



Tax developments



14 August 2023

KPMG in Malaysia

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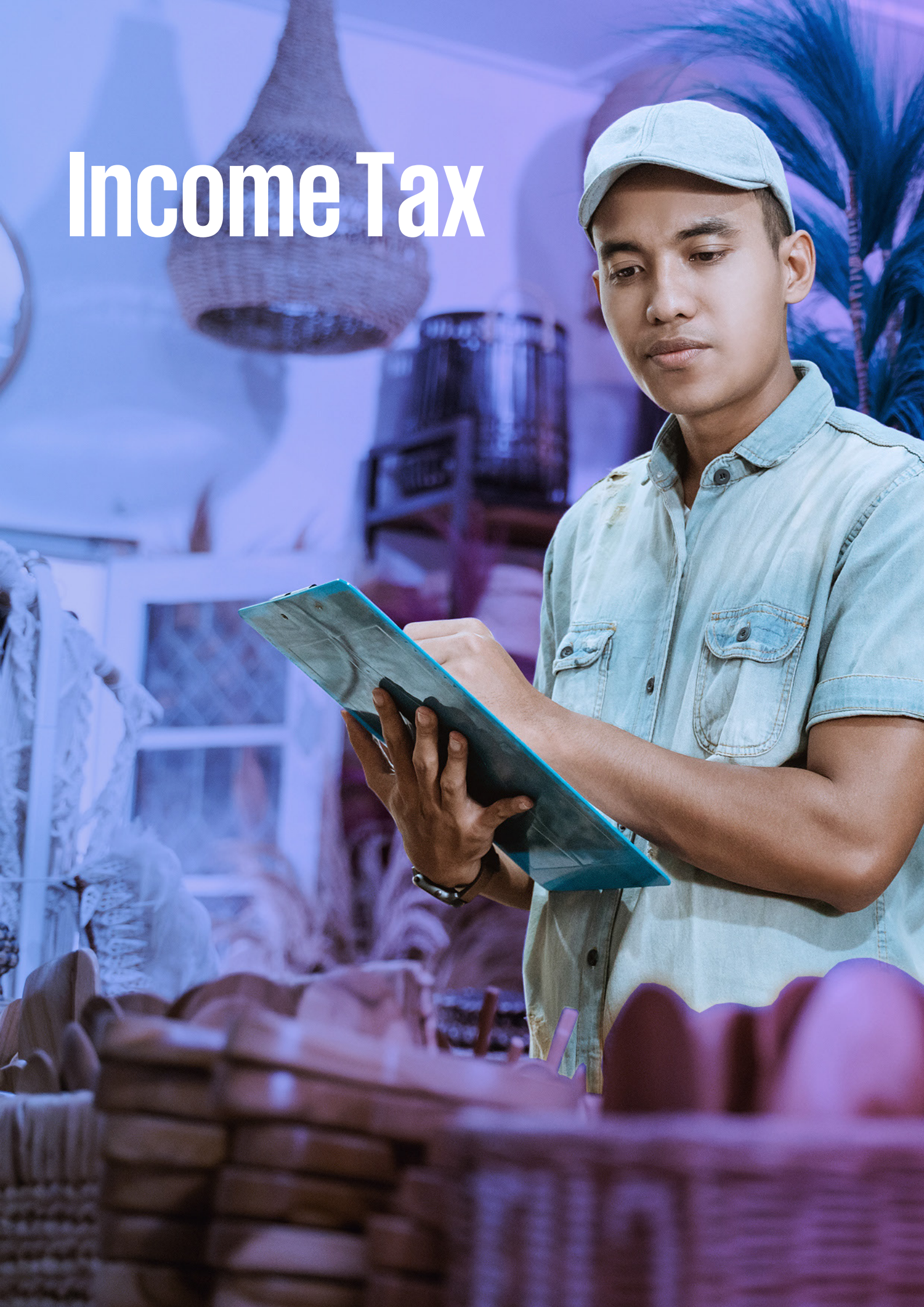
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Income Tax



Income Tax

MADANI Economy: Empowering the People

Our prime minister, Datuk Seri Anwar Ibrahim launched the MADANI Economy: Empowering the People framework on 27 July 2023. The framework sets the tone for the upcoming Budget 2024 from an economic perspective and lays out the following 7 targets to be achieved in 10 years.



