



2024 Budget and Finance Bill – Highlights

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KPMG in Malaysia



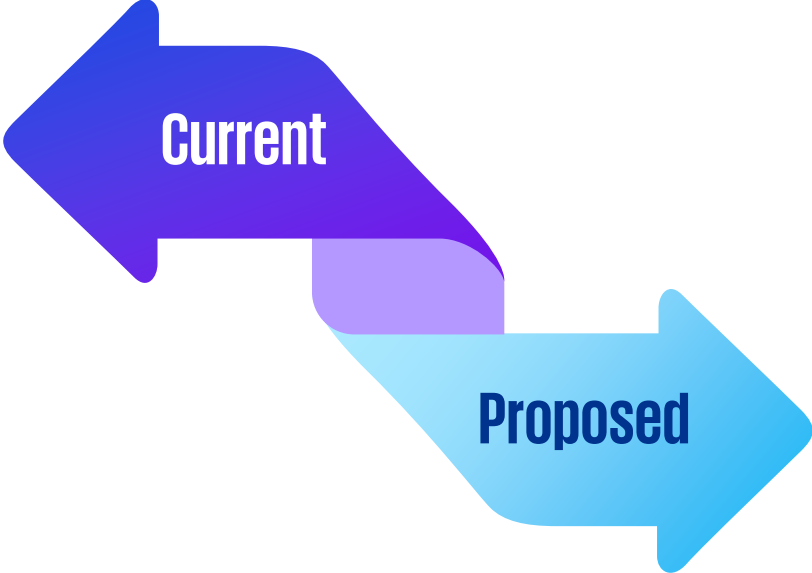
Personal tax



Personal relief

Relief on Medical Treatment, Special Needs and Carer Expenses for Parents (capped at RM8,000)

- Treatment in clinics, hospitals, nursing home, day care centres or home care centres.
- Dental treatment but limited to tooth extraction, filling, scaling and cleaning **but excluding** cosmetic dental treatment expenses such as teeth restoration and replacement involving crowning, root canal and dentures



w.e.f. YA 2024

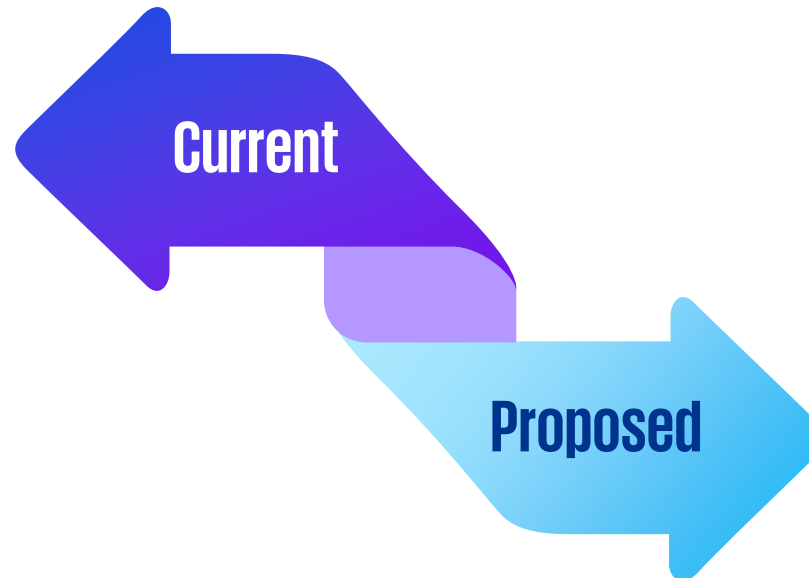
Expansion of scope to include:-

- Full medical examination for parents (limited to RM1,000)

Personal relief

Relief for Medical Treatment Expenses for self, spouse or child (capped at RM10,000)

- Serious illness for self, spouse or child
- Fertility treatment for self or spouse
- Vaccination for self, spouse or child (limited to RM1,000)
- Full medical examination, mental health examination and Covid-19 detection test, including purchase of self-test kit (limited to RM1,000)
- Diagnostic and rehabilitation treatment for children (aged 18 years and below) with learning disabilities (limited to RM4,000)



w.e.f. YA 2024

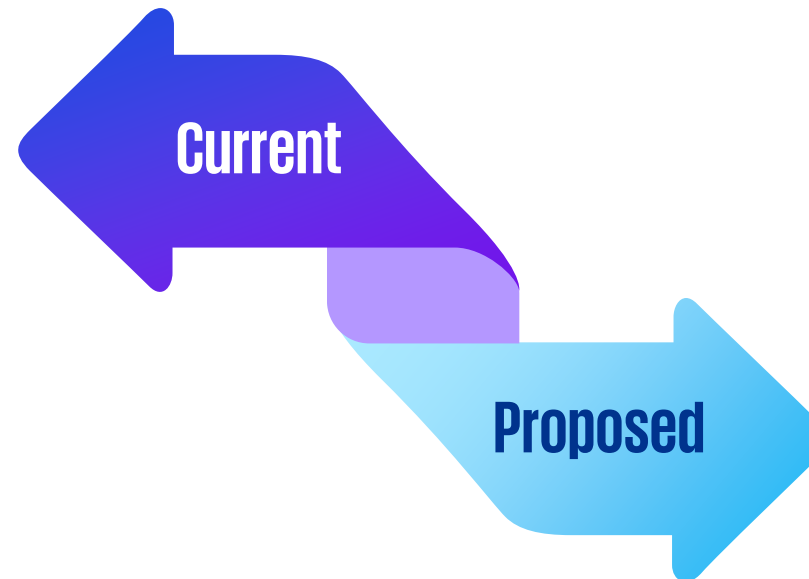
Expansion of scope to include:-

- Dental examination or treatment expenses from dental practitioners registered with the Malaysian Dental Council (limited to RM1,000)

Personal relief

Lifestyle relief for self, spouse or child (capped at RM2,500)

