



Tax developments



15 May 2023

KPMG in Malaysia

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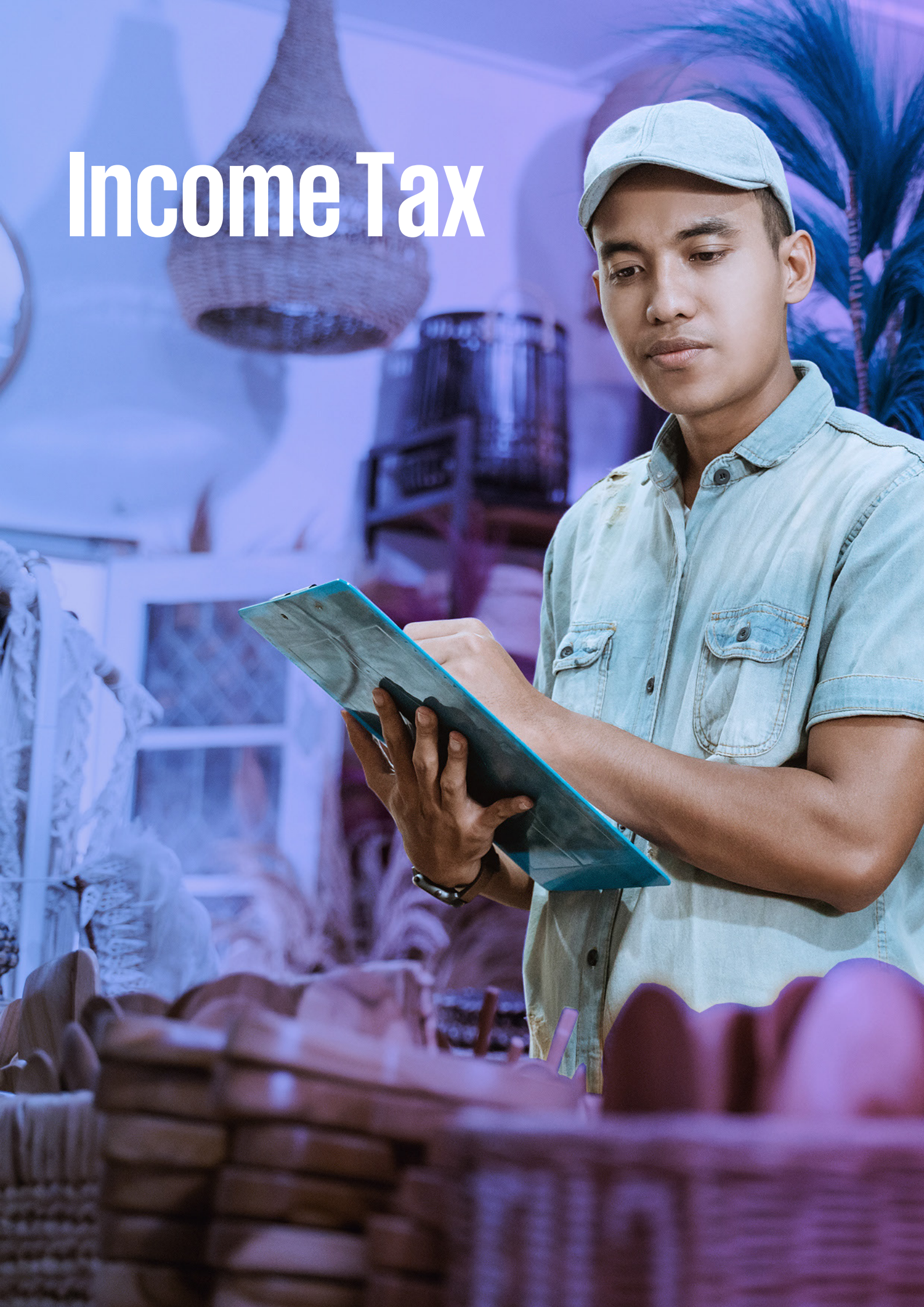
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Income Tax



Income Tax

The MOF has issued the following:

Guideline on application for tax deduction for contribution of smart AI-driven reverse vending machine

In line with the vision of the Malaysia Plastic Sustainability Roadmap 2021 – 2030 to tackle plastic waste pollution in the country, it was proposed in the 2023 Budget that tax deduction be given to companies and other than companies (individuals, partnerships, trusts and cooperatives that have business income) that made donations or sponsorships of AI-driven reverse vending machine.

