



Tax developments



19 April 2024

KPMG in Malaysia

Table of Contents

Income Tax

- 1 Amendment Bills 2024 passed at Dewan Negara
- 2 Extension of incentives for provision of fund management services
- 3 Practice Note No. 1/2024 – tax treatment on recognition of actual gross profit or loss from a construction contract
- 4 MIDA's guidelines and procedures for tax incentive of aerospace industry
- 5 Bill Number for Labuan tax payment

Indirect Tax

- 1 Service Tax Policy
- 2 Customs (Prohibition of Exports) (Amendment) Order 2024
- 3 Revised guides

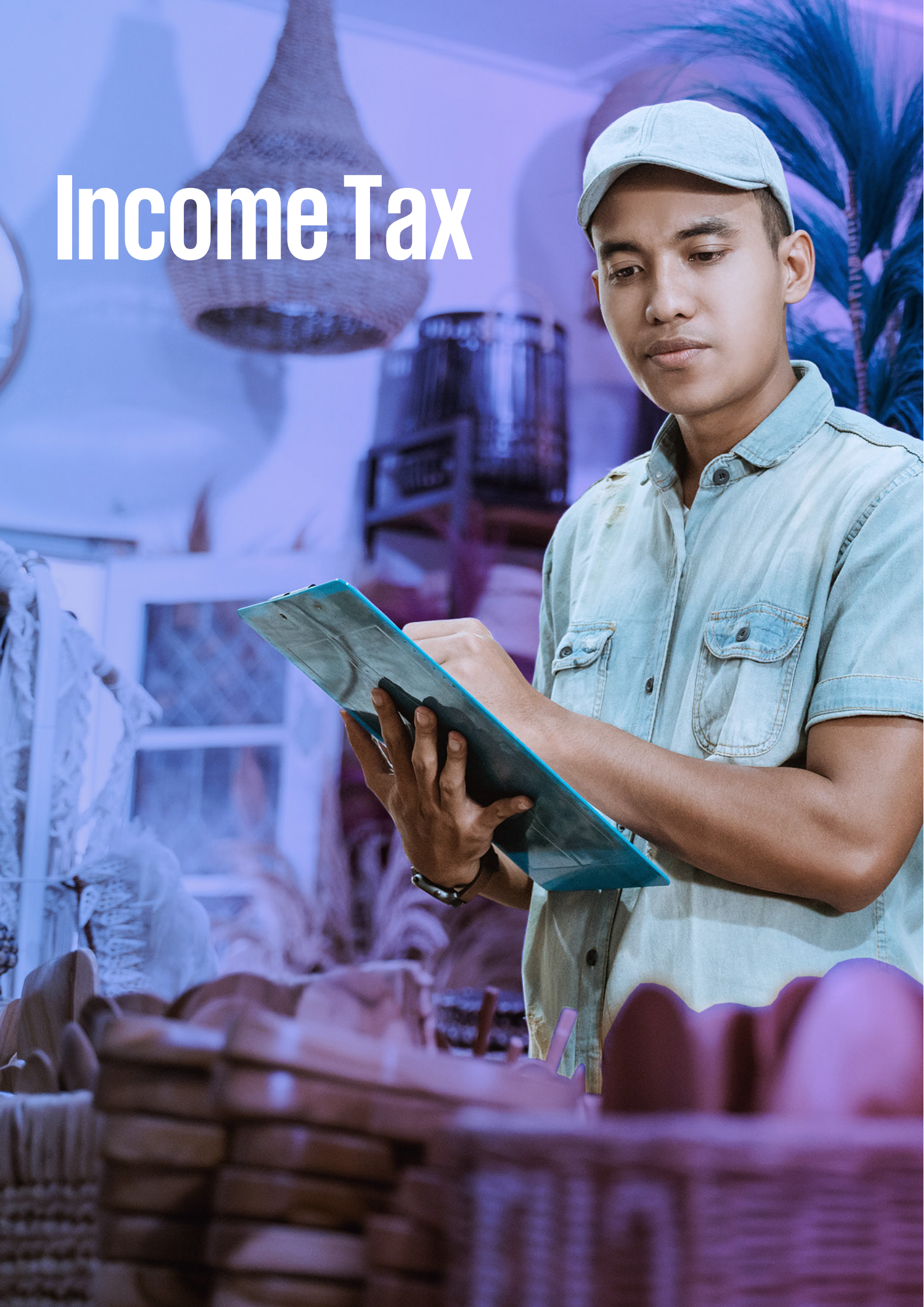
Personal Tax

- 1 Operational Guideline No. 2/2024 - application procedure for tax clearance letter for individuals

e-Invoicing

- 1 e-Invoicing: MyInvois testing environment

Income Tax



Income Tax

Amendment Bills passed at Dewan Negara

The Income Tax (Amendment) Bill 2024 and the Labuan Business Activity Tax (Amendment) Bill 2024 were unanimously passed at the Dewan Negara on 3 April 2024.

The Income Tax (Amendment) Act 2024 and Labuan Business Activity Tax (Amendment) Act 2024 are currently pending Royal Assent before they are gazetted and become law.

You may access KPMG's [Tax Whiz](#) for a recap.

Source for the Amendment Bills: Official Portal of [Parliament of Malaysia](#)

Extension of incentives for provision of fund management services

➤ SRI funds

Under the Income Tax (Exemption) (No. 5) Order 2021, a qualifying company is eligible for income tax exemption until YA 2023 on the statutory income derived from a business of providing fund management services for SRI fund in Malaysia, subject to meeting specific conditions.

The Income Tax (Exemption) (No. 5) Order 2021 (Amendment) Order 2024 has been gazetted to further extend the incentive period for 4 years until YA 2027.

➤ Shariah-compliant funds

A similar income tax exemption has been given to a qualifying company that is in the business of providing fund management services to the following persons in Malaysia in accordance with Shariah principles, subject to meeting specific conditions.