- Book, journals, magazines and other similar publications
- Printed / electronic daily newspaper
- Personal computer, smartphone or tablet
- Internet subscription
- Sports equipment
- Gymnasium membership fee



w.e.f. YA 2024

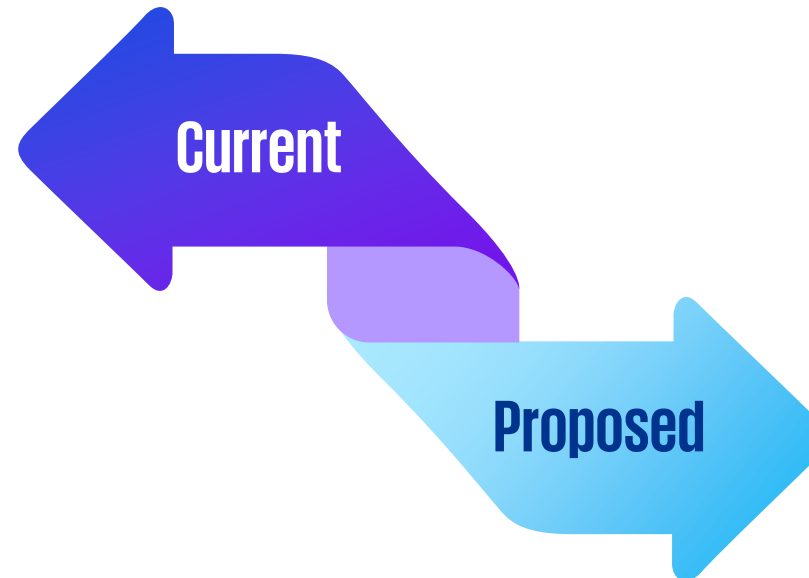
- **Expansion** to include fee for self-skills enhancement courses (i.e. language course, photography, tailoring classes and any course other than those recognised by the Department of Skills Development, Ministry of Human Resources)
- Purchase of sports equipment and gymnasium membership fee **are excluded**.

Personal relief

Sports Equipment and Activities for self, spouse or child

Annual limit: RM500

- Sports equipment
- Rental / Entrance fee to sports facility
- Registration fee for participating in any sports competition



w.e.f. YA 2024

Annual limit: Increase to RM1,000

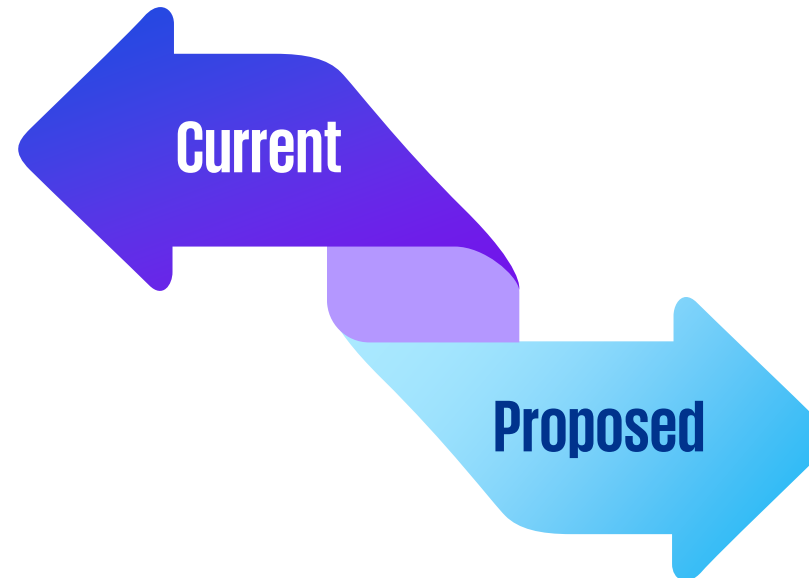
Expansion of scope to include:-

- Gymnasium membership fee
- Sports training fees imposed by associations / sports clubs / companies registered with Sports Commissioner or Companies Commission of Malaysia and carrying out sports activities as listed under the Sports Development Act 1997

Personal relief

Relief for Expenses on Study Fees (Education fees) (capped at RM7,000)

- Individual taxpayer pursues any course of study in selected fields of study, Master or Doctorate offered by institutions or professional bodies in Malaysia recognised by the Government or Minister of Finance



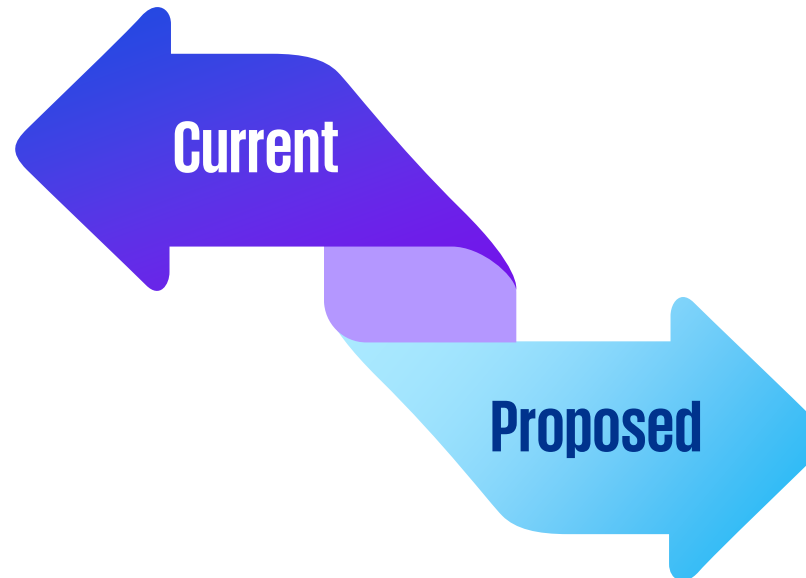
- The **scope** has been **extended** to cover fee paid for up-skilling or self enhancement courses recognised by the Department of Skills Development, Ministry of Human Resources.
- The relief is limited to RM2,000 and **extended to YA2026**.