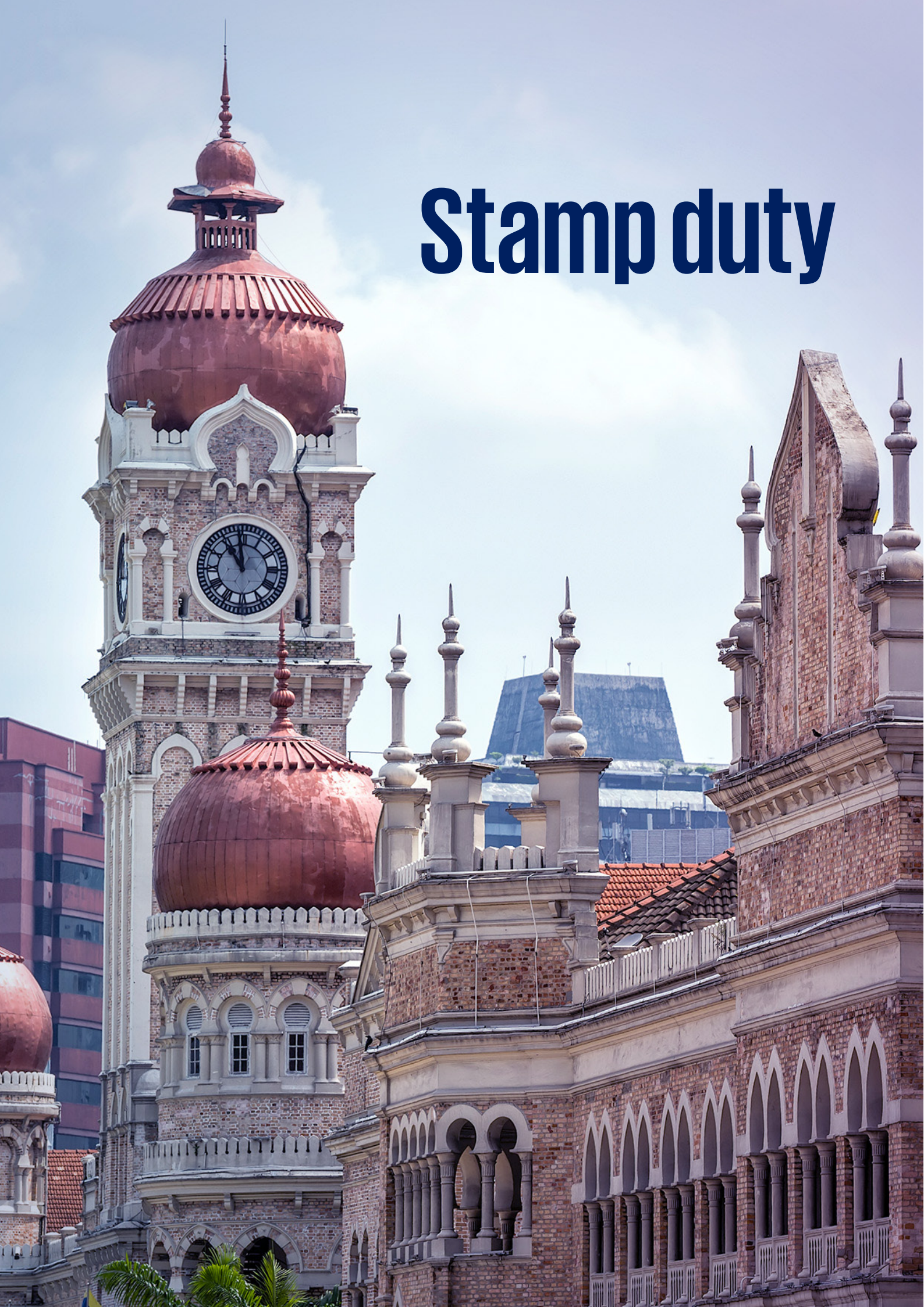
In relation to this, the MOF has issued the above guideline (only available in the Malay Language). The tax deduction is governed under Section 34(6)(h) of the MITA for contribution or sponsorship made from 1 April 2023 to 31 December 2024. The claim is subject to application received and approved by the MOF within the same period.

