



# Tax developments



13 December 2024

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KPMG in Malaysia

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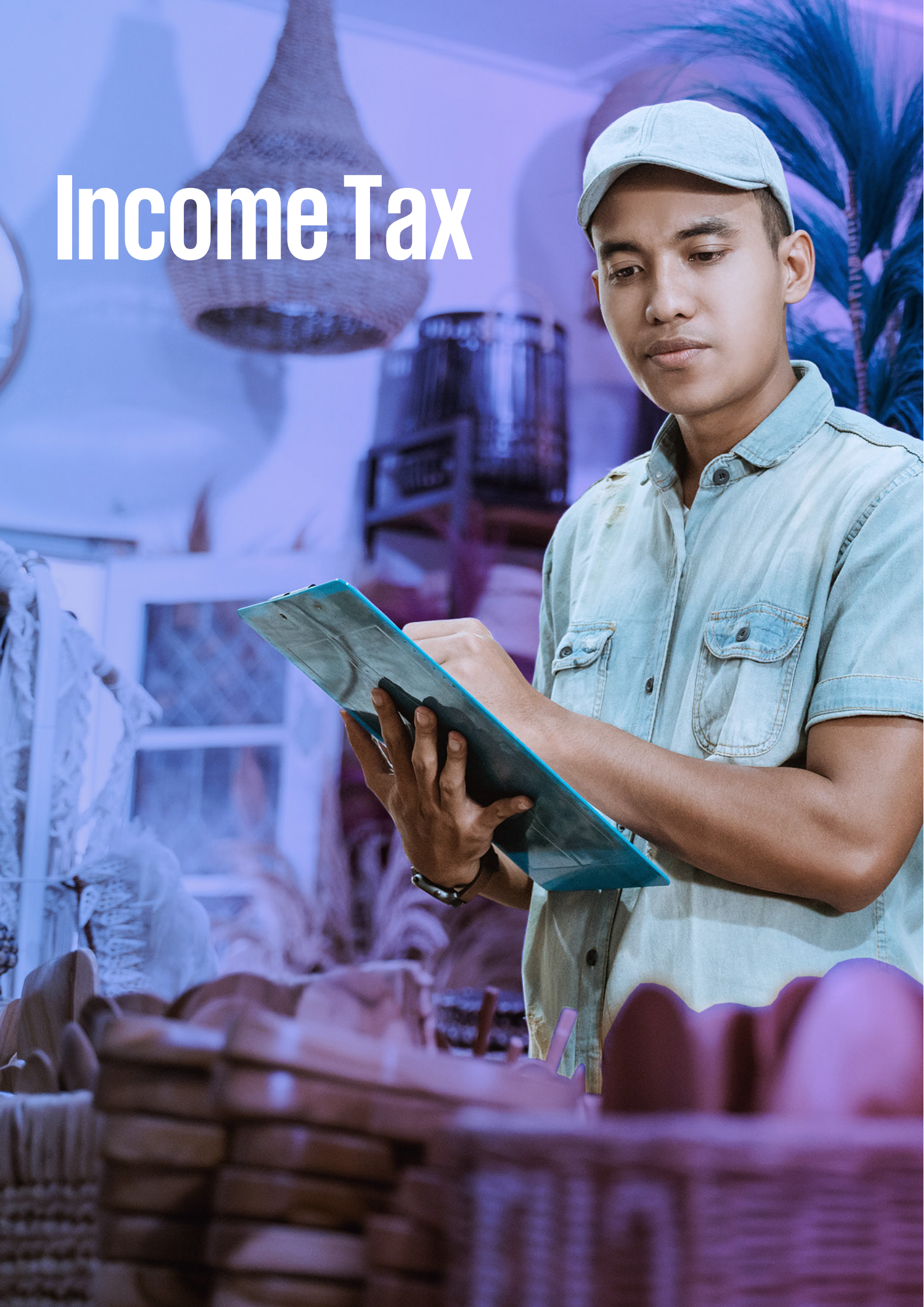
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# Income Tax





# Income Tax

## Bills passed at Dewan Rakyat

The following Bills were passed in the Dewan Rakyat on 4 December 2024:

- Finance Bill 2024
- Measures for the Collection, Administration and Enforcement of Tax Bill 2024
- Labuan Business Activity Tax (Amendment) (No. 2) Bill 2024

The Bills have to be passed in the Dewan Negara and be given Royal assent before they are gazetted and become law.

