



Deep dive into Budget 2025

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Moderated by:

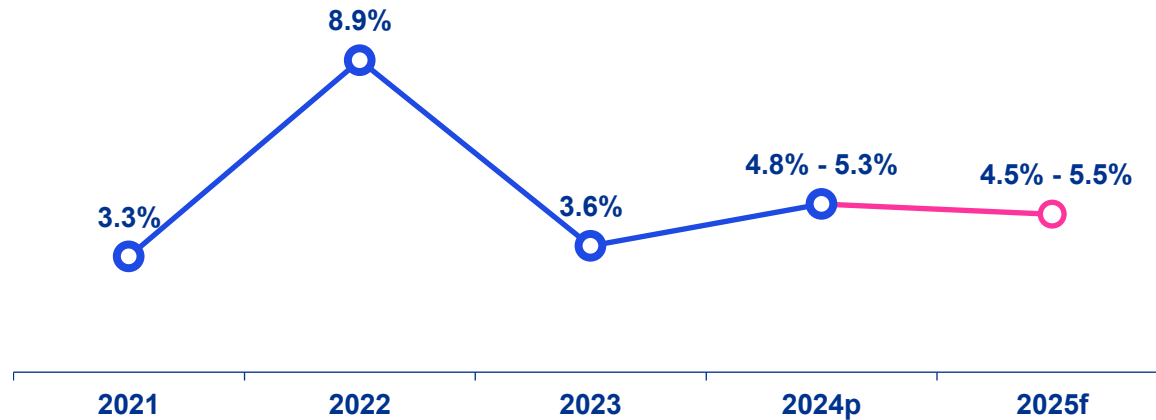
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Tax Summit 2024 | 18 November 2024

GDP growth

YoY GDP growth



Source: Ministry of Finance, Economic Outlook 2025

Note: p - Preliminary data f - Forecast data



2024

The economy is anticipated to expand between 4.8% to 5.3%.

Driven by robust **domestic demand** combined with **recovery in exports** and positive development among all sectors.



2025

The economy is expected to grow between 4.5% and 5.5%.

Supported by resilient **external sector**, fueled by strong **domestic demand** and **private sector expenditure**.



GDP growth by sectors



The **services sector** continues to be one of the **main drivers** of the economy, poised to sustain growth trajectory. Expansion is driven by robust household spending and vibrant tourism-and-travel-related activities.



The manufacturing sector is anticipated to strengthen, driven by the implementation of major policies such as the **New Industrial Master Plan 2030 (NIMP 2030)** and **National Semiconductor Strategy (NSS)**, resilient domestic demand and favorable external environment.

YoY GDP growth (%)	2021	2022	2023	2024p	2025f
 Manufacturing	9.5	8.1	0.7	4.1	4.5
 Agriculture	-0.3	1.3	0.7	2.0	1.9
 Services	2.2	11.0	5.1	5.3	5.5
 Mining	0.9	3.5	0.5	2.2	-1.0
 Construction	-5.2	5.1	6.1	14.1	9.4

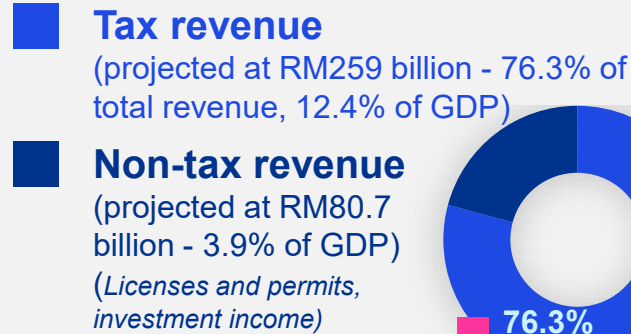
Source: Ministry of Finance, Economic Outlook 2025

Note: p - Preliminary data f – Forecast data

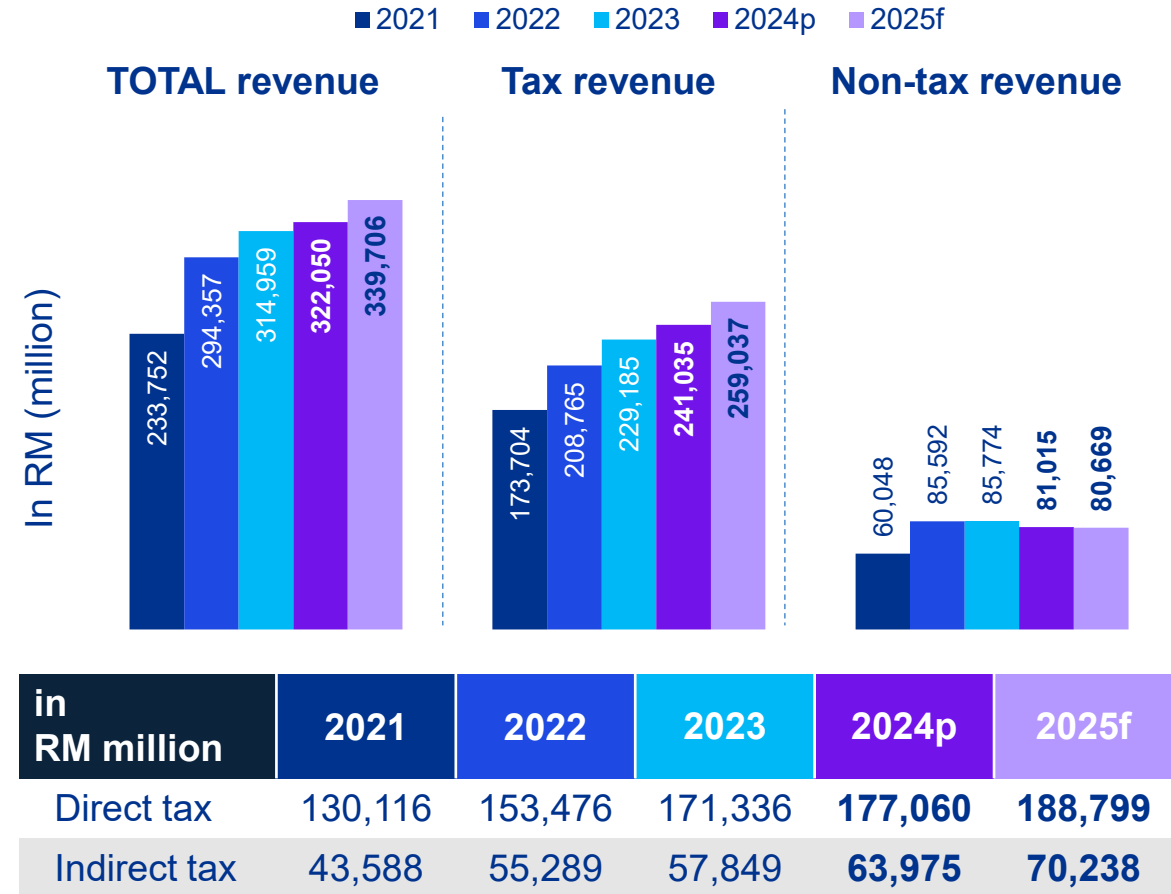
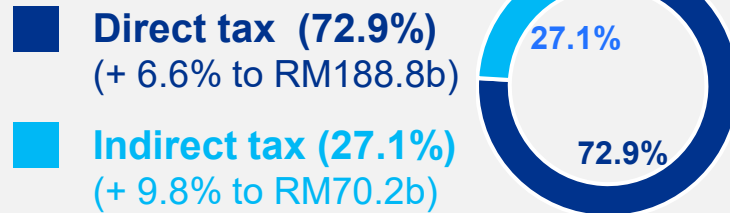
Federal government revenue

Revenue in **2024** is estimated to **rise by 2.3%** to RM322.1 billion, mainly contributed by tax revenue. The revenue is expected to **increase by 5.5%** to RM339.7 billion in **2025**.