The framework has two main focuses:

1) Restructuring the economy towards making Malaysia a leading economy in Asia

- With the New Industrial Master Plan 2030 pushing for Malaysia's net-zero emission target by 2050 and National Energy Transition Roadmap, special incentives for green energy activities such as hydrogen-fueled vehicles and Carbon Capture, Utilisation and Storage are anticipated.
- Focus will be given to value-added or high-impact activities such as Integrated Circuit design and specialty chemicals production. Outcome-based tax incentives will be introduced.
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- More tax incentives will be offered to develop the social enterprise sector and the existing public-private partnership (PPP) concept will be re-evaluated to become a philanthropic-public-private partnership (PPPP).

2) Ensuring positive economic spillover to our people

- As the title suggests, human capital development is one of the core missions of the MADANI Economy framework. Investment incentives will be reviewed to focus on activities which generate high-income jobs locally.
- Tiered foreign worker levies are intended to be implemented, where part of the increased revenue will be dedicated to automation programs and training for local workers.
- The development of Iskandar Malaysia in Johor will be strengthened by introducing special tax rate incentives, 15% flat income tax rate to knowledge workers and fast-tracking immigration facilities for skilled people from abroad.

Deduction for listing expenses incurred by a technology-based company

Previously, a tax deduction was given to a qualified technology-based company on certain expenses incurred for listing on the ACE Market or LEAP Market from YA 2020 until YA 2022. The qualifying

expenses can only be claimed in the YA when the technology-based company is listed, up to a maximum claim of RM1.5 million and restricted to the adjusted income for that YA.

To encourage more technology-based companies to expand their business through listing on Bursa Malaysia, the Income Tax (Deduction for Expenses in relation to Listing on Main Market, ACE Market or LEAP Market of Bursa Malaysia Securities Berhad) Rules 2023 have been gazetted. The incentive period is extended for another 3 years until YA 2025 and the scope is expanded to cover expenses incurred for listing on the Main Market.

Source for the Rules: Official portal of [Federal Legislation Portal of Malaysia](#)

Instalment payments for outstanding taxes for prior years and temporary release from travel restriction

The MIRB in a media release dated 26 July 2023 informed that taxpayers can apply to make instalment payments for outstanding income tax and real property gains tax for prior years without a tax increase being charged.

Details of the application process are summarised below:



Duration	6 June 2023 - 31 May 2024 (“SVDP 2.0 period”)
Format / Avenue	Application in writing to be submitted to the nearest MIRB branch or the branch which handles the taxpayer’s income tax file or through the MyTax portal
Supporting documents	Not required provided the tax arrears are settled within the SVDP 2.0 period
Benefit for observing the payment terms	Temporary release from travel restriction
Consequence of non-adherence to payment terms	Increase in tax

Source for the media release: Official portal of [MIRB](#)

Indirect Tax



Indirect Tax

Updated forms

The RMCD has updated the following forms for Sales Tax and Service Tax voluntary disclosure purposes which have been uploaded onto the MySST Portal:

- Form SST-ADM
- Form SST-ADM 2

For the avoidance of doubt, the abovementioned forms are not related to the ongoing Voluntary Disclosure Program. The forms have been made available for manual disclosure of Sales Tax and/or Service Tax underpaid (i.e. amendment via MySST portal is not possible).

Source for the Announcement: [Official Portal of RMCD - MySST \(Announcements\)](#)

Sales Tax on LVG guide

Further to the announcement by the Minister of Finance to postpone the implementation of Sales Tax on LVG to a later date to be determined, the RMCD has announced that the draft Sales Tax on LVG guide is being updated and an updated guide will be uploaded in due course. Meanwhile, it is also mentioned in the announcement that businesses may reach out to the following contacts should there be any questions:

Part I - Imposition and Scope on Low Value Goods (LVG): mylvq@customs.gov.my

Part II - Customs Clearance Procedures on the Importation of Low Value Goods (LVG):
lvq.perkastamanhq@customs.gov.my

Source for the announcement: [RMCD's official website](#) – available in Malay language only

Insights on Earlier Tax Whiz

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

No.	Subject	Date of issue
1	e-Invoicing	21.07.2023

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

Abbreviation	Reference
ACE Market	Access, Certainty, Efficiency Market
LEAP Market	Leading Entrepreneur Accelerator Platform Market
LVG	Low Value Goods
MIRB	Malaysian Inland Revenue Board
RM	Ringgit Malaysia
RMCD	Royal Malaysian Customs Department
SVDP	Special Voluntary Disclosure Programme
YA	Year of Assessment

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