Personal relief

Relief for Expenses Relating to Electric Vehicle (EV) Charging Facilities (capped at RM2,500)

Relief period: YA2022 and YA2023

- For installation, rental, purchase (including hire-purchase) or subscriptions fee for EV charging facility or equipment



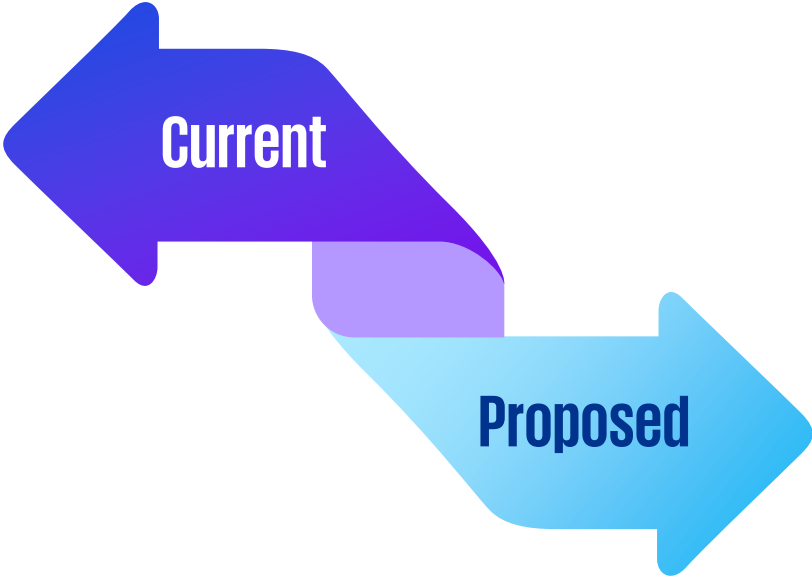
Relief period:
Extended to YA2027

Personal tax

Childcare Allowance under Perquisites from Employment

Annual limit: RM2,400

- Income tax exemption for childcare allowance received by employee or paid directly by employer to a childcare centre



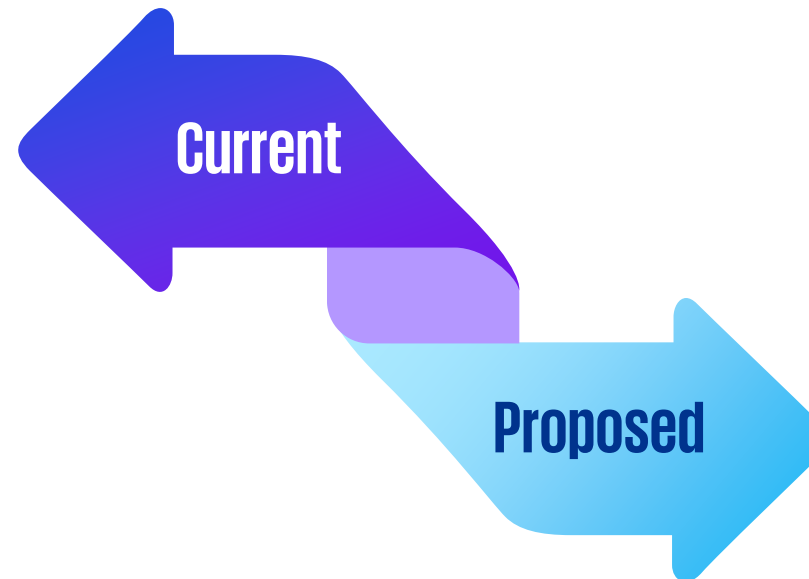
w.e.f. YA 2024

Annual limit:
increased to RM3,000

Administrative Matters

Submission of Form E / CP21 / CP22 / CP22A / CP22B

Employers are allowed to submit Form E (except for employers which are companies and Labuan companies) / CP21 / CP22 / CP22A / CP22B by way of manual filing or electronic filing.



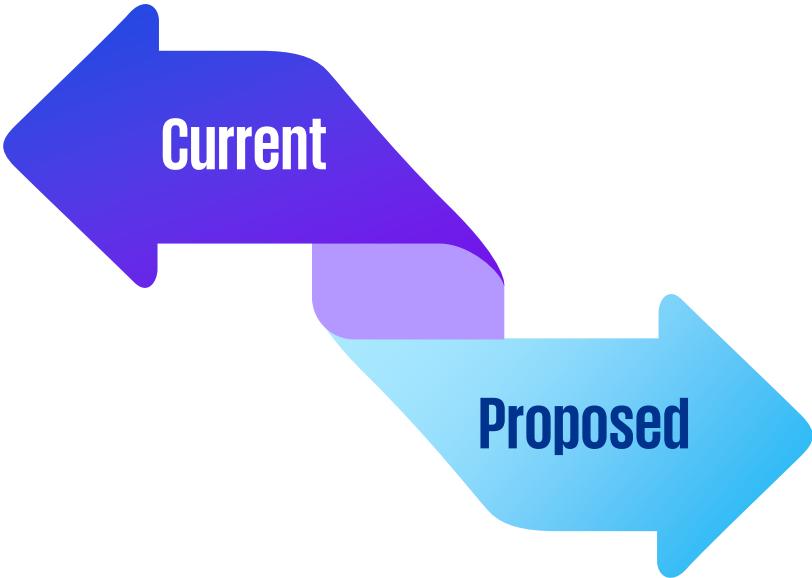
- It is mandatory for all categories of employers to furnish Form E / CP21 / CP22 / CP22A / CP22B via an **electronic medium** or by way of **electronic transmission**.
- Form E :
Effective from year ending 31 December 2023
Form CP21 / CP22 / CP22A / CP22B :
Effective from 1 January 2024

Administrative Matters

Amendment to the conditions for submission of Form CP22A / CP22B

Employers are not required to notify the MIRB via Form CP22A / CP22B on the cessation of employment of the employee if the following conditions are met:

- (1a) the employee's employment income has already been subjected to Monthly Tax Deduction (MTD); **or**
- (1b) the employee's total monthly employment income falls below the minimum income threshold that is subject to MTD; **and**
- (2) it is known to the employer that the employee is not retiring from any employment (i.e. will continue to be employed).