The incentive period has also been extended for 4 years until YA 2027 through the following Amendment Orders. However, the income tax exemption is reduced to 60% of the statutory income for the extended period from YA 2024 to YA 2027:

Person to whom fund management services are provided	Principal Order	Amendment Order
Business trust or Real Estate Investment Trust	Income Tax (Exemption) (No. 6) Order 2021	Income Tax (Exemption) (No. 6) Order 2021 (Amendment) Order 2024
Local investors	Income Tax (Exemption) (No. 7) Order 2021	Income Tax (Exemption) (No. 7) Order 2021 (Amendment) Order 2024
Foreign investors	Income Tax (Exemption) (No. 8) Order 2021	Income Tax (Exemption) (No. 8) Order 2021 (Amendment) Order 2024

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

Practice Note No. 1/2024 – tax treatment on recognition of actual gross profit or loss from a construction contract

The MIRB has issued the above (only available in the Malay Language). Effective from YA 2023, where the final accounts of a construction contract is finalized after the date of the contract is completed or deemed completed based on the Income Tax (Construction Contracts) Regulations 2007, the actual gross profit or loss can be recognized in the earlier of the following basis periods:

- 12 months after the date of completion of the contract; or
- The basis period covering the date of the final accounts.

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

MIDA's guideline and procedures for incentive for aerospace industry

In line with the 2023 Budget proposal, MIDA has issued the above to clarify on the eligibility criteria and application procedures for the aerospace tax incentive. Applications shall be received by MIDA from 1 January 2023 to 31 December 2025.

Source for the Guideline: Official Portal of [MIDA](#)



Bill Number for Labuan tax payment

Effective from 1 April 2024, the payment of tax under the Labuan Business Activity Tax Act, 1990 can be made by using Bill Number as payment reference. Application for the Bill Number can be made to the Labuan International Division of MIRB, Sabah office.