In general, an AI-powered reverse vending machine is equipped with certain technologies or machine-learning capabilities that could handle and sort the recyclable items inserted by the user into the machine. In return, the user may be rewarded with monetary incentive.

Source for the Guideline: Official portal of [MOF](#)



Stamp duty



Stamp Duty

The MOF has issued the following:

Extension of stamp duty exemption for restructuring and rescheduling of loans and financing

Under the Stamp Duty (Exemption) (No. 11) Order 2021 and Stamp Duty (Exemption) (No. 11) 2021 (Amendment) Order 2021, an instrument of loan or a financing agreement relating to the restructuring or rescheduling of loans or financing between a borrower or customer and a financial institution is, on application, exempted from stamp duty. The instruments must be executed on or before 31 December 2022.

The Stamp Duty (Exemption) (No. 11) 2021 (Amendment) Order 2023 has been gazetted to extend the stamp duty exemption period for another two years up to 31 December 2024.

The Amendment Order 2023 comes into operation on 1 January 2023.

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





Indirect Tax

Indirect Tax

Tourism Tax Policy 2/2023

Further to the Tourism Tax (“TTx”) Policy 1/2023, the RMCD has published TTx Policy 2/2023 (dated 13 April 2023) regarding the **extension of the grace period** to collect, account and remit TTx on a tourist who makes an online booking of accommodation premise in Malaysia through a registered DPSP.

The grace period has been extended to **31 December 2025** (earlier ended on 31 March 2023 under TTx Policy 1/2023), whereby registered DPSPs **who do not receive payment** directly from the foreign tourist for the online booking of accommodation premises **are not required** to collect, account and remit the TTx amount.

For more details, please click [here](#) for the Policy.

Source for the document: [Official Portal of RMCD - MyTTx](#)

Indirect tax legislation updates

The following legislations have been gazetted:

I. Customs (Prohibition of Imports) Order 2023

The Customs (Prohibition of Imports) Order 2023 has been gazetted, and come into operation on **15 April 2023**. The changes include amongst others, the inclusion of tariff code 2404.12.1000 (for e-cigarette liquid or gel containing nicotine) under Second Schedule, Part I – Goods which is prohibited to be imported into Malaysia except accompanied with an import licence.

The Customs (Prohibition of Imports) Order 2017 has been revoked.

II. Customs (Prohibition of Exports) Order 2023

The Customs (Prohibition of Exports) Order 2023 has been gazetted, and come into operation on **15 April 2023**.

The Customs (Prohibition of Exports) Order 2017 has been revoked.

III. Free Zones (Amendment) Regulations 2023

IV. Customs (Amendment) Regulations 2023

V. Excise (Amendment) (No. 2) Regulations 2023

The above Amendment Regulations have been gazetted, and come into operation on **1 January 2023**. The amendments include amongst others, the deletion of the prescribed forms and replaced with a form and manner as determined by the Director General.

VI. Customs Duties (Amendment) Order 2023

The Customs Duties (Amendment) Order 2023 has been gazetted, and come into operation on **1 May 2023**. The amendments are as follows:

- a) Insert the following National Note under Section IV, Chapter 24:
“National Note.

1. For the purpose of subheading 2404.19.20 00, the expression “Containing nicotine substitutes” applies to any product that is not containing nicotine for inhalation without combustion (e.g., e-liquid, gels) intended for use in electronic cigarettes, similar personal electric vaporising devices, disposable electronic cigarettes or similar disposable personal electric vaporising devices.”