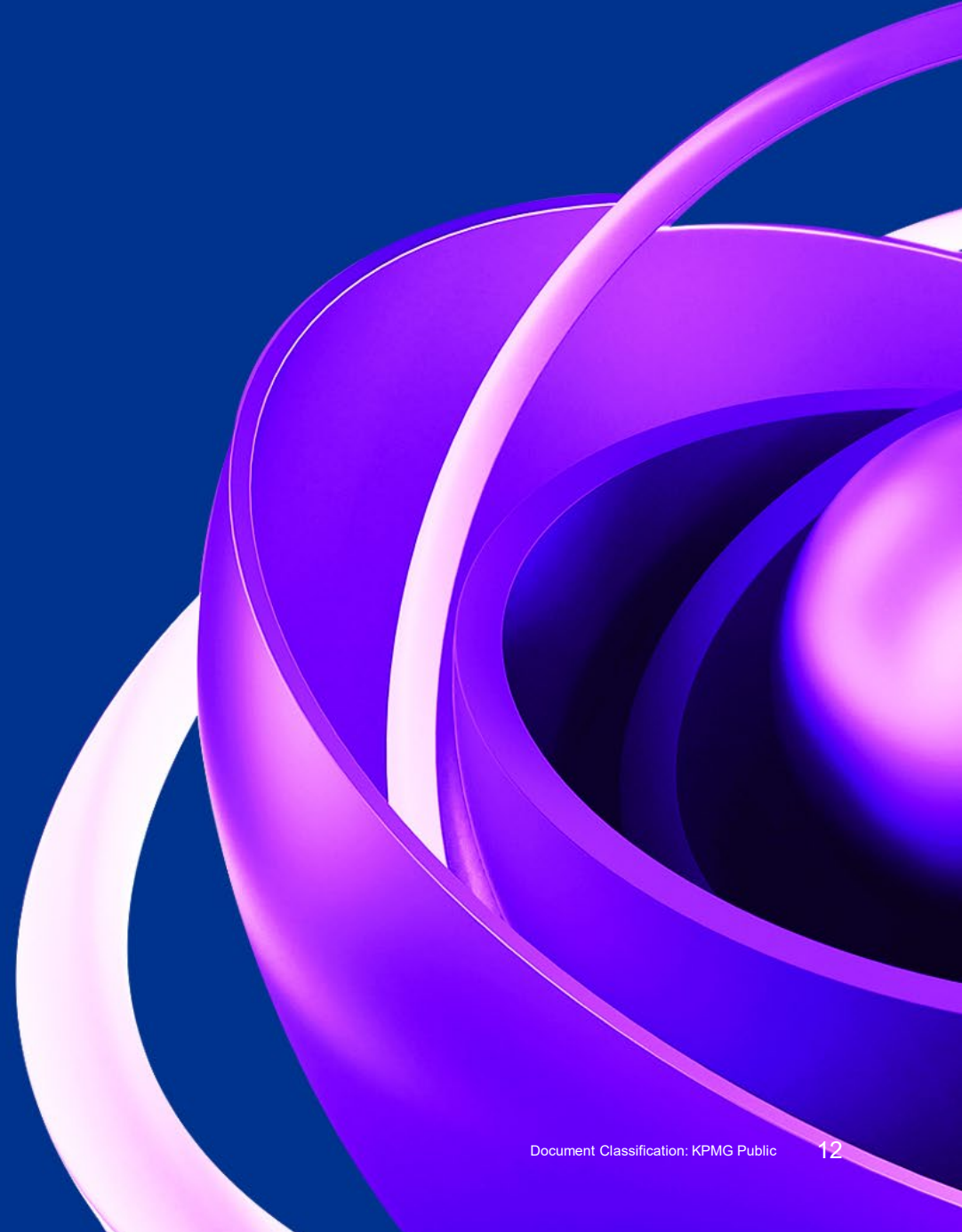


w.e.f. 1 January 2024

Removal of condition [item (2)]

Going forward, employers will be exempted from notifying the MIRB on the basis of meeting either condition (1a) or (1b).

Corporate Tax



Exemption from filing of ETP, preferential tax rate and special allowance for small value assets restriction for Micro, Small and Medium Enterprises (MSMEs)

Current	Exempted from filing of ETP for the first 2 YAs [Sec 107C(4B)]	Preferential tax rate [Para 2A, Schedule 1]	Special allowance for small value assets without a restriction of RM20,000 per YA [Para 19A(4), Schedule 3]
Conditions			
Resident company incorporated in Malaysia	✓	✓	✓
Having paid-up capital in respect of ordinary shares of not more than RM2.5 million at the beginning of the basis period for a YA (subject to related parties' proviso)	✓	✓	✓
Having gross business income of not exceeding RM50 million for a YA		✓	✓

Proposed

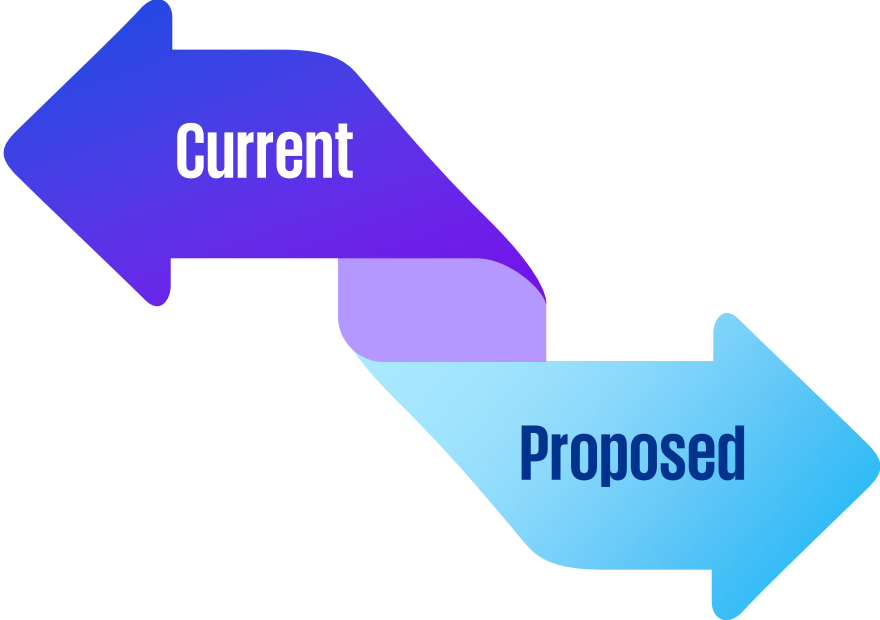
w.e.f. YA 2024

The special tax treatment **will not apply** if **more than 20%** of the **paid-up capital** in respect of the ordinary shares of the company is owned by companies incorporated **outside Malaysia** or persons who are **non-citizens** of Malaysia

Section 107C(7)

