



LAWS OF MALAYSIA

Act 845

FINANCE ACT 2023

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FINANCE ACT 2023

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LAWS OF MALAYSIA

Act 845

FINANCE ACT 2023

An Act to amend the Income Tax Act 1967, the Real Property Gains Tax Act 1976, the Stamp Act 1949, the Petroleum (Income Tax) Act 1967 and the Finance Act 2018.

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ENACTED by the Parliament of Malaysia as follows:

CHAPTER I

PRELIMINARY

Short title

1. This Act may be cited as the Finance Act 2023.

Amendment of Acts

2. The Income Tax Act 1967 [*Act 53*], the Real Property Gains Tax Act 1976 [*Act 169*], the Stamp Act 1949 [*Act 378*], the Petroleum (Income Tax) Act 1967 [*Act 543*] and the Finance Act 2018 [*Act 812*] are amended in the manner specified in Chapters II, III, IV, V and VI respectively.

CHAPTER II

AMENDMENTS TO THE INCOME TAX ACT 1967

Commencement of amendments to the Income Tax Act 1967

3. (1) Subparagraphs 4(a)(i), (ii) and (iii), paragraphs 4(b), 16(a), (b) and (d) and sections 5, 12, 13 and 17 have effect for the year of assessment 2023 and subsequent years of assessment.

(2) Subparagraph 4(a)(iv) has effect for the year of assessment 2024.

(3) Sections 6, 7, 8, 9 and 10 and paragraphs 16(c), (e) and (f) have effect for the year of assessment 2024 and subsequent years of assessment.

(4) Sections 11, 14 and 15 are deemed to have come into operation on 1 January 2023.

Amendment of section 46

4. The Income Tax Act 1967, which is referred to as the “principal Act” in this Chapter, is amended in section 46—

(a) in subsection (1)—

(i) in paragraph (b) of the proviso to paragraph (g), by substituting for the words “eight thousand ringgit” the words “ten thousand ringgit”;

(ii) in the proviso to paragraph (h), by substituting for the words “eight thousand ringgit” the words “ten thousand ringgit”;

(iii) by inserting after paragraph (h) the following paragraph:

“(ha) an amount limited to a maximum of four thousand ringgit expended or deemed expended under subsection (3) in that basis year by that individual on his child

who at any time in that basis year is of the age of eighteen years and below, in respect of—

- (i) assessment for the purpose of diagnosis of learning disability certified by a medical practitioner registered with the Malaysian Medical Council; or
- (ii) early intervention programme or rehabilitation treatment for learning disability conducted by an allied health practitioner in the field of learning disability registered under the Allied Health Professions Act 2016:

Provided that—

- (a) the claim is evidenced by a receipt and certification issued by the medical practitioner that the assessment for the purpose of diagnosis was provided to the child and that the child is diagnosed with learning disability;
- (b) the claim is evidenced by a receipt and certification issued by the allied health practitioner that the early intervention programme or rehabilitation treatment was provided to the child;

- (c) the assessment for the purpose of diagnosis, early intervention programme or rehabilitation treatment which qualifies for deduction is for the following learning disabilities:
 - (i) autism spectrum disorder;
 - (ii) attention deficit hyperactivity disorder;
 - (iii) global developmental delay;
 - (iv) intellectual disability;
 - (v) down syndrome; and
 - (vi) specific learning disability;
 - (d) the assessment for the purpose of diagnosis, early intervention programme and rehabilitation treatment are provided in Malaysia;
 - (e) the maximum amount of deduction under this paragraph shall apply notwithstanding that that individual may have more than one child; and
 - (f) the deduction under this paragraph shall be part of the amount limited to a maximum of ten thousand ringgit in paragraph (g);”;
- (iv) in paragraph (c) of the proviso to paragraph (r), by substituting for the words “until 2023” the words “until 2024”; and

(b) in subsection (3), by inserting after the words “(h),” the words “(ha),”.

