

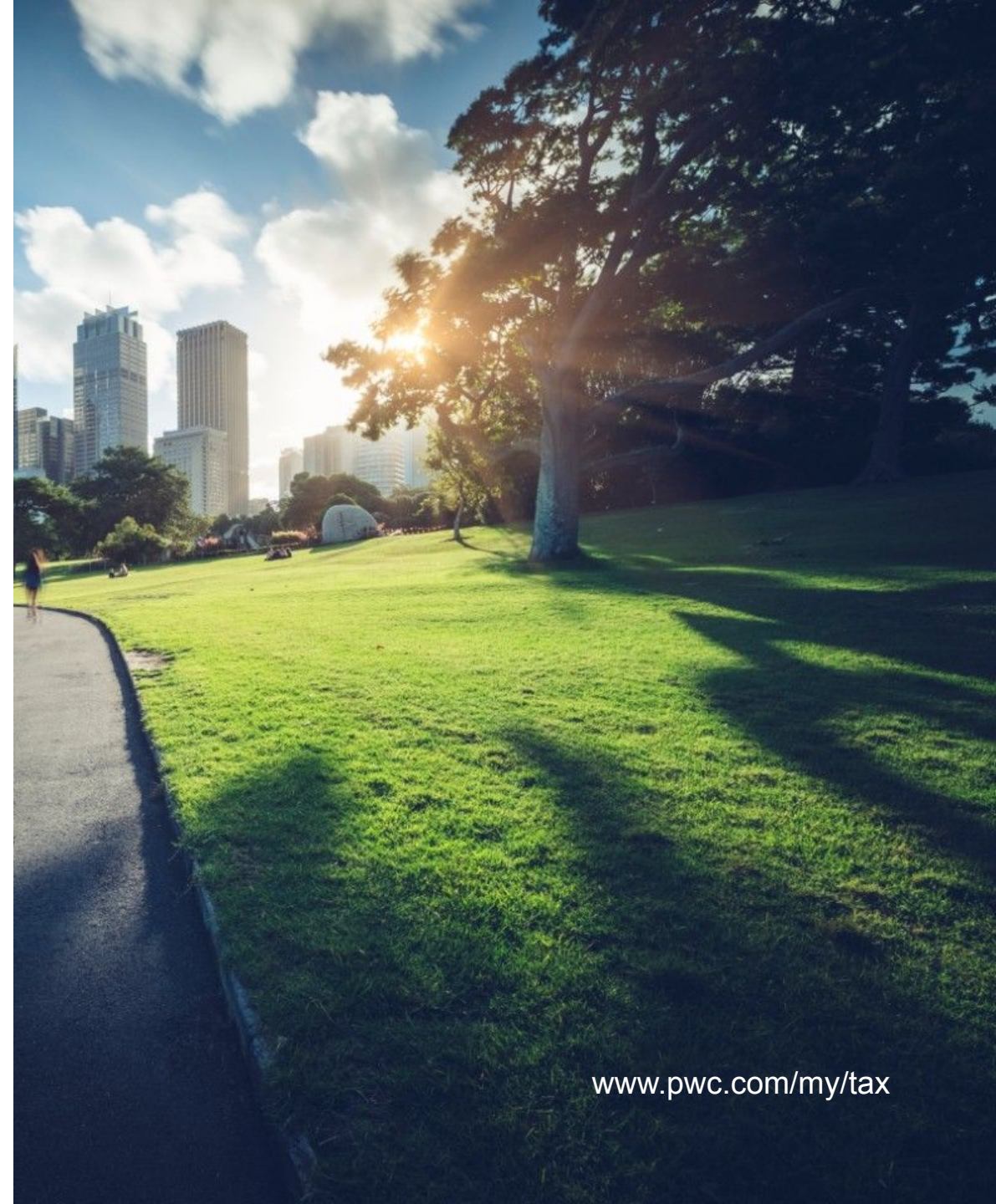


# TaXavvy

4 October 2024 | Issue 30-2024

## In this issue

- Single Family Office Incentive Scheme
- e-Invoice:
  - Income Tax (Issuance of Electronic Invoice) Rules 2024
  - e-Invoice Guideline (Version 4.0)
  - General FAQ on Implementation of e-Invoice
- Green Technology Incentives



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# Single Family Office Incentive Scheme

The Securities Commission has issued a media release providing details on the Single Family Office Incentive Scheme, following the announcement from the Minister of Finance II on 20 September 2024.