Revision of estimate of tax payable (ETP)

Revision of ETP in the 6th month and 9th month of the basis period for a YA

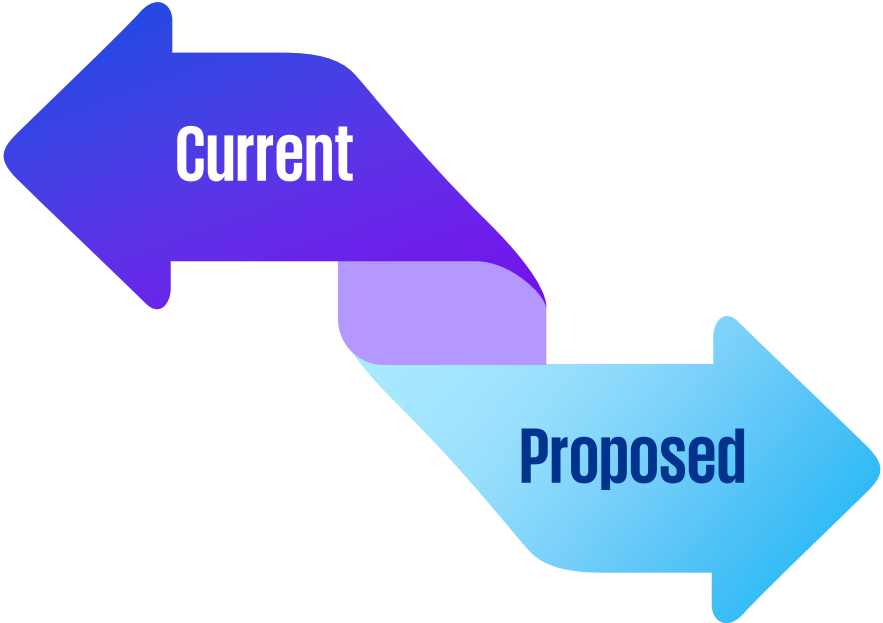


Introduction of revision of ETP in the **11th month** of the basis period for a YA

w.e.f. YA 2024

Section 152A(3)

- An individual who fall under Section 75(1) of an organisation or the appointed tax agent may furnish any prescribed form under the ITA on behalf of that organisation electronically

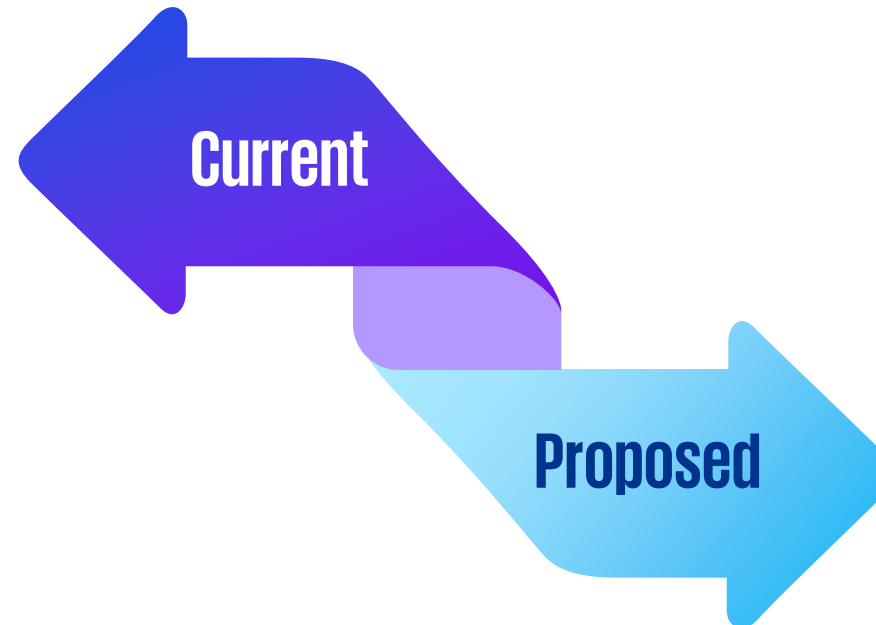


- Widening the authorisation to include appointment of employees of an organisation

w.e.f. the date the Finance Act comes into effect

Institution / organisation / funds approved under subsection 44(6)

- Utilisation of accumulated funds of up to 25% for participation in business.
- Exemption of income so long the subsection 44(6) approval remains in force.
- At least 50% of income earned in previous year must be spent in the following year for charitable activity.



- Utilisation of accumulated funds of up to **35%** for participation in business.
- Exemption of income so long the **specified condition** of the approval are **complied with**.

w.e.f. YA 2024

Malaysian Income Tax Reporting System (MITRS)

- Companies and other than companies are required to provide information and furnish documents as may be determined by the DGIR electronically (via MITRS based on Budget announcement) within **30 days** after the deadline for the submission of tax return.
- Failure to comply, on conviction (Section 120 of the Income Tax Act, 1967) –
 - Shall be liable to fine of not less than RM200 and not more than RM20,000; or
 - Imprisonment for a term not exceeding 6 months; or
 - Both.

The above is proposed to be effective YA 2025.



e-Invoicing implementation timeline



Note 1: The annual turnover / revenue will be based on 2022’s audited financial statements or tax return, as the case may be.

Note 2: For new businesses / operations commencing from year 2023 onwards, the e-Invoice implementation dated is 1 July 2025.