Source for the Media Release (only available in the Malay Language): Official Portal of [MIRB](#)



Indirect Tax

Indirect Tax

Service Tax Policy

The RMCD has issued the following Service Tax Policies:

- **Service Tax Policy 4/2024** – Improvements to the Service Tax treatment on logistics services.
- **Service Tax Policy 3/2024 (Amendment No.1)** – Determination of Service Tax rate for the provision of various taxable services.

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

- **Service Tax Policy 5/2024** – Service Tax treatment on maintenance services provided in relation to residential homes

The Service Tax Policy 5/2024 provides further details on the Service Tax treatment for maintenance services (including repair services) provided to residential homes as follows:

- a) Maintenance services (including repair services) on moveable items in residential homes are **subject to Service Tax**.
- b) Maintenance services (including repair services) on items fixed to the structure of the residential building which are provided directly to homeowners or residents are **not subject to Service Tax**.
- c) Sinking fund in relation to residential homes charged by developer, joint management body or management corporation are **not subject to Service Tax**.

Further to the above, the Service Tax policy also clarified on the Service Tax treatment in relation to warranty as follows:

- a) Warranty provided for free as part of the purchase of products are **not subject to Service Tax**.
- b) Extended warranty sold for additional fees are **subject to Service Tax**.

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

Customs (Prohibition of Exports) (Amendment) Order 2024

The Customs (Prohibition of Exports) (Amendment) Order 2024 has been gazetted, and come into operation on **1 May 2024**. Amendments are made to the Second and Third Schedule by substituting for the words “Ministry of International Trade and Industry” the words “Ministry of Investment, Trade and Industry”.

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

Revised guides

1. The RMCD has issued the following revised Service Tax guides (available in Malay language only) to provide further clarification on the change in Service Tax rate as well as the expansion of scope of taxable services:
 - Guide on Maintenance or Repair Services dated 29 March 2024
 - Guide on Logistic Services dated 5 April 2024
2. The RMCD has also issued the following revised Sales Tax guide:
 - Approved Major Exporter Scheme Guide dated 29 March 2024

Source for the Guides: [RMCD – MySST \(SST Guides\)](#)

Personal Tax



Personal Tax

Operational Guideline No. 2/2024 – application procedure for tax clearance letter for individuals

The MIRB has issued the above (only available in the Malay Language). It replaces the Operational Guideline No. 2/2016 dated 12 February 2016 and takes effect from 1 January 2024.

The notable points are as follows:-

- (i) Notification of Form CP22A / CP22B is not required for employees fall under the following situations:-
 - The employees' income is not chargeable to tax; or
 - The employees are Malaysian citizens and their monthly income is either below the MTD threshold or has been subjected to MTD accordingly. In both situations, they do not receive any gratuity / compensation upon cessation of employment.
- (ii) Form CP22A / CP21 for tax clearance application is mandatory to be submitted online through the MyTax portal using e-SPC application.
- (iii) Applications for amendment or addition or cancellation of Form CP22A / CP21:-
 - Must be submitted to the MIRB office that handles the employees' income tax file or to the nearest MIRB office;
 - Submission of amended or additional Form CP22A / Form CP21 can be made via email or online customer feedback form if the original tax clearance application has been submitted via e-SPC.

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

e-Invoicing



e-Invoicing

e-Invoicing: MyInvois testing environment

The MIRB has announced the access of MyInvois Testing Environment (Sandbox) for taxpayer and service provider to conduct system integration testing between taxpayer's own inbuilt system or service provider's with the MIRB's MyInvois system through API.

The access to MyInvois Sandbox is granted to pilot companies with effect from 10 April 2024 and access will be granted to other companies and service providers starting 22 April 2024.

Client ID and Client Secret are required to access the MyInvois Sandbox. The application for Client ID and Client Secret can be made via email to the MIRB along with details such as TIN, BRN, company's name, company's email address and ERP system.