Amendment of section 49

5. Section 49 of the principal Act is amended—

(a) in subsection (1)—

- (i) in paragraph (a), by inserting after the words “any insurance” the words “or any voluntary contribution made by that individual to the Employees Provident Fund or for both”; and
- (ii) in paragraph (b), by inserting after the words “in respect of” the words “any voluntary or obligatory”;

(b) in subsection (1A)—

(i) by inserting after paragraph (a) the following paragraph:

“(aa) the total amount of deduction for voluntary contribution to the Employees Provident Fund under paragraph (1)(a) shall not include the amount of deduction for voluntary contribution to the Employees Provident Fund under paragraph (1)(b) made by an individual who is an employee or a self-employed person within the meaning of the Employees Provident Fund Act 1991, or a pensionable officer within the meaning of section 2 of the Pensions Act 1980;”;

(ii) in paragraph (b), by substituting for the semi colon at the end of the paragraph a full stop; and

(iii) by deleting paragraph (c); and

(c) in subsection (2)—

- (i) by inserting after the words “other than voluntary contributions” the words “to the Employees Provident Fund”; and
- (ii) by substituting for the words “a self-employed person within the meaning of the Employees Provident Fund Act 1991 or a pensionable officer within the meaning of section 2 of the Pensions Act 1980” the words “any individual”.

Amendment of section 77

6. Section 77 of the principal Act is amended by inserting after subsection (1A) the following subsection:

“(1B) For the purposes of this section, the person referred to in subsection (1) shall furnish to the Director General a return in the prescribed form on an electronic medium or by way of electronic transmission in accordance with section 152A.”.

Amendment of section 77A

7. Subsection 77A(1A) of the principal Act is amended by substituting for the words “a company and a limited liability partnership” the words “a company, limited liability partnership, trust body and co-operative society”.

Amendment of section 77B

8. Section 77B of the principal Act is amended by inserting after subsection (1) the following subsection:

“(1A) For the purposes of this section, a person who is a company, limited liability partnership, trust body and co-operative society shall furnish to the Director General an amended return in the prescribed form on an electronic medium or by way of electronic transmission in accordance with section 152A.”.

Amendment of section 83

9. Subsection 83(1B) of the principal Act is amended by inserting after the words “a company,” the words “limited liability partnership, trust body or co-operative society,”.

Amendment of section 86

10. Section 86 of the principal Act is amended by inserting after subsection (1) the following subsection:

“(1A) For the purposes of this section, the person referred to in paragraphs (1)(a) and (b) shall furnish to the Director General a return in the prescribed form on an electronic medium or by way of electronic transmission in accordance with section 152A.”.

Amendment of section 97A

11. Subparagraph 97A(5)(b)(iii) of the principal Act is amended by inserting after the words “subsection 107A(2)” the words “, 107D(3)”.

Amendment of section 103

12. Section 103 of the principal Act is amended—

(a) in subsection (3), by substituting for the word “Where” the words “Subject to subsection (7), where”; and

(b) in subsection (7), by substituting for the words “subsection (2)” the words “subsection (1), (1A) or (2)”.

Amendment of section 107B

13. Subsection 107B(2) of the principal Act is amended in the proviso by substituting for the words “not later than the thirtieth day of June” the words “once not later than the thirtieth day of June or once not later than the thirty first day of October, or both”.

Amendment of section 107D

14. Subsection 107D(1) of the principal Act is amended—

- (a) by inserting after the words “the payer shall upon paying or crediting such payments” the words “in a calendar month”;
- (b) by inserting after the words “two per cent of the payments on account of tax” the words “for that year of assessment”;
- (c) by deleting the words “for any year of assessment”; and
- (d) by substituting for the words “within thirty days” the words “not later than the end of the following calendar month”.