2025 federal government revenue



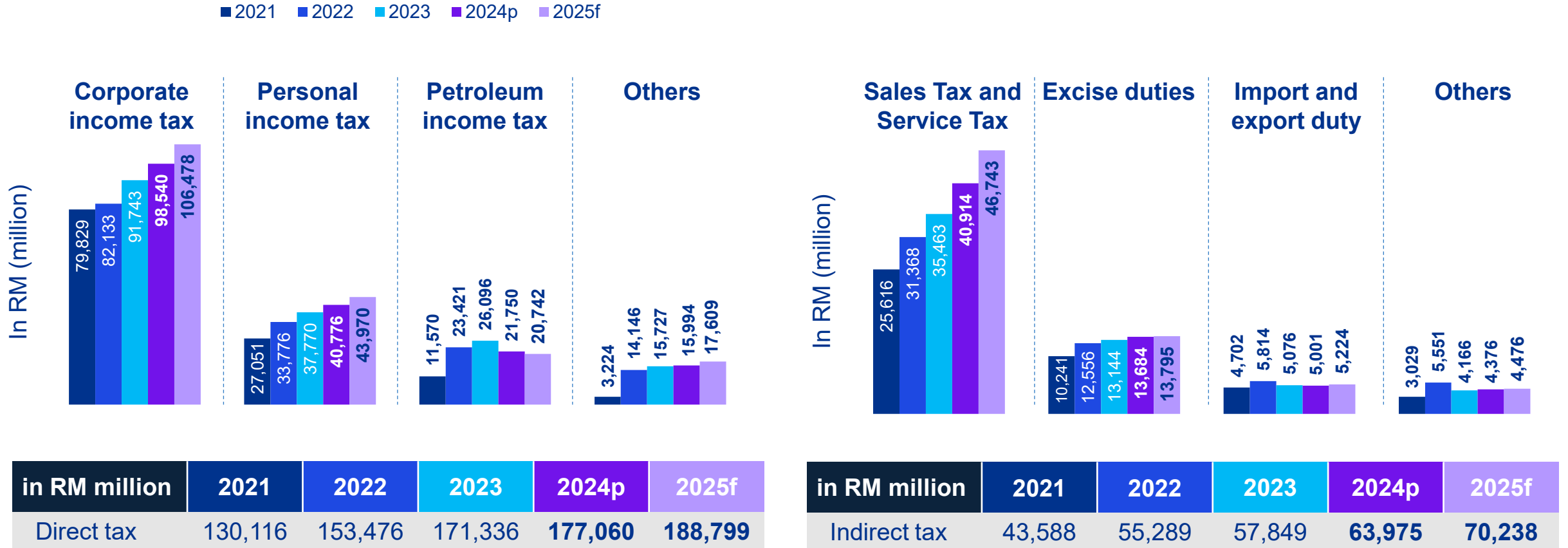
2025 tax revenue



Source: Ministry of Finance, Fiscal Outlook and Federal Government Revenue Estimates 2025

Note: p - Preliminary data f - Forecast data

Federal government revenue



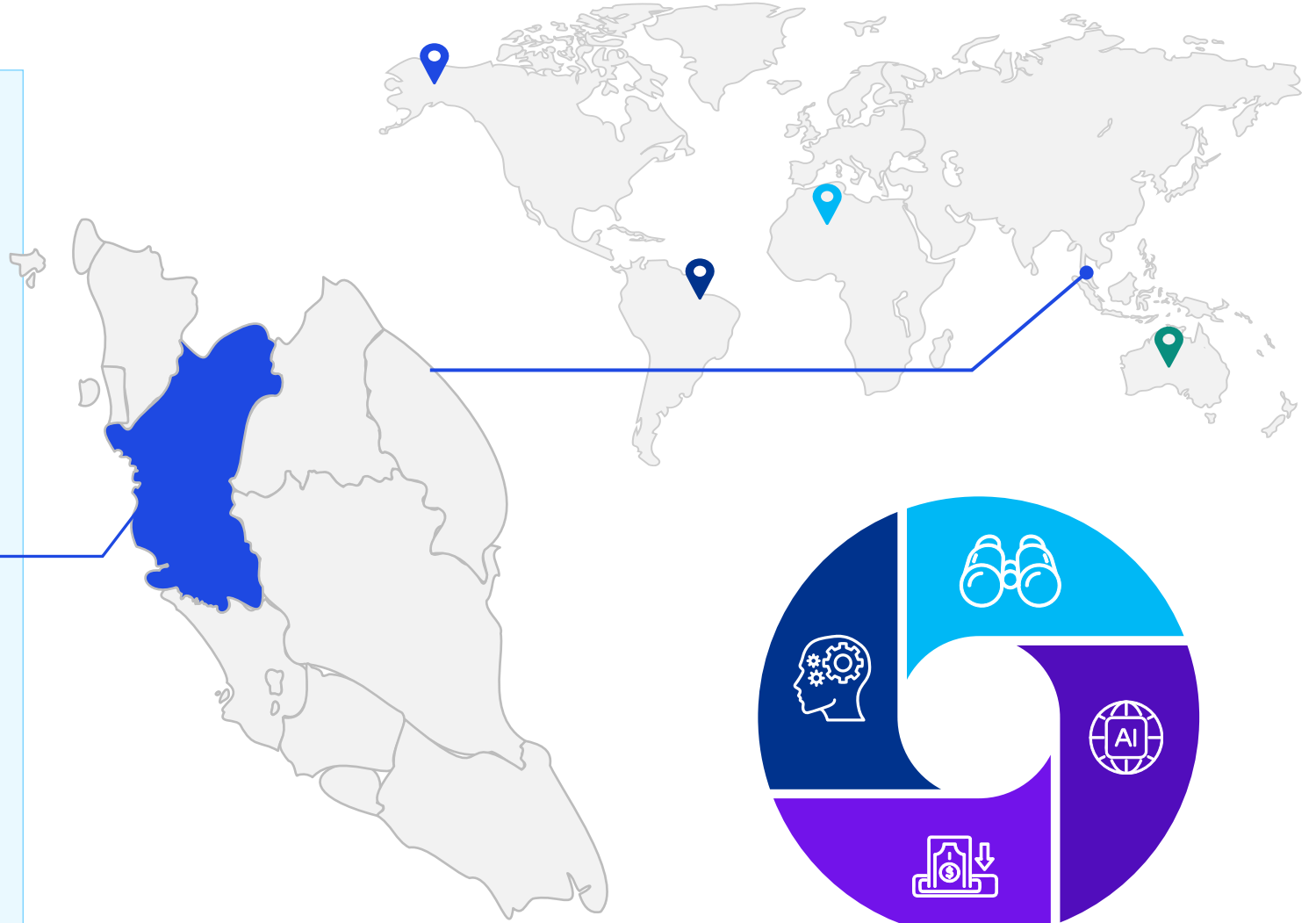
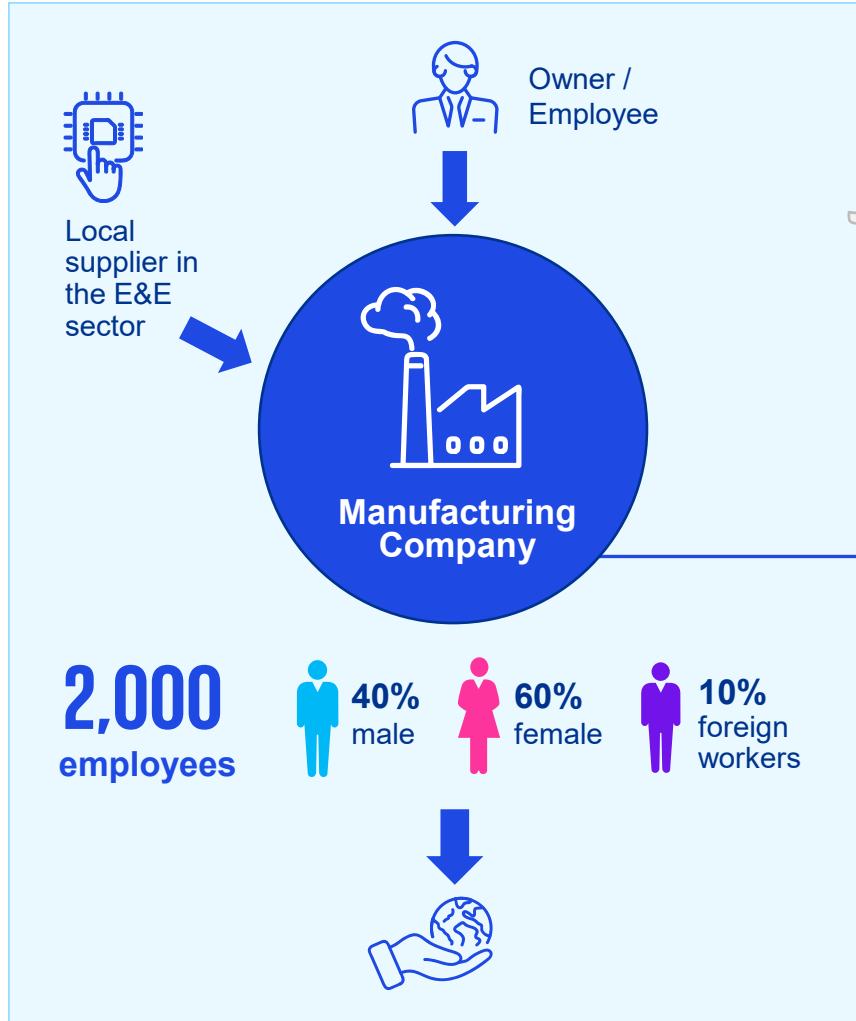
Source: Ministry of Finance, Fiscal Outlook and Federal Government Revenue Estimates 2025