You may access KPMG's [Finance and Tax Bills 2024 Highlights](#) for a recap.

## Mandatory submission of required information and documents through the MITRS

Effective from YA 2025, a person is mandated to provide information and furnish documents as may be determined by the DGIR for the purpose of ascertaining his chargeable income electronically within 30 days after the submission due date of the tax return for a YA. Failure to comply shall, on conviction, be liable to a fine of not less than RM200 and not more than RM20,000 or to imprisonment for a term not exceeding 6 months, or both.

Based on the guidance notes released by the MIRB on the MITRS filing program, the submission of the information and specified documents will be implemented in stages, starting with companies and LLPs. The MITRS platform can be accessed through the MyTax portal from 1 April 2025.



Source for the Filing Program: Official Portal of [MIRB](#)

## MIRB's guidelines on the implementation of GMT in Malaysia

The GMT legislation framework has been introduced in the MITA through the Finance (No. 2) Act 2023, which will be applicable for the Financial Year beginning on or after 1 January 2025 and subsequent Financial Years. The GMT in Malaysia will be implemented using two mechanisms namely DTT and MTT.

The MIRB has now issued the above Guidelines to provide guidance on the interpretation and administration of the GMT legislation as well as to outline the relevant policies taken in Malaysia. However, it should be noted that the GloBE Rules issued by the OECD should take precedence in the event of any inconsistencies in the Guidelines. The salient points are summarized as follows:

## **Scope of GMT**

GMT is applicable to the Constituent Entities of an MNE group with a consolidated annual revenue of EUR 750 million or more in at least two out of the four previous Financial Years (not including the tested Financial Year). In applying the threshold, the presentation currency has to be translated into Euro

currency based on the average foreign exchange rate for the December month of the calendar year prior to the commencement of the relevant Financial Year, as quoted by the European Central Bank.

Where an entity falls within the definition of Excluded Entity, it will not be subjected to the GMT legislation, but its revenue would still be considered when applying the consolidated revenue threshold of EUR 750 million.

## **Filing Obligations of the Information Return and Top-up Tax Return**

Every Constituent Entity of a MNE Group is required to file an information return and a top-up tax return in the prescribed form electronically not later than 15 months from the last day of the Reporting Financial Year on a self-assessment basis.

Nevertheless, for the first filing transition year in Malaysia, 3 months extension i.e. not later than 18 months from the last day of the Reporting Financial Year, is given for the submission of the information return and top-up tax return. The same transitional period applies on the due date of the tax payable.

## **Transitional Penalty Relief**

Generally, fines or penalties will be imposed if:

- The information furnished in the information return is incomplete or incorrect;
- Top-up tax has been understated or omitted due to an incorrect top-up tax return; or
- The chargeability to tax of any Constituent Entity is affected by any incorrect information furnished.

However, a Transitional Period is provided where no fines or penalties will be imposed if the DGIR considers that the Constituent Entity has acted in good faith and taken reasonable measures to ensure the correct application of the GMT legislation.

In Malaysia, the Transitional Period will apply to Financial Years beginning on or after 1 January 2025 but no later than 31 December 2026, and does not include Financial Year that ends after 30 June 2028.