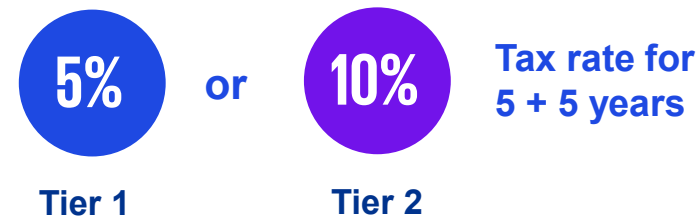
Tax incentives

Key Tax Incentives

Tax incentives for Global Services Hub

- Income tax exemption on service income or service and trading income
- Based on an **outcome-based approach**

New company



Existing company



Non-citizen individuals



- Limited to 3 non-citizen individuals
- Holding key / C-suite positions
- Monthly salary of at least RM35,000
- Appointed by new company approved with Global Services Hub

For applications received by the Malaysian Investment Development Authority (MIDA) from 14 October 2023 to 31 December 2027

Tax Incentives

Incentive for Reinvestment under the New Industrial Master Plan 2030

- Eligible investment tax allowance rate will be determined based on an **outcome-based approach**
- For existing companies that have exhausted reinvestment allowance (RA) eligibility period



100%

Tier 1

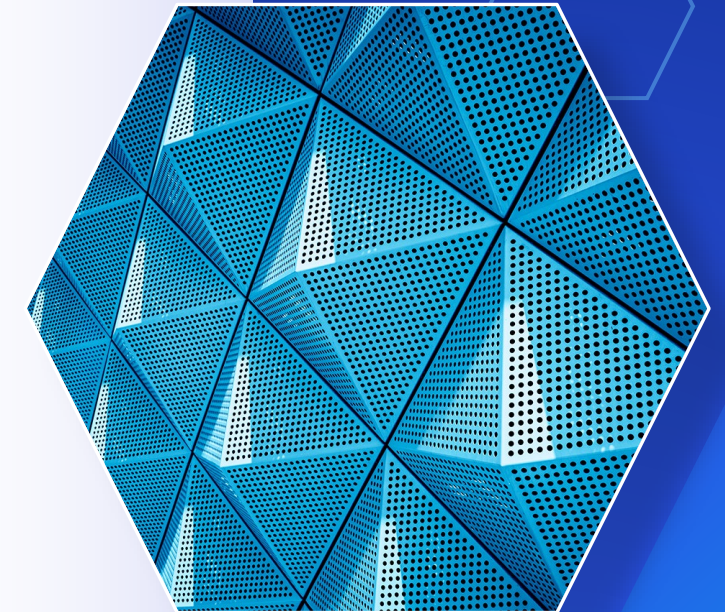
Qualifying expenditure to be set off against 100% of statutory income



60%

Tier 2

Qualifying expenditure to be set off against 70% of statutory income



For applications received by MIDA from 1 January 2024 to 31 December 2028

Tax Incentives

Capital allowance on Information and Communication Technology (ICT) equipment and computer software

Current

20% Initial allowance **20%** Annual allowance

- Purchase of ICT equipment and computer software packages
- Consultation, licensing and incidental fees related to the development of customised computer software

Proposed

40% Initial allowance **20%** Annual allowance

w.e.f. YA 2024



Tax Incentives

Tax deduction on ESG related expenditure

Tax deduction
of up to **RM50,000**
(per YA)

- Any reporting relating to compliance with ESG standards (Bursa Malaysia, Bank Negara Malaysia, approved regulators by Ministry of Finance)
- Preparation of reports relating to Tax Corporate Governance Framework (TCGF) by companies
- Preparation of transfer pricing documentation by companies
- Consultancy fees for implementation of e-invoicing incurred by MSMEs

w.e.f. YA 2024 to YA 2027



Tax incentives

Automation incentives in manufacturing, services and agriculture sectors

Current

100% Accelerated capital allowance +
Income tax exemption

- Capital expenditure threshold: RM10 million
- Applications received by MIDA and Ministry of Agriculture and Food Security from 1 January 2023 to 31 December 2027

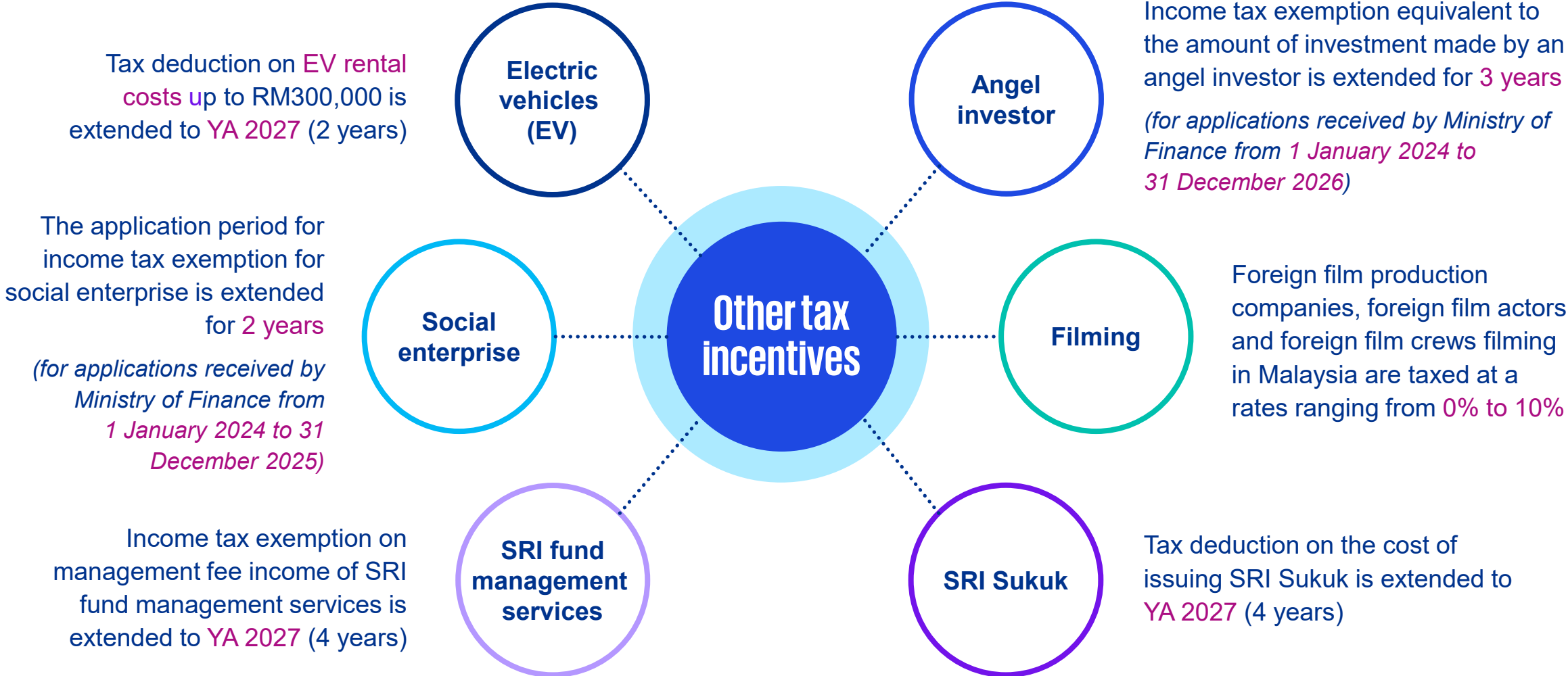
Proposed

Expansion of scope to include commodity sector under the Ministry of Plantation and Commodities (KPK)