Note: p - Preliminary data f - Forecast data

Case study



Case study



Individual Tax



Individual Tax

Dividend Tax

Where annual dividend income exceeding RM100,000

2% tax on chargeable dividend income

- Individual shareholders (resident, non-residents and individuals who hold shares through nominees)
- Formula in determining the chargeable dividend income:

$$\frac{A}{B} \times C$$

A - Dividend statutory income

B - Aggregate income

C - Chargeable income

- From YA 2025



Individual Tax

Scenario A	RM
Employment Income	80,000
Net Rental Income	10,000
Dividend Income: <ul style="list-style-type: none"> Dividends from EPF for year 2024 declared and received on 10 March 2025 	15,000
Investment in local companies <ul style="list-style-type: none"> Dividends declared on 1 November 2024, received on 15 January 2025 	60,000
<ul style="list-style-type: none"> Dividends received on 30 June 2025 	100,000
<ul style="list-style-type: none"> Dividends declared on 30 November 2025, received on 30 January 2026 	8,000



Individual Tax

- Dividends from EPF of RM15,000 – tax exempt

Calculation of Statutory Dividend Income for YA 2025	RM
Investment in local companies <ul style="list-style-type: none"> • Dividends declared on 1 November 2024, received on 15 January 2025 	60,000
<ul style="list-style-type: none"> • Dividends received on 30 June 2025 	100,000
Total	160,000
Amount in excess of RM100,000	60,000



Individual Tax

Tax Computation		RM
Statutory income from Employment		80,000
Statutory income from Rents		10,000
Statutory income from Dividends	(A)	60,000
Aggregate Income	(B)	150,000
Less: Self relief		(9,000)
Chargeable Income	(C)	141,000
Chargeable Dividend Income (taxed at 2%)		56,400
Chargeable Employment Income & Rents (taxed at scale rate)		84,600

Tax payable
 = RM56,400 x 2%
 = RM1,128

Computation of Chargeable Dividend Income $[A / B * C]$: RM60,000 / RM150,000 * RM141,000 = RM56,400

Individual Tax

Scenario B	RM
<p>A retiree residing in Malaysia only earns dividend income as sole source of income</p> <ul style="list-style-type: none"> Dividends from EPF for year 2024 declared and received on 10 March 2025 	15,000
Investment in local companies	
<ul style="list-style-type: none"> Dividends declared on 1 November 2024, received on 15 January 2025 	60,000
<ul style="list-style-type: none"> Dividends received on 30 June 2025 	100,000
<ul style="list-style-type: none"> Dividends declared on 30 November 2025, received on 30 January 2026 	8,000



Chargeable Dividend Income = RM160,000

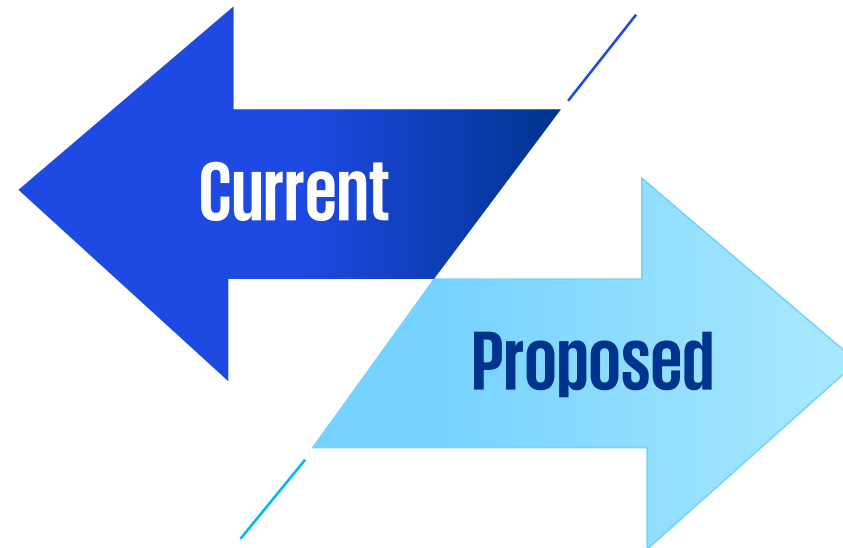
Tax Payable on Dividend Income = [RM160,000 – RM100,000 – RM9,000 (self relief)]
= RM51,000 x 2%
= RM1,020



Individual Tax

Income tax exemption on foreign source income (FSI) received in Malaysia by resident individuals