## **Safe Harbours**

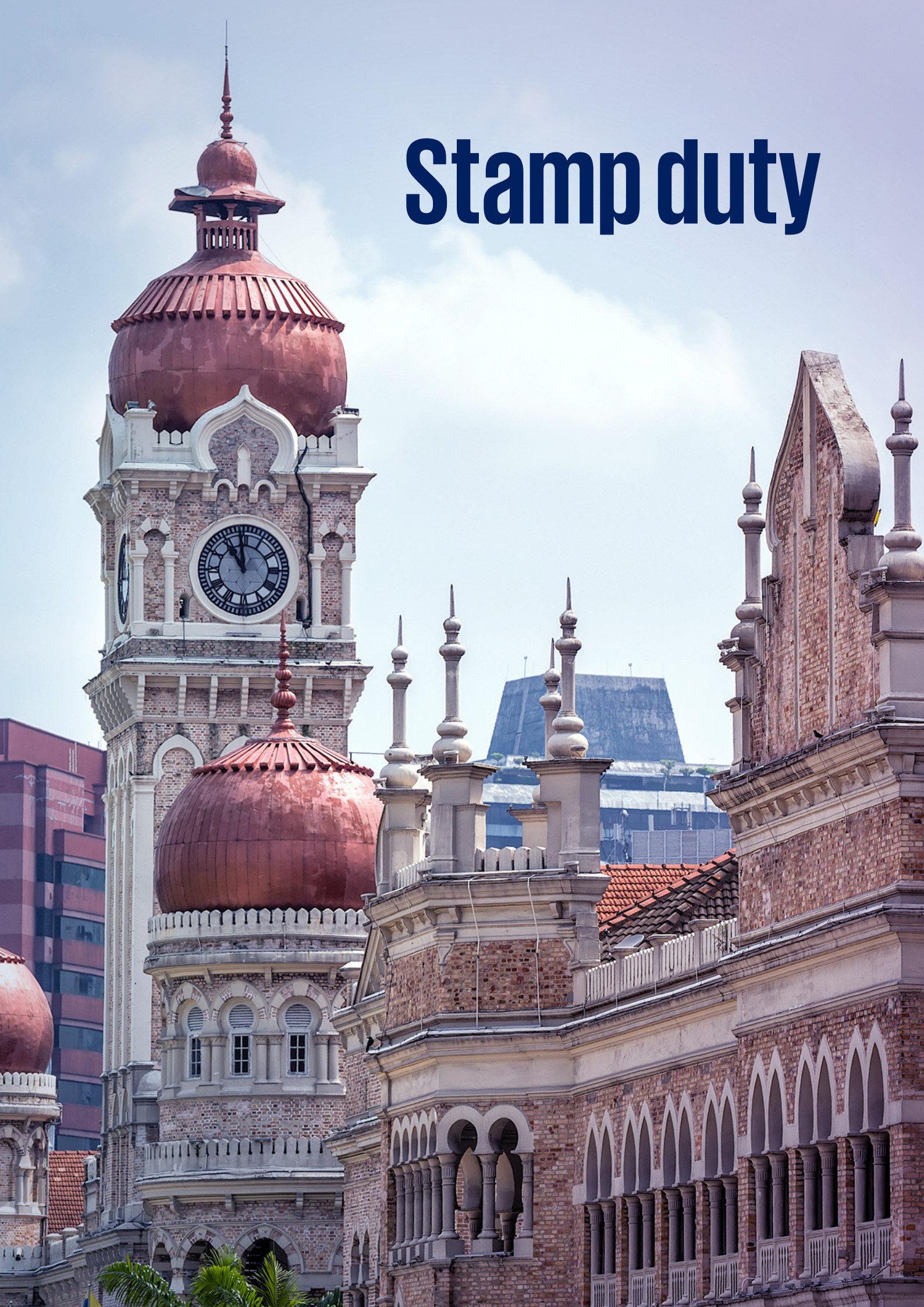
The Guidelines have also listed down the various safe harbours which are generally in line with the OECD's Inclusive Framework as follows:

- The Qualified Domestic Minimum Top-up Tax Safe Harbour;
- The Transitional CbCR Safe Harbour; and
- The Permanent Safe Harbour.