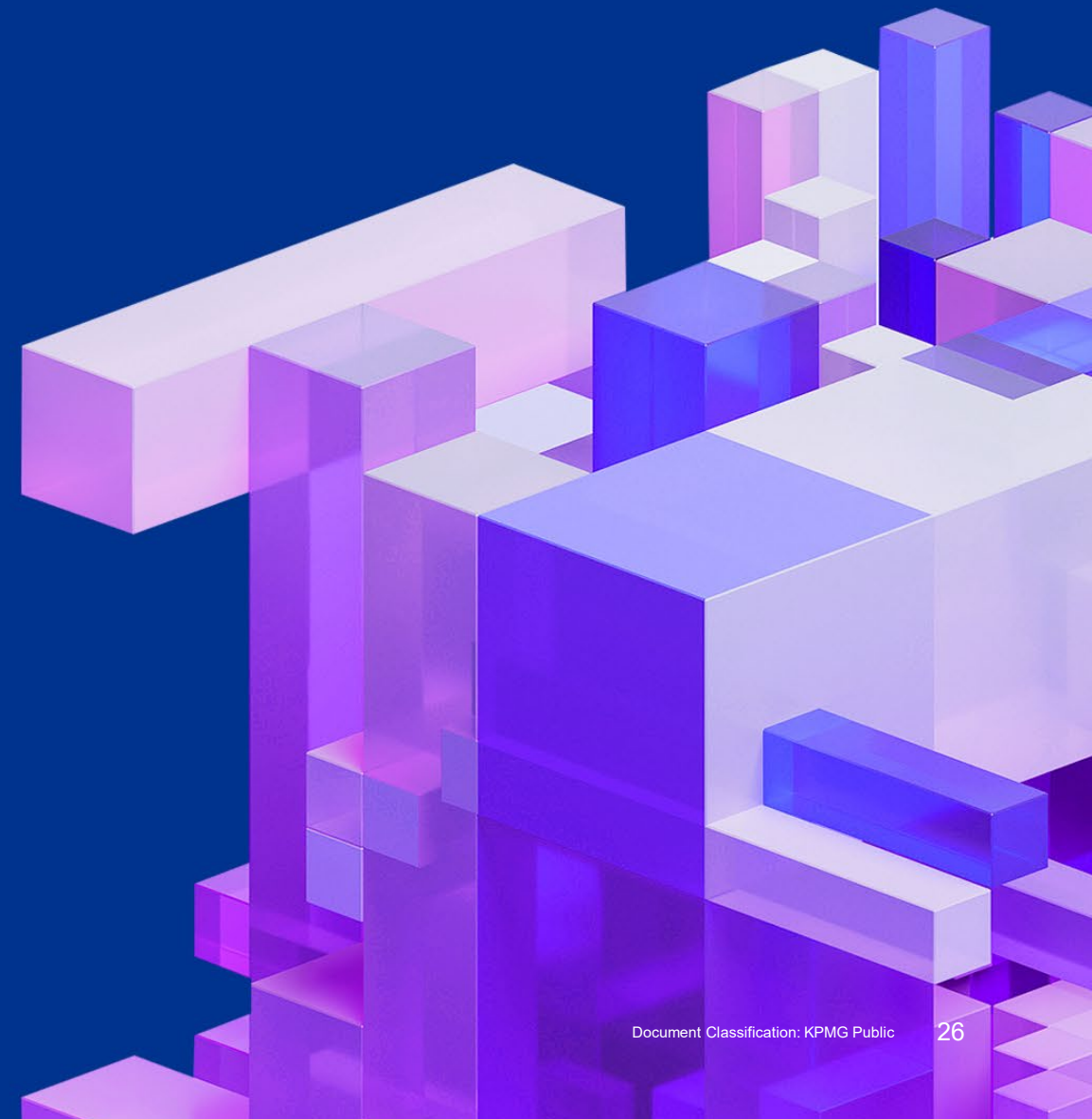
For applications received by KPK from 14 October 2023 to 31 December 2027



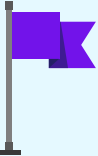

Tax incentives



Capital gains tax



Capital Gains Tax

Current	1 January 2024
<ul style="list-style-type: none"> No capital gains tax. Except for real property situated in Malaysia or Real Property Company (RPC) shares, which is subject to Real Property Gains Tax (RPGT). 	<h2 data-bbox="800 558 1263 629">Capital Gains Tax</h2> <ul style="list-style-type: none"> <li data-bbox="800 708 1493 886">  Disposal of capital assets (movable or immovables property including any rights or interests thereof) <li data-bbox="800 982 1523 1125">  Disposal of all types of capital assets from overseas (Foreign-sourced)

Exemptions

Gains derived from the disposal of capital assets situated in Malaysia except for:

- Disposals of unlisted shares of a Company incorporated in Malaysia
- Disposals of shares under Section 15C

2024 Budget

- Approved IPO
- Internal restructuring within the same group
- Venture capital companies

Capital Gains Tax

Disposal of capital assets

1 January 2024

Disposal:

- Sell, convey, transfer, assign, settle or alienate whether by agreement or by force of law and includes a reduction of share capital and purchase by a company of its own shares
- Deemed disposal – capital asset → **trading stock**

Chargeable persons:

1. Company (including foreign company)
2. LLP (including foreign LLPs)
3. Co-operative (including foreign co-operative society)
4. Trust body (including foreign trust body)

Tax rates:

Capital assets situated in Malaysia

Acquired **before** 1 January 2024

The taxpayers may choose: -

- i. **10%** on the **chargeable gain**; or
- ii. **2%** on the **gross disposal price**.

