Based on the Budget speech, this could cover the E&E sector)	Until 2024
2 Tax exemption and ITA for aerospace industry Qualifying companies are eligible for income tax exemption of 70% to 100% of SI for up to 10 years or ITA of up to 100% on QCE (to be set off against 70% to 100% of SI) for 5 years.	3 years	For applications to MIDA from 1 January 2023 - 31 December 2025
3 Deduction on listing cost Tax deduction on the qualifying listing costs of up to RM1.5 million incurred by companies for listing in the ACE Market and the LEAP Market.	3 years Scope of qualified companies expanded to cover technology-based companies for listing in Bursa Main Market	YA 2023 - YA 2025
4 Tax exemption and tax deduction for food production projects Income tax exemption on SI for a period of up to 10 YAs for companies engaged in food production projects; and Tax deduction on investment made by a company investing in a subsidiary company engaging in qualifying food production projects.	3 years Scope expanded to include agricultural projects based on Controlled Environment Agriculture	For applications to Ministry of Agriculture and Food Security from 1 January 2023 - 31 December 2025
5 Tax exemption and tax deduction for BioNexus status companies Income tax exemption on SI for qualifying companies and tax deduction for qualifying investment in a BioNexus status subsidiary.	2 years	For applications to Malaysian Bioeconomy Development Corporation from 1 January 2023 - 31 December 2024

Tax incentive	Period of extension	Effective period
<p>6 Tax exemption and ITA for ship building and ship repairing industry</p> <p>Qualifying companies are eligible for income tax exemption of 70% of SI or ITA of 60% on QCE (to be set off against 70% of SI) for 5 years.</p>	<p>5 years</p>	<p>For applications to MIDA from 1 January 2023 - 31 December 2027</p>

Restructuring of investment incentives



A New Industry Master Plan 2030 will be announced in the third quarter of 2023 to outline the direction for the development of an industry that is focused on high-quality activities and the recruitment of local talents.

In accordance with the Plan, the Investment Promotion Agencies and investment incentives will be restructured towards a tiered tax rate incentive which is outcome-based (high-value employment, high degree of integration of local supply chain and creation of new industry clusters).

The monitoring of companies which have been granted tax incentives will also be strengthened to ensure that the country secures the benefits from the incentives.



6

Indirect Tax

Proposed introduction of luxury goods tax

Current

Currently, there is no specific tax on luxury goods.

Proposed

The Government proposed to introduce a Luxury Goods Tax starting this year (i.e. 2023) with a certain threshold value, based on the type of luxury items.

(Effective date not provided)

Comment

Luxury goods tax is typically a tax on high value and non essential goods. Such goods could include expensive cars, private jets, yachts, jewellery, etc. For the implementation of tax on luxury goods in Malaysia, it remains to be seen what goods will be taxed and the rate of tax to be applied.



Review of excise duty and sales tax exemption on the sale, transfer and disposal of taxi

Current

Excise duty and sales tax exemptions are granted for the sales / transfer / private use / disposal of budget taxis and hired cars, subject to the following conditions:

1. Individually owned budget taxi and hired cars only; and
2. Age of vehicle must exceed 7 years from the date of registration.

Proposed

It is proposed that the current exemption be extended to include:

1. Executive taxi and Teksi 1 Malaysia (“TEKS1M”); and
2. Airport taxis (budget and family)

The qualifying age of the vehicles is proposed to be reduced from 7 years to 5 years from the registration date.

(Effective from 1 March 2023)

Comment



More taxi drivers whose livelihoods were impacted by the Covid 19 pandemic can now avail this exemption when selling, transferring, converting to private use or disposing of their vehicles and not be burdened by additional costs when doing so.

This only applies to applications received by the Royal Malaysian Customs Department (“RMCD”) from 1 March 2023.

Extension of period for Import duty, excise duty and sales tax exemptions on imported CBU, locally assembled CKD EVs, and components for locally assembled EVs

Current

Import duty, excise duty and sales tax exemption are currently given to imported CBU and CKD components and locally assembled EVs as follows:

No.	Tax Measures	Incentive Period
1	Full import duty and excise duty exemption on imported Completely Built-Up (CBU) EV	1 January 2022 to 31 December 2023
2	Full excise duty and sales tax exemption on locally assembled Completely Knocked-Down (CKD) EV	1 January 2022 to 31 December 2025
3	Full import duty exemption on components for locally assembled EV	

Proposed

Import duty, excise duty and sales tax exemption given to imported CBU and CKD components and locally assembled EVs will be further extended as follows:

No.	Tax Measures	Incentive Period Extension
1	Full import duty and excise duty exemption on imported CBU EV	until 31 December 2025
2	Full excise duty and sales tax exemption on locally assembled CKD EV	until 31 December 2027
3	Full import duty exemption on components for locally assembled EV	