Exempt from 1 January 2022 to 31 December 2026, subject to meeting conditions

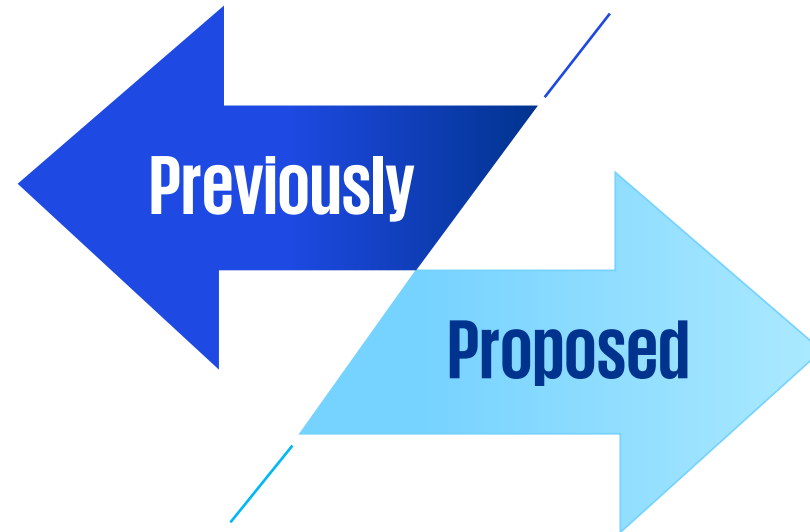


To be extended **until 31 December 2036**, subject to meeting existing conditions

Individual Tax

Reintroduction of tax relief for housing loan interest payment for first residential home

- House, condominium unit, apartment or flat which is built as a dwelling house which not used to generate any income
- RM10,000 for 3 consecutive YAs. Joint owner's eligibility based on interest expended
- Sale and Purchase Agreement (SPA) executed from 10 March 2009 until 31 December 2010



Property Price	Total tax relief per year
Up to RM500,000	RM7,000
Above RM500,000 to RM750,000	RM5,000

- Subject to conditions
- Up to 3 consecutive YAs, commencing from the first year the housing loan interest is paid
- Joint owner's eligibility based on interest expended

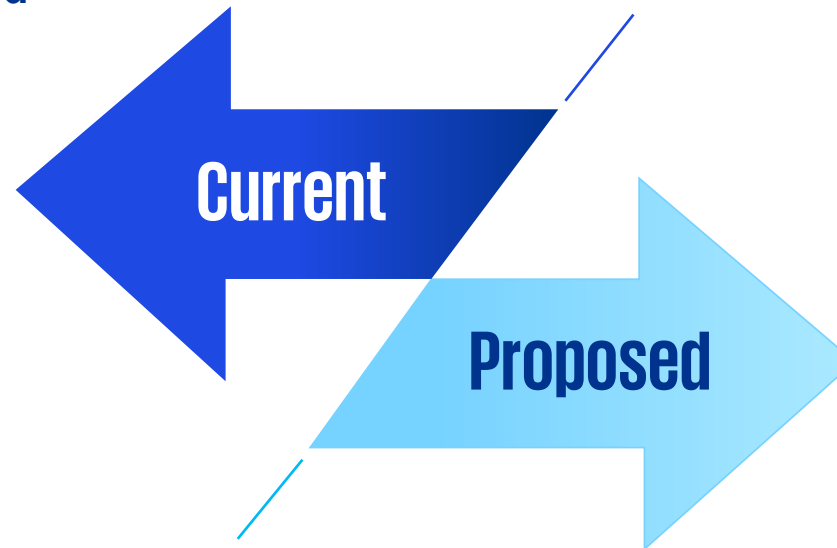
For SPA executed from 1 January 2025 until 31 December 2027

Individual Tax

Tax relief for elderly care

Medical treatment, special needs and parental care expenses, up to RM8,000 covering:

- Medical treatment at clinics and hospitals
- Treatment and homecare nursing, day care centres and residential care centres
- Dental treatment not including cosmetic dental treatment
- Full medical check-up limited to RM1,000



- To be expanded to **grandparents**
- Full medical check-up expenses be expanded to include **vaccination** (limited to RM1,000)

From YA 2025

Individual Tax

Tax relief – extension of relief period

Current

- 1 RM3,000 on fees paid to registered childcare centres or kindergartens for children aged 6 years old and below up to YA 2024
- 2 RM8,000 for net annual savings deposited into Skim Simpanan Pendidikan Nasional (SSPN) up to YA 2024