Source for the guidelines: Official Portal of [MIRB](#)



# Stamp duty





# Stamp Duty

## Stamp duty exemptions

Exemption from stamp duty is provided for facilities which are approved under the BNM's Fund for SMEs in respect of the following instruments that are executed within the period from 1 January 2022 to 31 December 2023:-

- **Loan or financing agreement between a SME and a banker / participating financial institution**
  - Disaster Relief Facility 2022
  - Disaster Relief Facility
  - PENJANA Tourism Financing Facility
  - Targeted Relief and Recovery Facility
  - All Economic Sectors Facility
  - SMEs Automation Digitalization Facility
  - Agrofood Facility
  - High Tech and Green Facility
  
- **Loan or financing agreement between BNM and a participating financial institution**
  - Targeted Relief and Recovery Facility

The Orders are deemed to have come into operation on 1 January 2022.

Source for the Orders: [Federal Legislation Portal of Malaysia](#)



# Indirect Tax





# Indirect Tax

## RMCD's media release relating to the provision of F&B services by golf club and golf driving range operators

On 5 December 2024, the RMCD issued a media release in response to a claim on a social media platform that F&B services provided by golf club and golf driving range operators have been exempted from Service Tax.

The RMCD clarified that F&B or catering services provided by golf club and golf driving range operators are still subject to Service Tax at a rate of 6%. It was further clarified that food products that have been processed and packed by manufacturers, such as crackers, dry biscuits and sweets, sold by golf club or golf driving range operators are not subject to Service Tax **effective 27 November 2024**.

Source for the Media Release: [Official RMCD Portal](#) – available in Malay language only

## Service Tax Policy 6/2024 (Amendment No. 1)

The RMCD has issued **Service Tax Policy 6/2024 (Amendment No.1)** – Exemption from payment and the imposition of Service Tax on maintenance or repair services for MRO activities dated 29 November 2024 which supersedes the initial Service Tax Policy 6/2024 dated 30 April 2024. The exemption is effective from 1 March 2024 to 31 December 2027.

The amendments made are editorial in nature to provide further clarity, which has been outlined below:

Paragraph	Amendment
2	To replace the words “insentif Shipbuilding and Ship Repairing (SBSR)” with “Guideline and Procedures for Shipbuilding and Ship Repairing (SBSR) Incentive”.
3	To rephrase the sentence for better clarity.
3 (b)	To replace the words “perkapalan” with “memiliki kapal”.
3 (c)	To include the words “dan sebagainya” after “Jabatan Bomba dan Penyelamat”.
3 (d)	To replace the whole sentence and specify “Syarikat penerbangan/ perkapalan” as the MRO service recipients.
4 (b)	To add the words “Kementerian Pelaburan Perdagangan dan Industri (MITI) /” before “Lembaga Pembangunan Pelaburan Malaysia (MIDA)”.
5	To replace the whole paragraph and specify “Syarikat penerbangan/ perkapalan” as the MRO service recipients, as well as to elaborate “peralatan atau komponen” to be imported and used for MRO activities will be required to be re-exported out from Malaysia subject to conditions imposed by RMCD.



Paragraph	Amendment
8	New paragraph added to mention that the Service Tax Policy 6/2024 (Amendment No.1) dated 29 November 2024 supersedes the initial Service Tax Policy 6/2024 dated 30 April 2024 with the amendments stated in Lampiran A.

Source for the Service Tax Policy: [Official Portal of RMCD – MySST \(Service Tax Policy\)](#) – available in Malay language only

## Indirect tax legislation updates

The following legislations have been gazetted:

### I. Customs Duties (Exemption) (Amendment) (No. 3) Order 2024

The Customs Duties (Exemption) (Amendment) (No. 3) Order 2024 has been gazetted, and comes into operation on 1 December 2024. Amendments are made in the Schedule, in Part I, in relation to item 67, in column (2) by deleting subitems (xx) and (xxii).