A Single Family Office (SFO) is a corporate vehicle, wholly owned or controlled by members of a single wealthy family, created to exclusively hold and manage the assets, investments and long-term interests of that family. The SFO may also represent multiple generations and branches of the family. A single family is taken to mean individuals who are lineal descendants from a single ancestor, including the close relative of the individual.



## The incentive

A 0% concessionary income tax rate on income generated by eligible investments from the Single Family Office Vehicle (SFOV).

## The conditions

- Establish and operate a registered office in Pulau 1, Forest City Special Financial Zone (“Forest City SFZ”).
- The incentive is for a period of 20 years, with the following conditions to be fulfilled:

Initial 10-year period	<ul style="list-style-type: none"><li>• Must be a new investment holding company incorporated in Malaysia.</li><li>• Must be pre-registered with the Securities Commission for tax incentives eligibility.</li><li>• To have at least MYR30 million of asset under management (AUM) of which 10% or MYR10 million (whichever is lower) comprises local investment in eligible and promoted investments.</li><li>• To have an annual minimum of MYR500,000 in local operating expenditure spending.</li><li>• Employ a minimum of two full-time employees (at least one is an investment professional, with minimum monthly salary of MYR10,000).</li><li>• The management company or SFO must be established and operating in Pulau 1, Forest City SFZ with at least one investment professional with a minimum monthly salary of MYR10,000.</li></ul>
Additional 10-year period	<ul style="list-style-type: none"><li>• To have at least MYR50 million of AUM of which 10% or MYR10 million (whichever is higher) comprises local investment in eligible and promoted investments.</li><li>• To have an annual minimum local operating expenditure spending (30% higher than the initial 10-year period) of a minimum of RM650,000.</li><li>• Employ a minimum of four full-time employees.</li></ul>

- The detailed conditions will be made available on the Securities Commission’s website in the first quarter of 2025.