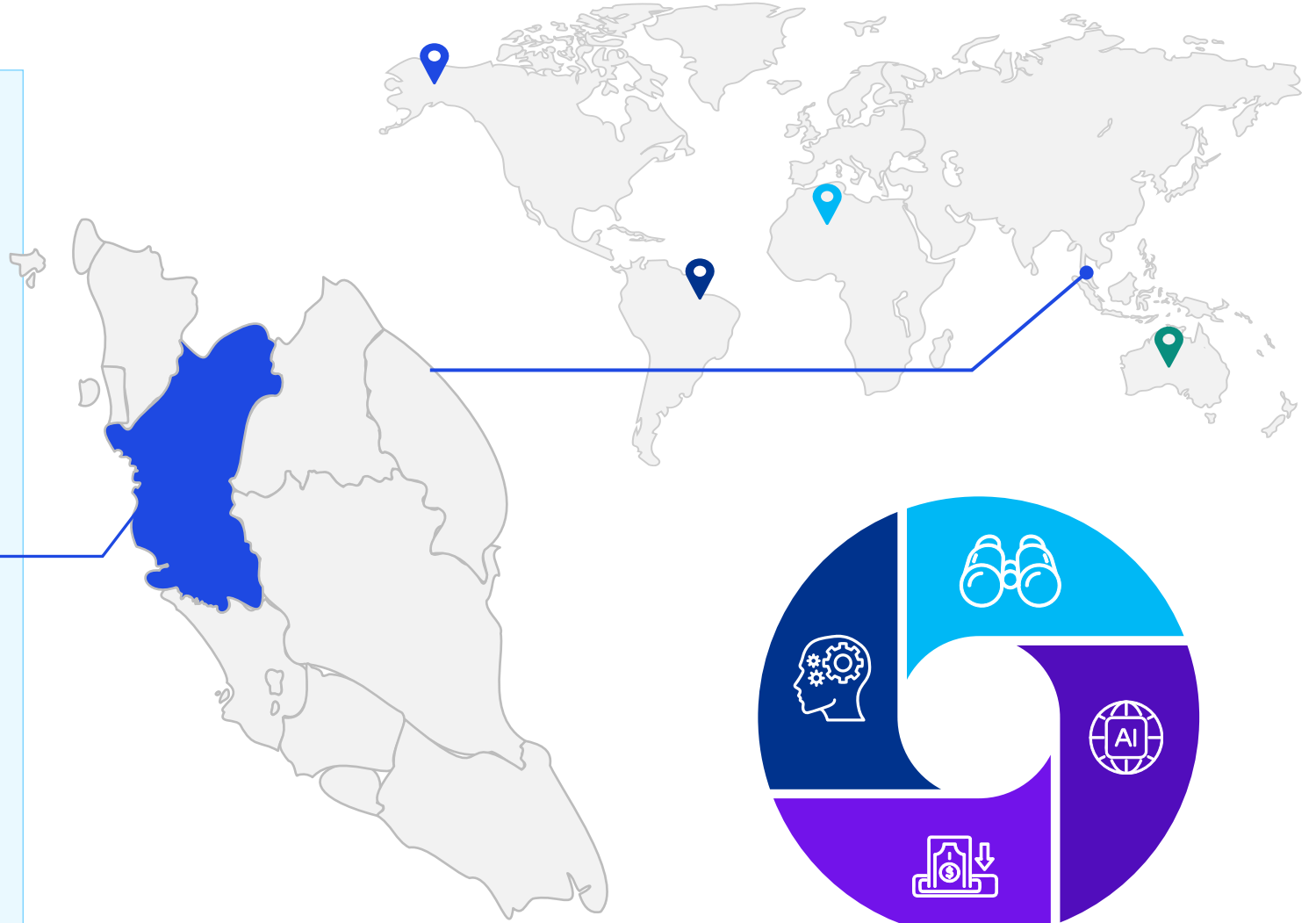
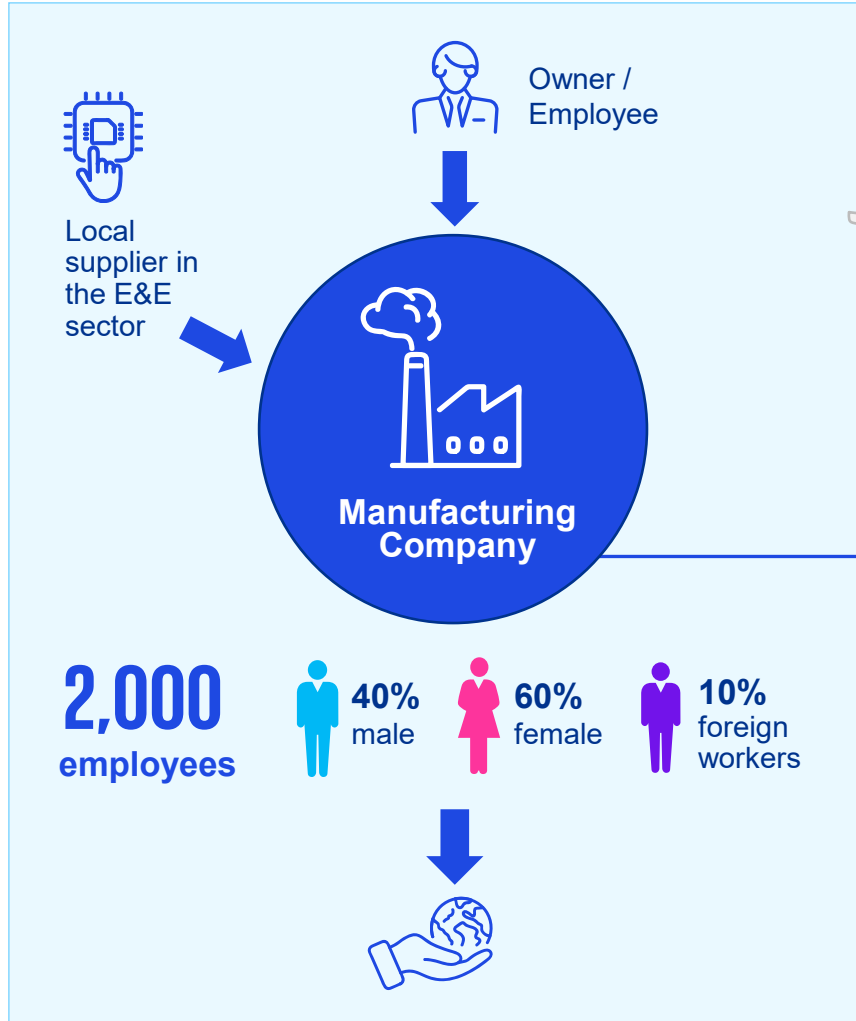
Proposed

- 1
 - To be extended to **YA 2027**
- 2
 - To be extended to **YA 2027**
 - Claimable by **either** parent
 - Withdrawals excludes withdrawals to finance education costs for further studies

Tax Incentives



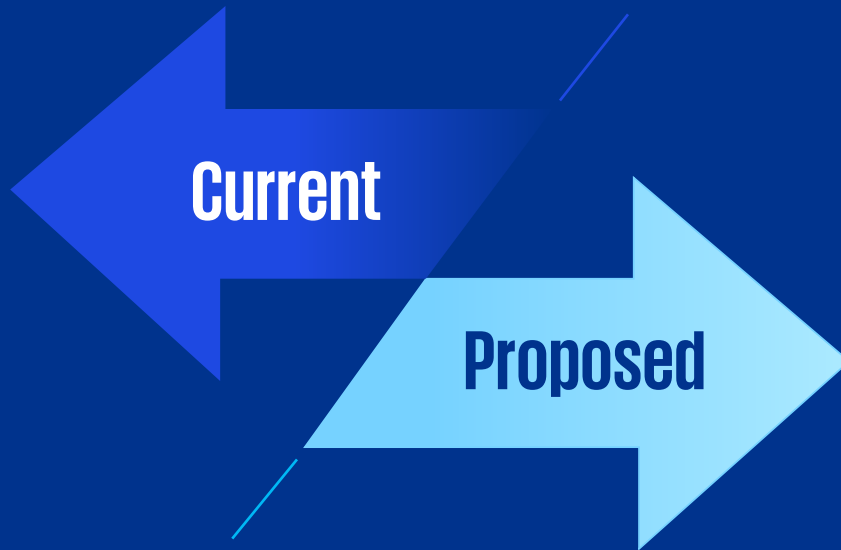
Case study



New Investment Incentive Framework

Designed to attract high-value activities

Product-specific incentives



Outcome-based incentives

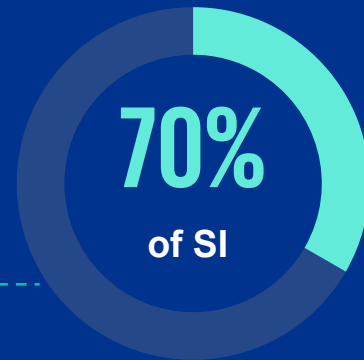


Expected to be implemented in Q3 2025.

Tax Incentives

Tax Exemption

which is equivalent to 50% of the value of increased exports to be expanded to include Integrated Circuit (IC) Design services.



Tax Deduction

where Private Higher Education Institutions (PHEI) and private skill training institutions that develop new courses in areas such as digital technology, AI, robotics, the IoT, data science, FinTech, and sustainable technology



Grant / matching fund

for the expansion of local suppliers in the electrical and electronic sectors, specialty chemicals and medical device sectors.

Tax incentives for Smart Logistics Complex (SLC)

60%

Investment Tax Allowance (ITA) to be set-off against 70% of Statutory Income for 5 years

Eligible SLC companies:

- SLC Investor and Operator that invest in the construction of smart warehouses that utilises IR4.0 elements and undertake eligible logistics services activities
- SLC Operator that leases a smart warehouse under a long-term lease of at least 10 years and undertake eligible logistics services activities