Existing	Proposed									
1. Import duty and sales tax exemption on Nicotine Replacement Therapy (NRT) Products										
<p>NRT products, specifically nicotine gums and nicotine patches are currently subject to import duty and sale tax at the following rate:</p> <table><tr><th>Product</th><th>Import Duty</th><th>Sales Tax</th></tr><tr><td>Nicotine Gum</td><td>15%</td><td>5%</td></tr><tr><td>Nicotine Patch</td><td>0%</td><td>10%</td></tr></table>	Product	Import Duty	Sales Tax	Nicotine Gum	15%	5%	Nicotine Patch	0%	10%	<p>Import duty and sales tax exemption on the nicotine gum and nicotine patch products will be given for a period of 3 years.</p> <p>(Effective from 1 April 2023)</p>
Product	Import Duty	Sales Tax								
Nicotine Gum	15%	5%								
Nicotine Patch	0%	10%								
2. Imposition of excise duty on liquid or gel products containing nicotine used in electronic cigarettes and vape										
<p>Liquid or gel products containing nicotine used in electronic cigarettes and vape are not subject to excise duty.</p> <p>Nicotine free liquid and gel products are currently subject to excise duty at RM0.40 per litre.</p>	<p>It is proposed that the imposition of excise duty will be extended to liquid or gel containing nicotine used in electronic cigarettes and vape.</p> <p>The rate of the applicable excise duty has not been announced.</p> <p>(No effective date indicated)</p>									
3. Import duty and sales tax exemption for CCS										
<p>There is no specific import duty and sales tax exemption that is readily available for CCS technology related equipment</p>	<p>Companies undertaking CCS in-house activities or CCS services will be given full import duty and sales tax exemption on equipment for CCS technology.</p> <p>(Effective from 1 January 2023 - 31 December 2027)</p>									
4. Import duties and sales tax exemption on studio and filming production equipment										
<p>Importation of specialised equipment for use in the creative industry such as cameras and broadcasting equipment, audio and video systems, studio equipment and equipment filming productions are subject to import duty rates ranging from 5% to 30% and sales tax at the rate of 10%.</p>	<p>Import duty and sales tax exemptions on studio and filming production equipment be given to providers of equipment and production services including post-production, studio and cinema for a period of 3 years.</p> <p>(Effective from 1 April 2023 - 31 March 2026)</p>									



7

Stamp Duty



Stamp duty exemption for first-time home buyers

In order to encourage home ownership, it is proposed that stamp duty exemption is given for first-time home buyers as follows:

Value of 1st residential home	Stamp duty exemption
RM500,000 and below	100%
Over RM500,000 to RM1 million	75%

(The effective date is not stated)

Existing	Proposed
Stamp duty treatment for transfer of property by way of love and affection	
Stamp duty exemption of 50% is given on the instrument of transfer of property executed between parents and children of Malaysian citizenship .	<p>The stamp duty on the instrument of transfer of property between parents and children, grandparents and grandchildren, of Malaysian citizenship, be fully exempted, limited to the first RM1 million of the property's value. The remaining balance of the property's value is subject to ad valorem duty rate and is given 50% exemption on the stamp duty imposed.</p> <p>(Effective for instrument of transfer of property executed from 1 April 2023)</p>
Stamp duty treatment for educational loan / scholarship agreement	
Stamp duty on educational loan / scholarship agreement to pursue tertiary education (diploma level and above) at higher learning institutions is imposed at a fixed duty of RM10 whilst stamp duty for other education levels is charged at ad valorem rate.	<p>The imposition of a fixed duty of RM10 be expanded to include educational loan / scholarship agreement to pursue education at all levels including certificate (education / skills / professionals) in any educational and training institutions.</p> <p>(Effective for education loan / scholarship agreement executed from 1 June 2023)</p>
Extension of stamp duty exemption on restructuring or rescheduling of loan / financing agreement	
Stamp duty exemption is given for instrument of loan or financing agreement which relates to the restructuring or rescheduling of a loan or financing between a borrower or customer and a financial institution, executed on or after 1 July 2021 but not later than 31 December 2022.	<p>The exemption is to be extended for another 2 years.</p> <p>(Effective for instruments executed from 1 January 2023 until 31 December 2024)</p>



8

Hiring Incentives

Hiring incentives



To encourage hiring in the private sectors, the following will be given via the Social Security Organisation (SOCSO):-

- RM600 per month (per hire) for a period of 3 months for employers in respect of hiring of Technical and Vocational Education and Training (TVET) graduates. A fund of RM45 million will be allocated for this incentive.
- Up to RM600 per month (per hire) for a period of up to 3 months for employers which employ the disadvantaged groups such as disabled persons, ex-convicts, homeless persons and unemployed persons.

The following incentives are proposed to encourage upskilling by gig workers:-

- Training fees of up to RM4,000 for gig workers who undergo *micro credential* upskilling. An additional RM300 allowance will be given by SOCSO for a period of 3 months as an income replacement for gig workers who actively undergo training program. A fund allocation of RM40 million will be provided for the benefit of 30,000 gig workers.

Glossary

Abbreviation / acronym	Description
ACA	Accelerated capital allowance
CA	Capital allowance
DGIR	Director General of Inland Revenue
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
QCE	Qualifying capital expenditure
RA	Reinvestment Allowance
RMCD	Royal Malaysian Customs Department
SI	Statutory income
YA	Year of assessment

PwC Budget 2023 Seminar

	Kuala Lumpur	Penang	Johor
Date	Thursday, 9 March 2023	Tuesday, 21 March 2023	Tuesday, 14 March 2023
Time	8:30am to 5:00pm	8:30am to 5:00pm	8:30am to 5:00pm
Venue	Mandarin Oriental, Kuala Lumpur	G Hotel, Gurney, Penang	DoubleTree by Hilton, Johor Bahru
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