- b) In Chapter 38, in relation to heading 38.24, by substituting subheadings 3824.99.99, 3824.99.99 10 and 3824.99.99 90 and the particulars relating to it with the following:

Heading (1)	Subheading (2)	Description (3)	Unit of Quantity (4)	Rate of Duty	
				Import (5)	Export (6)
	3824.99.99 00	- - - - Other	kg	0%	0%

Side note – Tariff codes 3824.99.99 10 and 3824.99.99 90 in the Customs Duties Order 2022 provide for:

Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included.

- Other:

- - Other:

- - - Other:

- - - - Other:

3824.99.99 10 - - - - Preparation of a kind used for smoking through electronic cigarette and electric vaporising device, in form of liquid or gel

3824.99.99 90 - - - - Other

VII. Excise Duties (Amendment) (No. 2) Order 2023

The Excise Duties (Amendment) (No. 2) Order 2023 has been gazetted, and come into operation on **1 May 2023**. The amendments are made in the Schedule, i.e.:

- a) In Chapter 24, in relation to heading 24.04, by adding the following subheading and particulars:

Heading (1)	Subheading (2)	Description of goods (3)	Unit of Quantity (4)	Rate of Duty (5)
	2404.12.90 00	- - - Other	kg	RM 0.40 per millilitre
	2404.19 2404.19.2000	- - Other - - - Containing nicotine substitutes	kg	RM 0.40 per millilitre

- b) By deleting Chapter 38 and the particulars relating to it (i.e. preparation of a kind used for smoking through electronic cigarette and electric vaporizing device, in form of liquid or gel).

VIII. Customs Duties (Goods of Asean Countries Origin) (Asean Harmonised Tariff Nomenclature and Asean Trade in Goods Agreement) (Amendment) (No. 3) Order 2023

The Customs Duties (Goods of Asean Countries Origin) (Asean Harmonised Tariff Nomenclature and Asean Trade in Goods Agreement) (Amendment) (No. 3) Order 2023 has been gazetted, and come into operation on **1 May 2023**. Amendment has been made to the Second Schedule, i.e.:

- a) to insert the National Note under Section IV, Chapter 24 –
- b) by substituting subheadings 3824.99.99, 3824.99.99 10 and 3824.99.99 90 and the particulars relating to it with 3824.99.99 00

The above changes are in line with the Customs Duties (Amendment) Order 2023.

IX. Customs Duties (Goods Under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership) (Amendment) Order 2023

The Customs Duties (Goods Under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership) (Amendment) Order 2023 has been gazetted, and come into operation on **1 May 2023**. Amendment has been made to the Second Schedule, by substituting subheadings 3824.99.99, 3824.99.99 10 and 3824.99.99 90 and the particulars relating to it with 3824.99.99 00 – in line with the Customs Duties (Amendment) Order 2023.

X. Sales Tax (Exemption from Registration) Order 2023

The Sales Tax (Exemption from Registration) Order 2023 has been gazetted. This Exemption Order covers any person who carries on the activity of manufacturing finished goods of the Royal Pahang Weave. Such persons are to be exempted from registration under subsection 13(1) of the Sales Tax Act 2018 irrespective of the total sale value of the taxable goods for the period of two years.

No effective date is provided in the Order.

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

MOF's guideline – Application for Import Duty and Sales Tax exemption on studio and filming production equipment

Further to the proposal announced in the re-tabled Budget 2023 in relation to the Import Duty and Sales Tax exemption on studio and filming production equipment, MOF has since issued a guideline setting out the qualifying conditions to providers of equipment and production services including post-production as well as steps to apply for the exemption. Amongst others, it is stated that the application for such exemption can be made from **1 April 2023 to 31 March 2026**.

For more details, please click [here](#) for the guideline (available in Malay language only).

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

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

Abbreviation	Reference
AI	Artificial Intelligence
DPSP	Digital Platform Service Provider
MITA	Malaysian Income Tax Act 1967
MOF	Ministry of Finance
RMCD	Royal Malaysian Customs Department

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