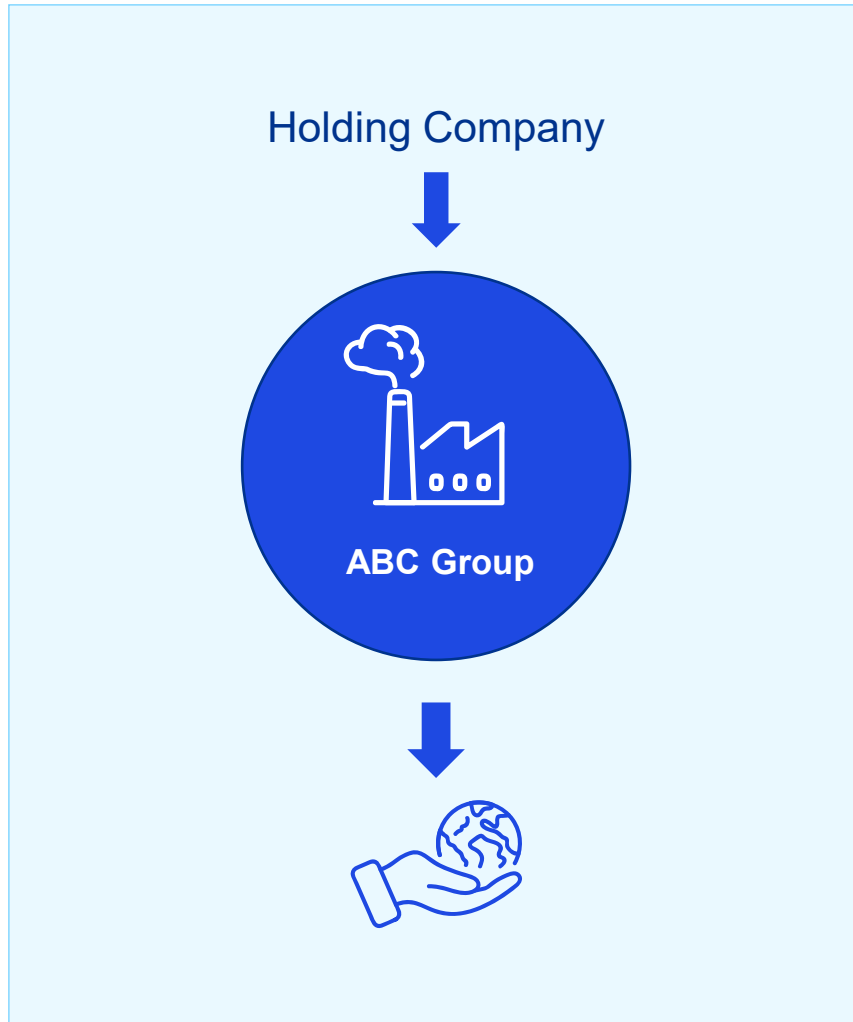
For application received by Malaysian Investment Development Authority (MIDA) from 1 January 2025 until 31 December 2027.



Case study



Case study



Background

- ABC Group carries out a variety of businesses
- Holding company procures financing for the group of companies
- There are various agreements concluded between the companies for:
 - Provision of management services by the holding company to group companies
 - Provision of technical support services to companies in the group
 - Inter-company renting of properties
- Centralisation of its treasury function within the group of companies and procurement of goods and services with third party vendors

Stamp Duty

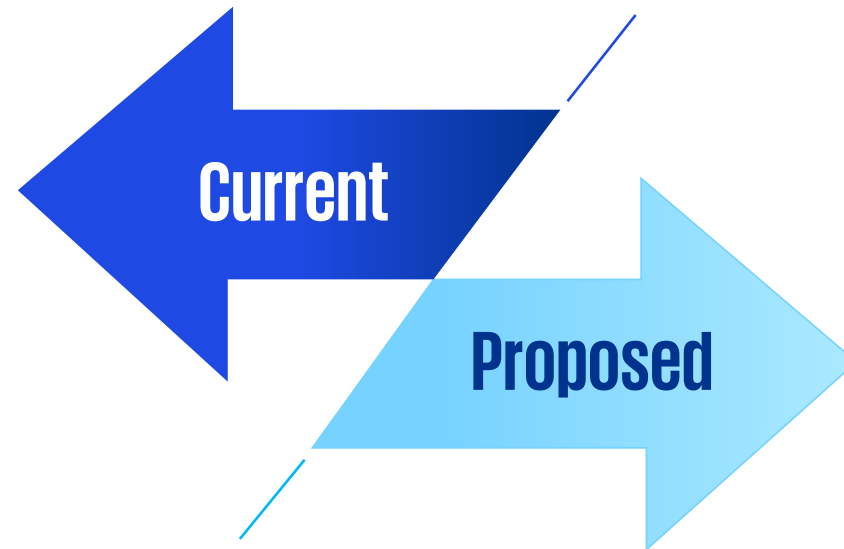


Stamp Duty

Implementation of Stamp Duty Self-Assessment System

Deemed Assessment

Instrument submitted to Collector must be assessed to determine amount of duty payable



- Return and instrument submitted electronically deemed to be assessment by Collector
- Duty on instrument must be paid on date of deemed assessment

From 1 January 2026



Stamp Duty

Implementation of Stamp Duty Self-Assessment System



Relief for errors or mistakes

- Duty payer may claim any excess duty paid due to an error or mistake after return submitted
- Relief application must be made within 24 months after submission of return and duty paid



New assessment or additional assessment

Collector may raise an assessment or additional assessment on underpaid / insufficient duty within 5 years, except in cases of any form of fraud, willful default or negligence related to duty on instruments



Record keeping

7 years

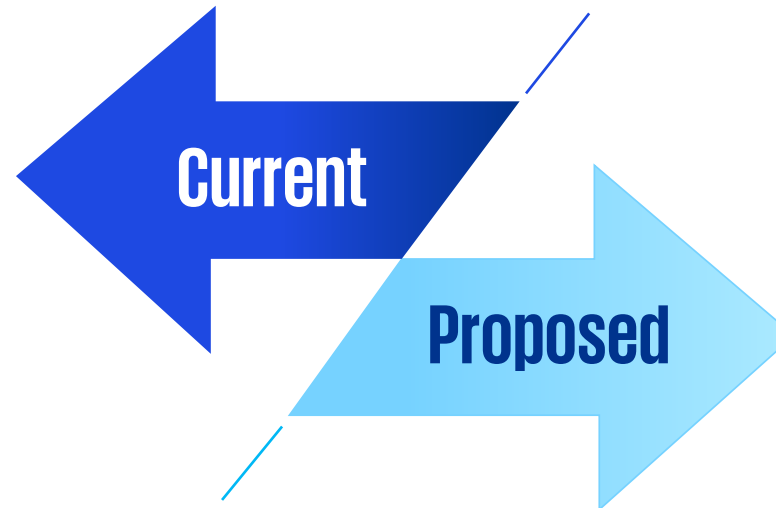
From 1 January 2026

Stamp Duty

Penalty for late stamping

Period of late stamping		
Not exceeding 3 months	Exceeding 3 months but not exceeding 6 months	Exceeding 6 months
RM25 / 5% insufficient duty*	RM50 / 10% insufficient duty*	RM100 / 20% insufficient duty*

* whichever is greater



Period of late stamping	
Not exceeding 3 months	Exceeding 3 months
RM50 / 10% insufficient duty*	RM100 / 20% insufficient duty*

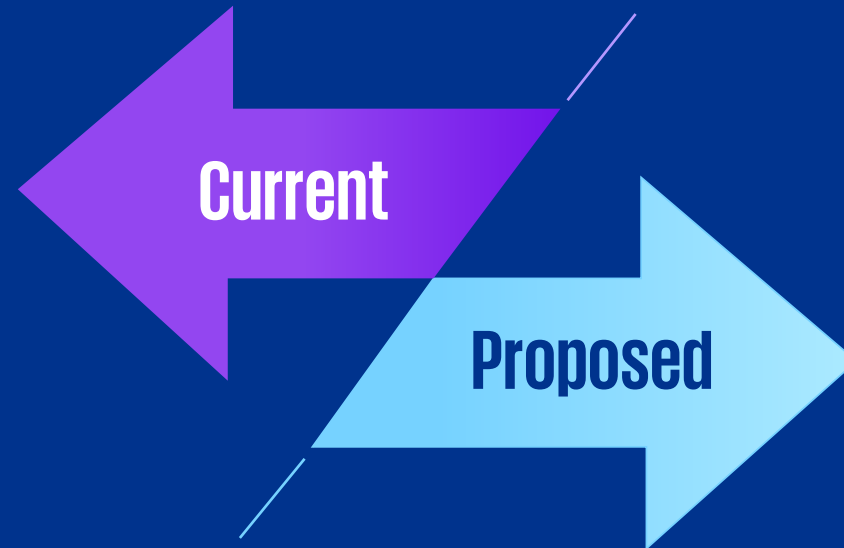
* whichever is greater

From 1 January 2025

Stamp Duty

Fraud

Fine of RM5,000 for fraudulent actions intended to deceive Government in relation to any duty obligations