Amendment of section 131A

15. Paragraph 131A(1)(c) of the principal Act is amended by inserting after the words “107A(2)” the words “, 107D(3)”.

Amendment of Schedule 1

16. Schedule 1 to the principal Act is amended in Part I—

- (a) in paragraph 1, by substituting for the chargeable income and rates of income tax the following chargeable income and rates of income tax:

<i>“Chargeable income</i>	<i>RM</i>	<i>Rate of income tax</i>
For every ringgit of the first	5,000	0 per cent
For every ringgit of the next	15,000	1 per cent
For every ringgit of the next	15,000	3 per cent
For every ringgit of the next	15,000	6 per cent
For every ringgit of the next	20,000	11 per cent
For every ringgit of the next	30,000	19 per cent

For every ringgit of the next	300,000	25 per cent
For every ringgit of the next	200,000	26 per cent
For every ringgit of the next	1,400,000	28 per cent
For every ringgit exceeding	2,000,000	30 per cent”;

(b) in paragraph 2A, by substituting for the chargeable income and rates of income tax the following chargeable income and rates of income tax:

<i>“Chargeable income</i>	<i>RM</i>	<i>Rate of income tax</i>
For every ringgit of the first	150,000	15 per cent
For every ringgit of the next	450,000	17 per cent
For every ringgit exceeding	600,000	24 per cent”;

(c) in paragraph 2B—

- (i) in subparagraph (b), by deleting the word “or” at the end of the subparagraph;
- (ii) in subparagraph (c), by substituting for the full stop at the end of the subparagraph the words “; or”; and
- (iii) by inserting after subparagraph (c) the following subparagraph:

“(d) twenty per cent of the paid-up capital in respect of ordinary shares of the company at the beginning of the basis period for a year of assessment is directly or indirectly owned by one or more companies incorporated outside Malaysia or by one or more individuals who are not citizens of Malaysia.”;

- (d) in paragraph 2D, by substituting for the chargeable income and rates of income tax the following chargeable income and rates of income tax:

<i>“Chargeable income</i>	<i>RM</i>	<i>Rate of income tax</i>
For every ringgit of the first	150,000	15 per cent
For every ringgit of the next	450,000	17 per cent
For every ringgit exceeding	600,000	24 per cent”;

- (e) in paragraph 2E—

- (i) in subparagraph (b), by deleting the word “or” at the end of the subparagraph;
- (ii) in subparagraph (c), by substituting for the full stop at the end of the subparagraph the words “; or”; and
- (iii) by inserting after subparagraph (c) the following subparagraph:

“(d) twenty per cent of the capital contribution (whether in cash or in kind) of the limited liability partnership at the beginning of the basis period for a year of assessment is directly or indirectly contributed by one or more companies incorporated outside Malaysia or by one or more individuals who are not citizens of Malaysia.”; and

- (f) in paragraph 2F, by inserting after the words “subparagraph 2E(c)” the words “and the company or companies incorporated outside Malaysia referred to in subparagraph 2E(d)”.

Amendment of Schedule 3

- 17.** Schedule 3 to the principal Act is amended—

- (a) by renumbering the existing paragraph 70A as subparagraph 70A(1);

(b) in subparagraph 70A(1) as renumbered, by deleting the words “, an intangible asset,”; and

(c) by inserting after subparagraph 70A(1) as renumbered the following subparagraph:

“(2) Notwithstanding subparagraph (1), the Minister may prescribe any other assets as assets which are excluded from the definition of “plant”.”.

CHAPTER III

AMENDMENT TO THE REAL PROPERTY GAINS TAX ACT 1976

Commencement of amendment to the Real Property Gains Tax Act 1976

18. This Chapter comes into operation on the coming into operation of this Act.

Amendment of Schedule 2

19. The Real Property Gains Tax Act 1976 is amended in Schedule 2—

(a) in paragraph 3—

(i) in subparagraph (1)(b)—

(A) in subparagraph (i), by deleting the word “or” at the end of the subparagraph;

(B) by inserting after subparagraph (i) the following subparagraph:

“(ia) the transfer of assets between former spouses pursuant to an order of any court in consequence of the dissolution or annulment of their marriage; or”; and

- (C) in subsusubparagraph (ii), by substituting for the words “to a company resident in Malaysia or not” the words “to a company incorporated in Malaysia”; and
- (ii) in subparagraph (2), by inserting after the word “spouses” the words “or former spouses”; and
- (b) in subparagraph 19(5), by substituting for the words “by the spouse” the words “by the spouse or former spouse”.