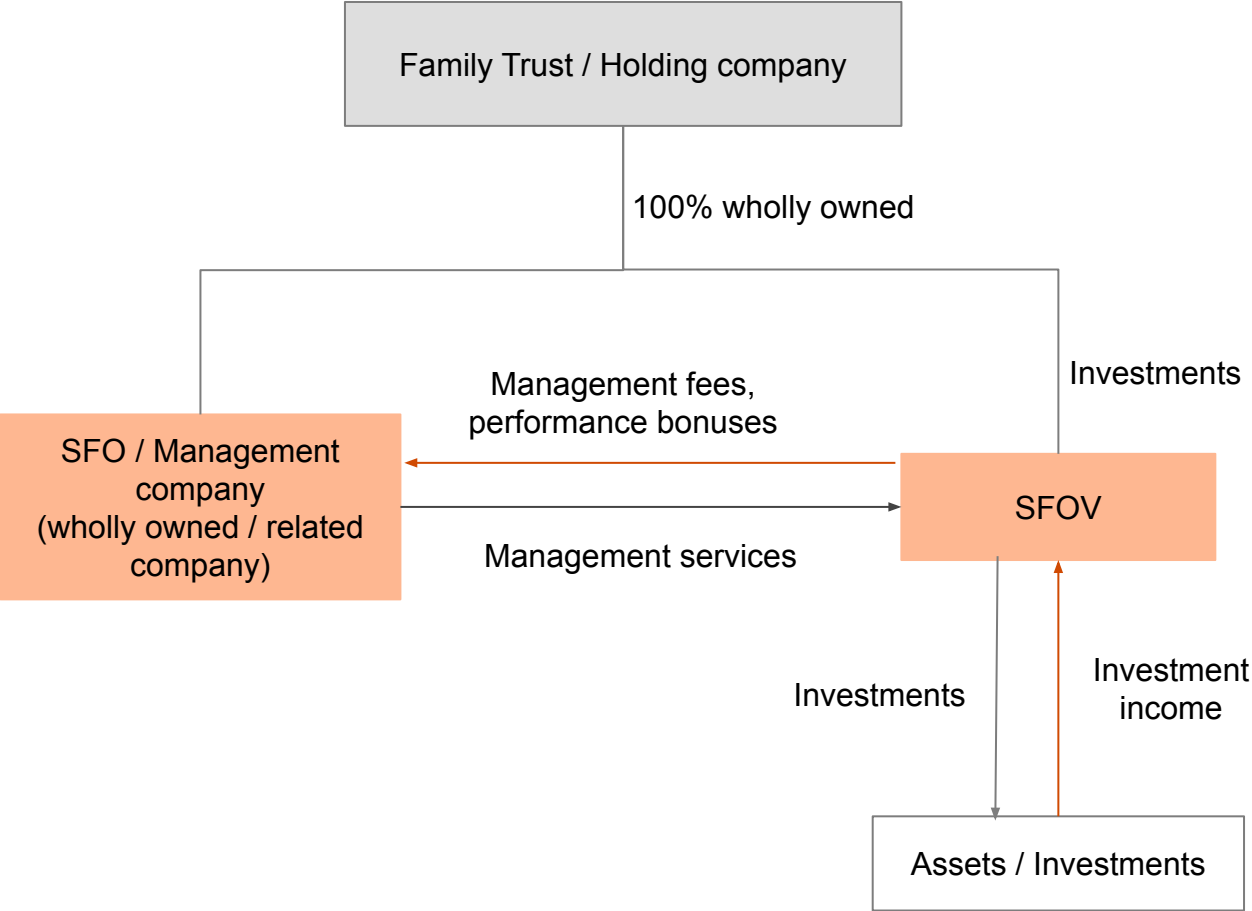
**Single Family Office**

An SFO Management Company is an entity that provides management services exclusively to its related SFOV, handling tasks such as investment management, administrative services, and other related activities for the benefit of the family members

**Single Family Office Vehicle**

An SFOV is typically a corporate vehicle which is wholly owned, directly or indirectly, by one or more individuals from a single family and established solely for the purposes of holding the investments of the family members.

The relationship is illustrated in the diagram on the right.



## e-Invoice

The following in relation to e-Invoice implementation have been issued:

- Income Tax (Issuance of Electronic Invoice) Rules 2024 (“e-Invoice Order”)
- e-Invoice Guideline (Version 4.0)
- General FAQ on Implementation of e-Invoice (“e-Invoice FAQ”)

### Income Tax (Issuance of Electronic Invoice) Rules 2024

The e-Invoice Order, issued on 30 September 2024, outlines the matters prescribed by the Minister of Finance regarding e-Invoices, which are currently detailed in the Inland Revenue Board’s (IRB) e-Invoice Guidelines:

- (a) persons who are required to issue e-Invoice; and
- (b) the particulars to be included in the e-Invoice

The e-Invoice Order provides 1 October 2024 as the commencement date of e-Invoice implementation for the first phase of implementation (i.e. where annual sales is > MYR100 million). The commencement date for the second and third phase of implementation remains unchanged, as outlined in the e-Invoice Guidelines.

### Persons exempted from e-Invoice

The e-Invoice Order specifies that the following persons are exempted:

1. A foreign diplomatic office
2. An individual who does not carry on business
3. A statutory body, statutory authority or local authority is in relation to:
  - collection of payment, fee, charge, statutory levy, summon, compound and penalty in carrying out its functions under any written law; and
  - transactions of any goods sold or service performed before 1 July 2025.
4. An international organization for transactions of any goods sold or service performed before 1 July 2025. Persons considered as international organizations are not detailed in the e-Invoice Order.



## e-Invoice Guideline (Version 4.0)

The e-Invoice Guideline has been updated to reflect persons exempted from e-Invoice consistent with the the e-Invoice Order. Similarly, persons considered as international organizations are also not detailed in the e-Invoice Guidelines.

In relation to e-Invoice for foreign diplomatic office, the IRB has stated in its guideline that the Buyer's details in the e-Invoice may be replaced by the general details for the general public in the case where no e-Invoice is required to be issued.

## General FAQ on Implementation of e-Invoice

The e-Invoice FAQ has been updated as of 4 October 2024. The following are the key updates:

### Mandatory implementation date

The e-Invoice FAQ explains that the prescribed mandatory implementation date in the e-Invoice Order relates to the date when enforcement and penalties for non-compliance will be imposed. Hence, penalties will only be imposed from to 1 October 2024.