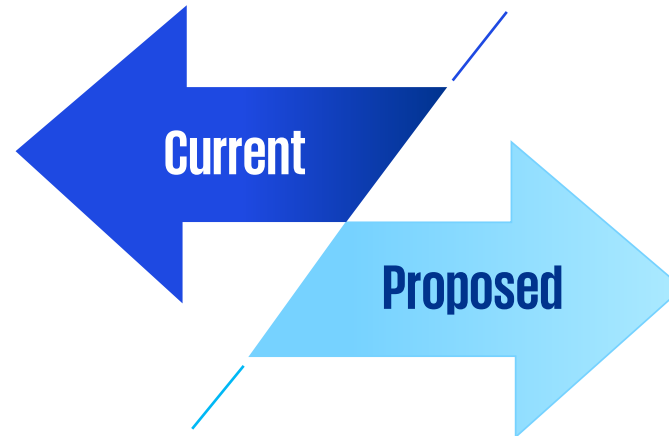
Fine of not less than RM1,000 and not more than RM20,000

From 1 January 2025

Stamp Duty

Lease / agreement for lease

Average rent and other annual consideration	Period		
	≤ 1 year	> 1 year but ≤ 3 years	> 3 years
RM2,400 and below	Nil		
For every RM250 or part thereof exceeding RM2,400	RM1	RM2	RM4



Average rent and other annual consideration	Period			
	≤ 1 year	> 1 year but ≤ 3 years	> 3 years but ≤ 5 years	> 5 years
For every RM250 or part thereof	RM1	RM3	RM5	RM7

From 1 January 2025

Stamp Duty

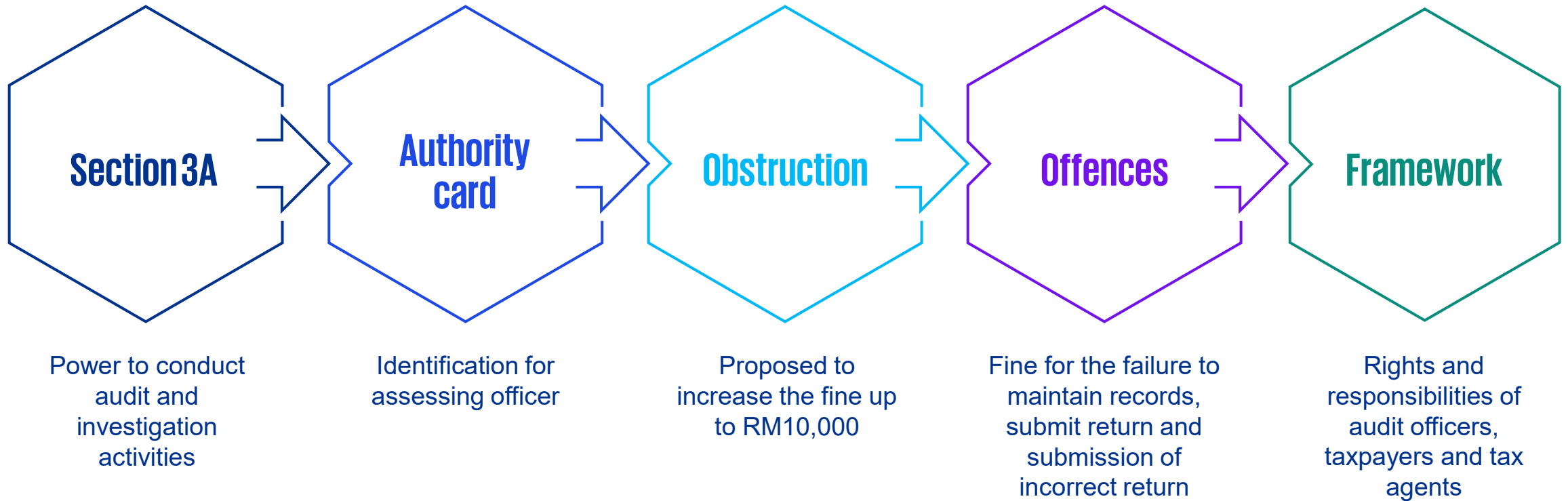
Review of stamp duty rate on instruments of assignment for life insurance policies and family takaful certificates

Value of transfer	Current (Ad Valorem)	Proposed (Fixed Duty)
First RM100,000	1%	RM10
RM100,001 to RM500,000	2%	RM100
RM500,001 to RM1,000,000	3%	RM500
RM1,000,001 and above	4%	RM1,000

For instruments executed from 1 January 2025



Stamp Duty Audit & Investigation



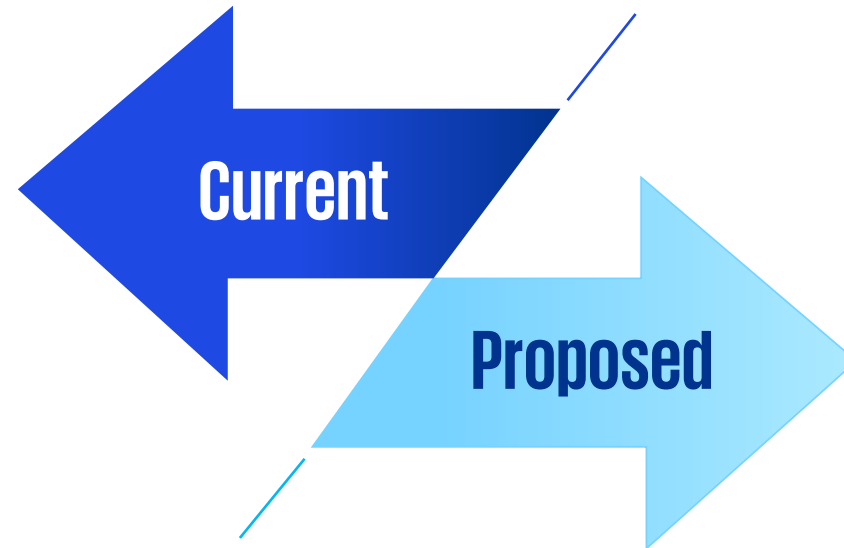
Real Property Gains Tax



Real Property Gains Tax

Section 7(4): Deduction of allowable loss

- Tax is determined based on the total gains from all disposals
- Current losses are allowed as a deduction against the total gains, including gains from previous disposals within the same year of assessment