CHAPTER IV

AMENDMENT TO THE STAMP ACT 1949

Commencement of amendment to the Stamp Act 1949

20. (1) Paragraph 21(a) comes into operation on 1 June 2023.

(2) Paragraphs 21(b) and (c) come into operation on the coming into operation of this Act.

Amendment of First Schedule

21. The Stamp Act 1949 is amended in the First Schedule—

- (a) in subitem 22(4), by inserting after the words “higher educational institutions” the words “or pursuing any course of study in any institution”;
- (b) in subitem 27(d), by inserting before the words “, pursuant to an agreement for discounting invoices or hire purchase receivables” the words “or any statutory body, agency of the Government or of the State Government, or any company in which the Government or the State Government has interest, which provides financing to a small and medium enterprise”; and

- (c) in subitem 32(c), by inserting before the words “, pursuant to a factoring agreement” the words “or any statutory body, agency of the Government or of the State Government, or any company in which the Government or the State Government has interest, which provides financing to a small and medium enterprise”.

CHAPTER V

AMENDMENTS TO THE PETROLEUM (INCOME TAX) ACT 1967

Commencement of amendments to the Petroleum (Income Tax) Act 1967

- 22.** This Chapter has effect for the year of assessment 2023 and subsequent years of assessment.

Amendment of section 30

- 23.** The Petroleum (Income Tax) Act 1967, which is referred to as the “principal Act” in this Chapter, is amended by inserting after subsection 30(1) the following subsection:

“(1A) For the purposes of this section, a chargeable person shall furnish to the Director General a return in the prescribed form on an electronic medium or by way of electronic transmission in accordance with section 82A.”.

Amendment of section 30A

- 24.** The principal Act is amended by inserting after subsection 30A(1) the following subsection:

“(1A) For the purposes of this section, a chargeable person shall furnish to the Director General a return in the prescribed form on an electronic medium or by way of electronic transmission in accordance with section 82A.”.

Amendment of section 30B

25. The principal Act is amended by inserting after subsection 30B(1) the following subsection:

“(1A) For the purposes of this section, a chargeable person shall furnish to the Director General an amended return in the prescribed form on an electronic medium or by way of electronic transmission in accordance with section 82A.”.

New section 30c

26. The principal Act is amended by inserting after section 30B the following section:

“Amendment of return on expenditure during exploration period

30c. (1) Where for an exploration period a chargeable person has furnished a return in accordance with subsection 30A(1), that person may make amendment to such return in an amended return as prescribed by the Director General in respect of the amount of exploration expenditure incurred by that chargeable person in relation to petroleum operations in the exploration period.

(2) An amended return under subsection (1) shall only be made after the due date for the furnishing of the return pursuant to subsection 30A(1), but not later than six months from that date.

(3) For the purposes of this section, the amended return shall—

(a) specify the amount or additional amount of exploration expenditure incurred by that chargeable person in relation to petroleum operations in that period; or

(b) contain such particulars as may be required by the Director General.

(4) The amendment under subsection (1) shall only be made once.”.

Amendment of section 82A

27. The principal Act is amended by substituting for subsection 82A(1) the following subsection:

“(1) Any chargeable person—

(a) shall, if so required under this Act; or

(b) may, if so allowed by the Director General,

furnish any form prescribed under this Act (in this section referred to as the “prescribed form”) on an electronic medium or by way of an electronic transmission.”.

CHAPTER VI

AMENDMENT TO THE FINANCE ACT 2018

Commencement of amendment to the Finance Act 2018

28. This Chapter comes into operation on the coming into operation of this Act.

Amendment of section 3

29. The Finance Act 2018 is amended in subsection 3(3) by substituting for the words “and 2022” the words “, 2022, 2023 and 2024”.