The commencement for the first phase of implementation (i.e. where annual sales is > MYR100 million) remains unchanged, i.e. starting from 1 August 2024.

## Exemption for MSME

- MSME of all categories (individuals, partnerships, companies, cooperatives, etc.) with annual revenue below MYR150,000 is exempted from issuance of e-Invoice, except for the following situations:
  - MSME with non-individual shareholders with annual revenue > MYR150,000
  - MSME is a subsidiary of a company with annual revenue > MYR150,000
  - MSME has a related company / joint venture with annual revenue > MYR150,000
- Where the MSME exceeds the MYR150,000 annual revenue threshold, it will have to implement e-Invoice on 1 January in the second year following the year when the threshold is met.
- Once the MSME is required to implement the e-Invoice, it will no longer be exempted even if its annual revenue falls below the threshold.

## Other new FAQs in relation to MSME

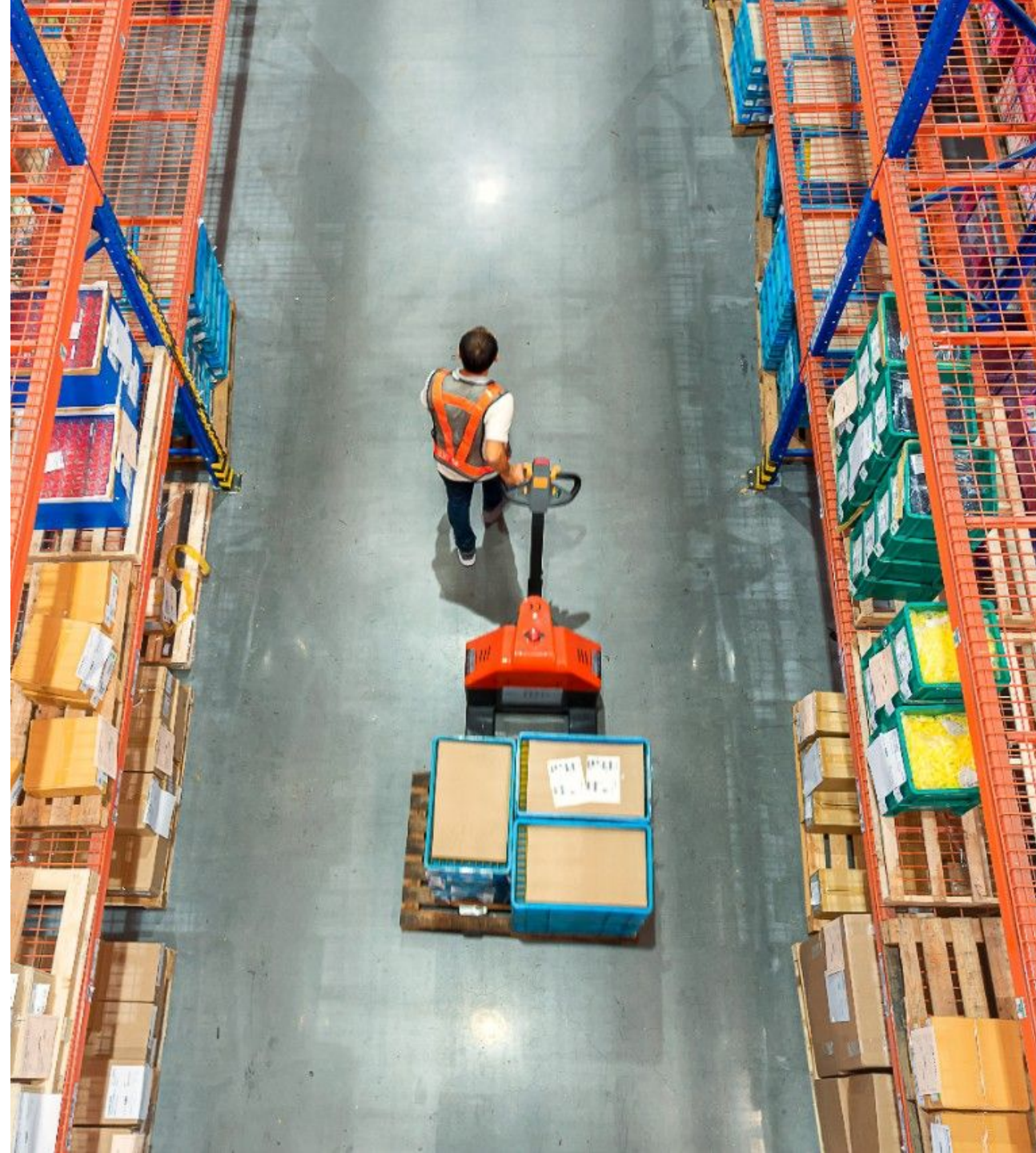
- The annual revenue threshold of MYR150,000 for an MSME and a sole proprietorship with more than one business is determined based on the aggregate revenue from all businesses owned.
- Exempt MSMEs are not obligated, but are encouraged, to issue consolidated or self-billed e-Invoice.
- MSMEs are required to provide details to e-commerce platform providers, who are responsible for issuing e-Invoice for goods sold via the e-commerce platform.