Acquired **from** 1 January 2024

10% on the **chargeable gain**

Capital assets other than those situated in Malaysia

At the **prevailing income tax rate**

- Company, LLP, trust body (24%) or
- Co-operative society (0% to 24% - scaled rates)

Capital Gains Tax

Disposal of all types of capital assets from overseas (Foreign-sourced)

1 January 2024



Applicable to the 4 categories of taxpayers

at prevailing income tax rate **when received in Malaysia?**



Foreign-sourced capital gains

Disposal of all types of capital assets from overseas



Exemptions (MOF Touchpoint)

1. Employs an adequate number of employees with the necessary qualifications
2. Incurs an adequate amount of operating expenditure for carrying out the specified economic activities in Malaysia

Capital Gains Tax

Gains from the disposal of capital assets

Formula

Disposal price

Less: Acquisition price

Less: Incidental cost of disposal or acquisition

Stamp duty, legal fees, broker fees, commission fees

Net gain

Unabsorbed capital losses

can be carried forward for **10 years** against capital gains

**10
years**

Date of disposal / acquisition

1. Date of the written agreement
2. If no written agreement, the **date of completion**

Reporting and payment

- Submission through prescribed electronic form within **60 days** from the date of disposal
- Tax payment is due within **60 days** from the date of disposal

Transactional basis



Real Property Gains Tax

Implementation of RPGT self-assessment system

RPGT return

Disposer is required to calculate his own RPGT payable in the RPGT return

RPGT return

Deemed assessment

The submitted RPGT return is deemed to be an assessment made by the MIRB.
RPGT payment shall be made within 60 days from the date of disposal.

Deemed assessment

Amendment of RPGT return

Amendment of RPGT return

An amendment can be made by submitting an amended RPGT return within 6 months from the deadline of submission of RPGT return.

RPGT payment is due on the day the amended RPGT return is furnished.

Document retention

Document retention

Documents must be kept for a period of 7 years from the end of the YA in which the deemed assessment was made.

w.e.f. 1 January 2025

Stamp Duty

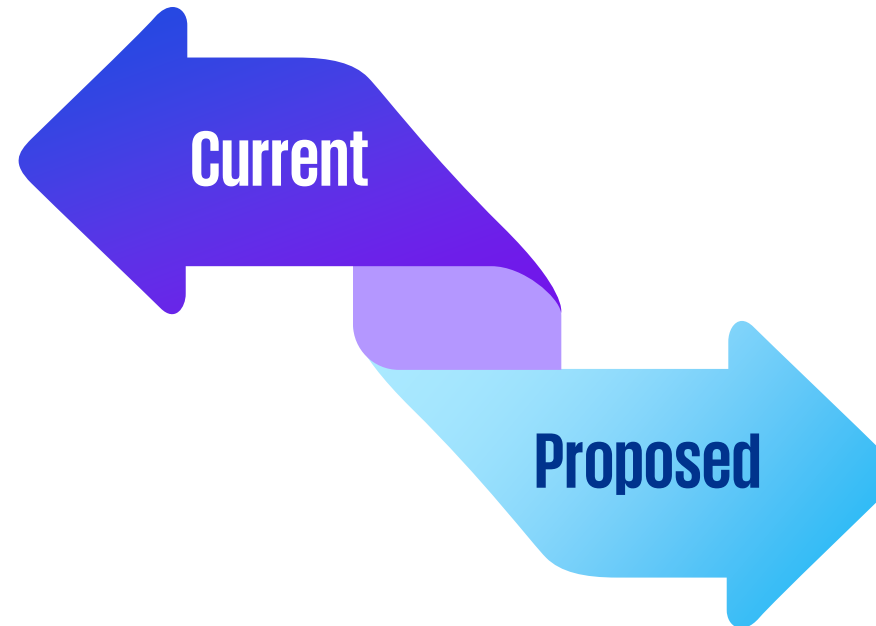


Item 27(a)(ii), First Schedule

Stamp duty for conventional loan agreements and Shariah-compliant financing in foreign currency

**RM5.00 for every RM1,000
or part there of**

- (capped at RM2,000)



**RM5.00 for every RM1,000
or part there of**

- Abolition of the RM2,000 restriction

**For instrument executed from
1 January 2024**

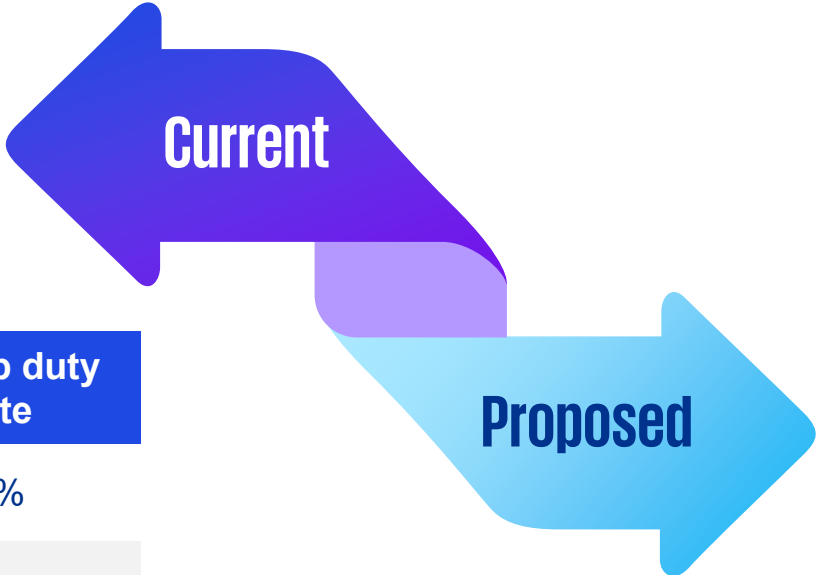
Item 32(aa), First Schedule

Stamp duty on instrument of property ownership

Ad valorem duty

Same rate for both Malaysian citizens and foreign-owned companies / non-citizen individuals

Sales price/market value (whichever is higher)	Stamp duty rate
First RM100,000	1%
RM100,001 to RM500,000	2%
RM500,001 to RM1,000,000	3%
RM1,000,001 and above	4%



Flat rate

4%

Instrument on transfer of property ownership executed by foreign-owned companies and non-citizen individuals (except Malaysian permanent residents)

For instrument executed from 1 January 2024



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