### II. Customs Duties (Goods Under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership) (Amendment) Order 2024

The Customs Duties (Goods Under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership) (Amendment) Order 2024 has been gazetted, and comes into operation on 15 December 2024. The amendments include amongst others, the addition of the United Kingdom of Great Britain and Northern Ireland as the twelfth country under the CPTPP, amendments to the Second Schedule as well as substitution of the Third Schedule.

Source for the Amendment Orders: [Federal Legislation Portal of Malaysia](#)

## Customs AViP Framework

Further to the launch of the AViP in July 2024, RMCD has on 15 November 2024 issued the framework for the AViP. The framework provides a comprehensive guidance on the implementation of the AViP, including explaining the types of audits and the mechanism for taxpayers to come forward and voluntarily disclose any non-compliance through self-assessment.

Please click [here](#) for a copy of our earlier Tax Whiz for details.

Source for the framework: [Official RMCD Portal](#) – available in Malay language only

## Service Tax (Amendment) (No. 2) Regulations 2024

The Service Tax (Amendment) (No. 2) Regulations 2024 has been gazetted to make amendments to the Service Tax Regulations 2018, which include amongst others the long-awaited expansion of intra-group relief to also cover the provision of maintenance or repair services.

Please click [here](#) for a copy of our earlier Tax Whiz for details.

Source for the Amendment Regulations: [Federal Legislation Portal of Malaysia](#)



## Amendments to Indirect Tax Legislations relating to Pulau 1

Amendments to the Indirect Tax Acts, Regulations, and Orders as well as new Orders have been gazetted to exclude Forest City (“Pulau 1”) from the definition of “Principal Customs Area” and reclassifying as a “Designated Area” for Sales Tax and Service Tax purposes.

Please click [here](#) for a copy of our earlier Tax Whiz for details.

Source for the legislations: [Federal Legislation Portal of Malaysia](#)



# Personal Tax



# Personal Tax

## Incentive for investment in equity crowdfunding

The Income Tax (Exemption) (No. 4) Order 2022 provides an income tax exemption to a resident individual who makes an investment in an investee company, through an equity crowdfunding platform or through a nominee company, subject to meeting the prescribed conditions. The exemption is given in the second YA following the YA in which the investment is made and is equivalent to 50% of the amount of investment made, capped at RM50,000 per YA or 10% of the aggregate income, whichever is lower.

The Income Tax (Exemption) (No.4) Order 2022 (Amendment) Order 2024 has been gazetted to extend the tax incentive for qualifying investment made up to 31 December 2026 (previously up to 31 December 2023) and to expand the scope to include investments made through a nominee LLP.

Source for the Orders: [Federal Legislation Portal of Malaysia](#)



# Insights on Earlier Tax Whiz

Please refer below to our earlier Tax Whiz for more information.

No.	Subject	Date of issue
1	Customs Compliance Verification Audit Programme Framework	18 November 2024
2	Service Tax (Amendment) (No. 2) Regulations 2024	26 November 2024
3	Amendments to Indirect Tax Legislations relating to Pulau 1	2 December 2024

The table below sets out the various abbreviations and references used in this publication.

	Reference
AViP	Compliance Verification Audit Programme
BNM	Bank Negara Malaysia (Central Bank of Malaysia)
CbCR	Country-by-Country Reporting
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DGIR	Director General of Inland Revenue
DTT	Domestic Top-up Tax
F&B	Food and Beverages
GloBE Rules	Global Anti-Base Erosion Model Rules
GMT	Global Minimum Tax
LLP	Limited Liability Partnership
MIRB	Malaysian Inland Revenue Board
MITA	Malaysian Income Tax Act, 1967
MITRS	Malaysian Income Tax Reporting System
MNE	Multinational Enterprise
MRO	Maintenance, Repair and Overhaul
MTT	Multinational Top-up Tax
OECD	Organisation for Economic Co-operation and Development
RMCD	Royal Malaysian Customs Department
SME	Small and Medium Enterprises
YA	Year of assessment



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