### Import / export of goods or services

The e-Invoice FAQ was also updated to provide guidance, illustrations, and examples to on the following:

- Timing of issuing self-billed e-Invoice by the Malaysian buyer where imported goods are purchased under one foreign supplier's invoice but imported into Malaysia via multiple shipments. (Q.68)
- Custom form reference number requirement / field completion under various arrangements where it involves (Qs 69, 74, 78, 79 & 81):
  - foreign supplier, bonded warehouse / free zone, local buyer / supplier
  - loose container load shipment
  - Delivered Duty Paid (DDP) incoterm
  - low value goods declared under the electronic Pre-Alert Manifest (e-PAM) system
- e-Invoice treatment / requirement for (Qs 70 - 73, 76 & 77):
  - arrangements involving bonded warehouse
  - direct delivery by foreign supplier in on-sell arrangements
  - export of goods from Malaysia to foreign buyers

The e-Invoice Guideline and e-Invoice FAQ are available on IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Home > Top Pages > e-Invoice)



# Green Technology Incentives

The following gazette orders for Green Technology Incentives have been gazetted:

- Income Tax (Green Technology Incentive) (Asset) (Exemption) Order 2024 (“Green Asset”)
- Income Tax (Green Technology Incentive) (Project) (Exemption) Order 2024 (“Green Project”)
- Income Tax (Green Technology Incentive) (Green Building) (Exemption) Order 2024 (“Green Building”)
- Income Tax (Green Technology Incentive) (Services) (Exemption) Order 2024 (“Green Services”)
- Income Tax (Green Technology Incentive) (Solar Photovoltaic System Leasing) (Exemption) Order 2024 (“Solar Leasing”)



The incentives stipulated in said gazette orders are as per those outlined in MIDA’s Guideline on Application for Incentives and / or Expatriate Posts for Green Technology (refer to [TaXavvy 48/2020](#)). The following are salient points to note from the gazette orders:

Green incentive	Green Asset	Green Project	Green Building	Green Services	Solar Leasing
Intellectual Property (IP) income				IP income are excluded from the tax incentive and are taxable under the Income Tax Act 1967 (ITA 1967).	
Withdrawal		Failure to comply with the conditions will result in withdrawal of incentive and the exemption is deemed not to be granted from first year of exemption			Incentive may be similarly withdrawn but the exemption is deemed not to be granted from the year of assessment (YA) of failure to comply with the conditions
Disposal of asset within 5 years	Exemption equal to the qualifying capital expenditure (QCE) disposed will be withdrawn in the YA of disposal. Disposal to related company will be deemed zero QCE for the related company.				

The gazette order for each incentive sets out detailed non-application and mutual exclusion rules for the respective incentive. Amongst others, the incentive may not apply if the taxpayer has made:

- deduction under section 154 of the ITA 1967 such as special, further or double deduction except capital allowance and those made under the Income Tax (Deduction for Audit Expenditure) Rules 2006 or the Income Tax (Deduction for Expenses in relation to Secretarial Fee and Tax Filing Fee) Rules 2020.
- Another green incentive, as prescribed.

Taxpayers will need to take the non-application provisions into account prior to making a claim in the tax return / submitting a revised tax return.



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