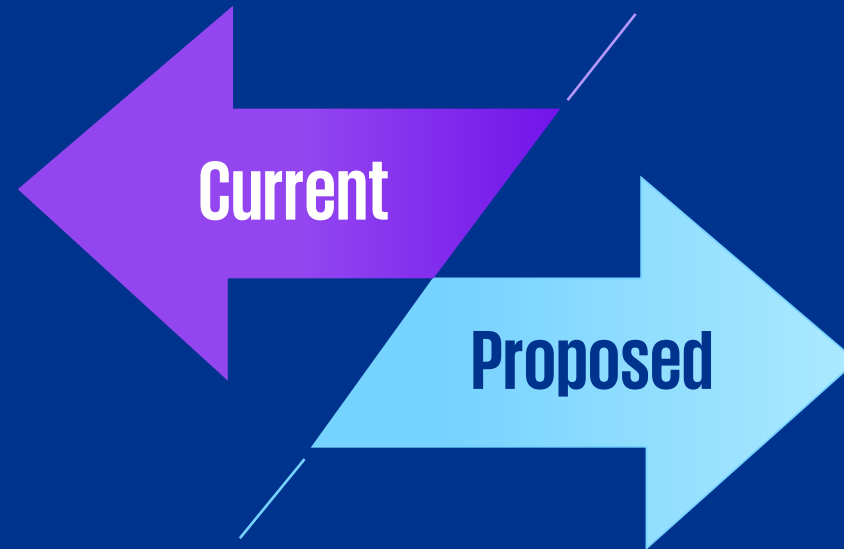
- Each disposal shall be treated and taxed separately
- Losses from disposals can only be claimed against **subsequent** disposals within the same year of assessment
- Unabsorbed losses can be carried forward to be utilized on a sequential basis

From 1 January 2025

Real Property Gains Tax

Section 21(1A): Payment of the tax

Tax to be paid within 60 days of disposal



Tax to be paid within 90 days of disposal under the self assessment system

From 1 January 2025

Real Property Gains Tax



Failure to submit returns and other offences

Enable court to issue further orders directing taxpayers to submit returns after being convicted for failure to submit returns

From 1 January 2025

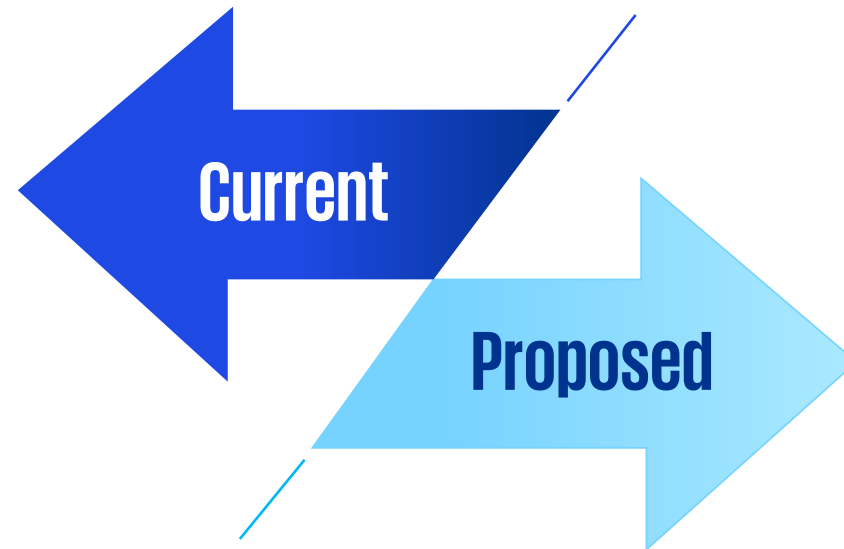
Corporate Tax



Corporate Tax

Section 77B: Amended Return

Obligation to furnish the Amended Tax Return Form electronically applies to taxpayers in the categories of Companies, LLPs, Trust Bodies and Cooperatives Society



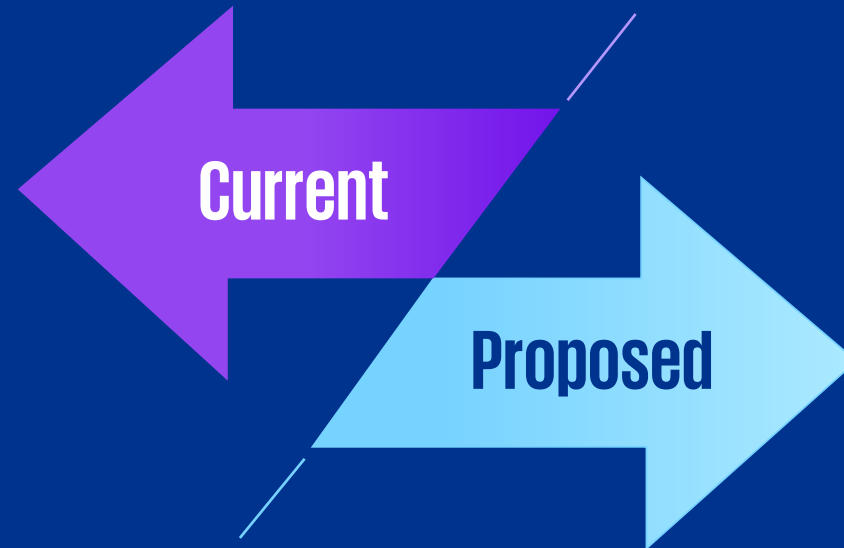
All taxpayers are obliged to furnish Amended Tax Return in an electronic medium or by way of electronic transmission

With effect from YA 2025

Corporate Tax

Section 107C(8): Amendment of Tax Estimates

Taxpayers are allowed to amend tax estimate issued by DG before the 9th month



Allowing taxpayers to amend tax estimate issued by DG before the 11th month

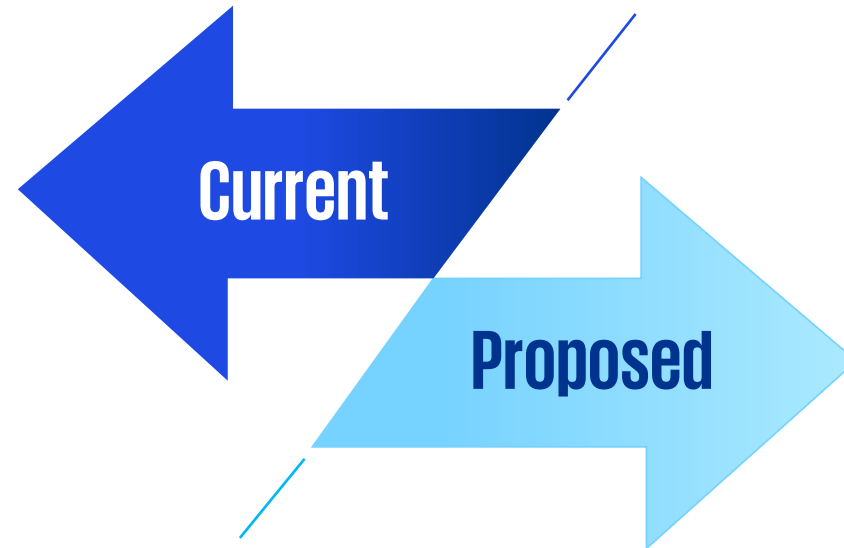
With effect from YA 2025

Corporate Tax

Section 113A: Submitting Incorrect Returns, Information Returns or Reports

A fine of not less than RM20,000 and not more than RM100,000 if prosecuted for these offences:

- Incorrect returns (FATCA), information returns (CRS) or reports (CbCR)
- Incorrect information on AEOI or CbCR



- If no prosecution, DGIR may impose penalty of not less RM20,000 and not exceeding RM100,000
- Penalty recoverable as part of tax payable

With effect from 1 January 2025



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