For more details on the MyInvois Sandbox, the [link](#) to the MIRB's Media Statement dated 10 April 2024 may be referred.

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

Insights on Earlier Tax Whiz

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

No.	Subject	Date of issue
1	Service Tax Policies on Logistic Services & Groups A to E	29 March 2024
2	Amendment Bills 2024, MIRB's Guidelines and MIRB's Response to the Joint Memorandum	1 April 2024
3	e-Invoicing	9 April 2024

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

Abbreviation	Reference
API	Application Programming Interface
BRN	Business Registration Number
ERP	Enterprise Resource Planning
MIDA	Malaysian Investment Development Authority
MIRB	Malaysian Inland Revenue Board
MTD	Monthly Tax Deduction
SRI	Sustainable and Responsible Investment
RMCD	Royal Malaysian Customs Department
TIN	Tax Identification Number
YA	Year of Assessment

Contact Us

Petaling Jaya Office

Soh Lian Seng

Partner – Head of Tax and Tax Dispute Resolution
lsoh@kpmg.com.my
+603 7721 7019

Tai Lai Kok

Partner – Head of Corporate Tax
ltai1@kpmg.com.my
+603 7721 7020

Bob Kee

Partner – Head of Transfer Pricing
bkee@kpmg.com.my
+603 7721 7029

Long Yen Ping

Partner – Head of Global Mobility Services
yenpinglong@kpmg.com.my
+603 7721 7018

Ng Sue Lynn

Partner – Head of Indirect Tax
suelynnng@kpmg.com.my
+603 7721 7271

Outstation Offices

Penang Office

Evelyn Lee

Partner
evewflee@kpmg.com.my
+603 7721 2399

Kota Kinabalu Office

Titus Tseu

Executive Director
titustseu@kpmg.com.my
+603 7721 2822

Ipoh Office

Crystal Chuah Yoke Chin

Associate Director
ycchuah@kpmg.com.my
+603 7721 2714

Kuching & Miri Offices

Regina Lau

Partner
reglau@kpmg.com.my
+603 7721 2188

Johor Office

Ng Fie Lih

Partner
flng@kpmg.com.my
+603 7721 2514

KPMG Offices

Petaling Jaya

Level 10, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya, Selangor
Tel: +603 7721 3388
Fax: +603 7721 3399
Email: info@kpmg.com.my

Penang

Level 18, Hunza Tower,
163E, Jalan Kelawei,
10250 Penang
Tel: +603 7721 3388
Fax: +604 238 2299
Email: info@kpmg.com.my

Kuching

Level 2, Lee Onn Building,
Jalan Lapangan Terbang,
93250 Kuching, Sarawak
Tel: +603 7721 3388
Fax: +6082 530 669
Email: info@kpmg.com.my

Miri

1st Floor, Lot 2045,
Jalan MS 1/2,
Marina Square, Marina Parkcity,
98000 Miri, Sarawak
Tel: +603 7721 3388
Fax: +6085 321 962
Email: info@kpmg.com.my

Kota Kinabalu

Lot 3A.01 Level 3A,
Plaza Shell,
29, Jalan Tunku Abdul Rahman,
88000 Kota Kinabalu, Sabah
Tel: +603 7721 3388
Fax: +6088 363 022
Email: info@kpmg.com.my

Johor

Level 3, CIMB Leadership Academy,
No. 3, Jalan Medini Utara 1,
Medini Iskandar,
79200 Iskandar Puteri, Johor
Tel: +603 7721 3388
Fax: +607 266 2214
Email: info@kpmg.com.my

Ipoh

Level 17, Ipoh Tower,
Jalan Dato' Seri Ahmad Said,
30450 Ipoh, Perak
Tel: +603 7721 3388
Email: info@kpmg.com.my

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



www.kpmg.com.my/Tax

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2024 KPMG Tax Services Sdn. Bhd., a company incorporated under Malaysian law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.