



Tax developments



14 November 2024

KPMG in Malaysia

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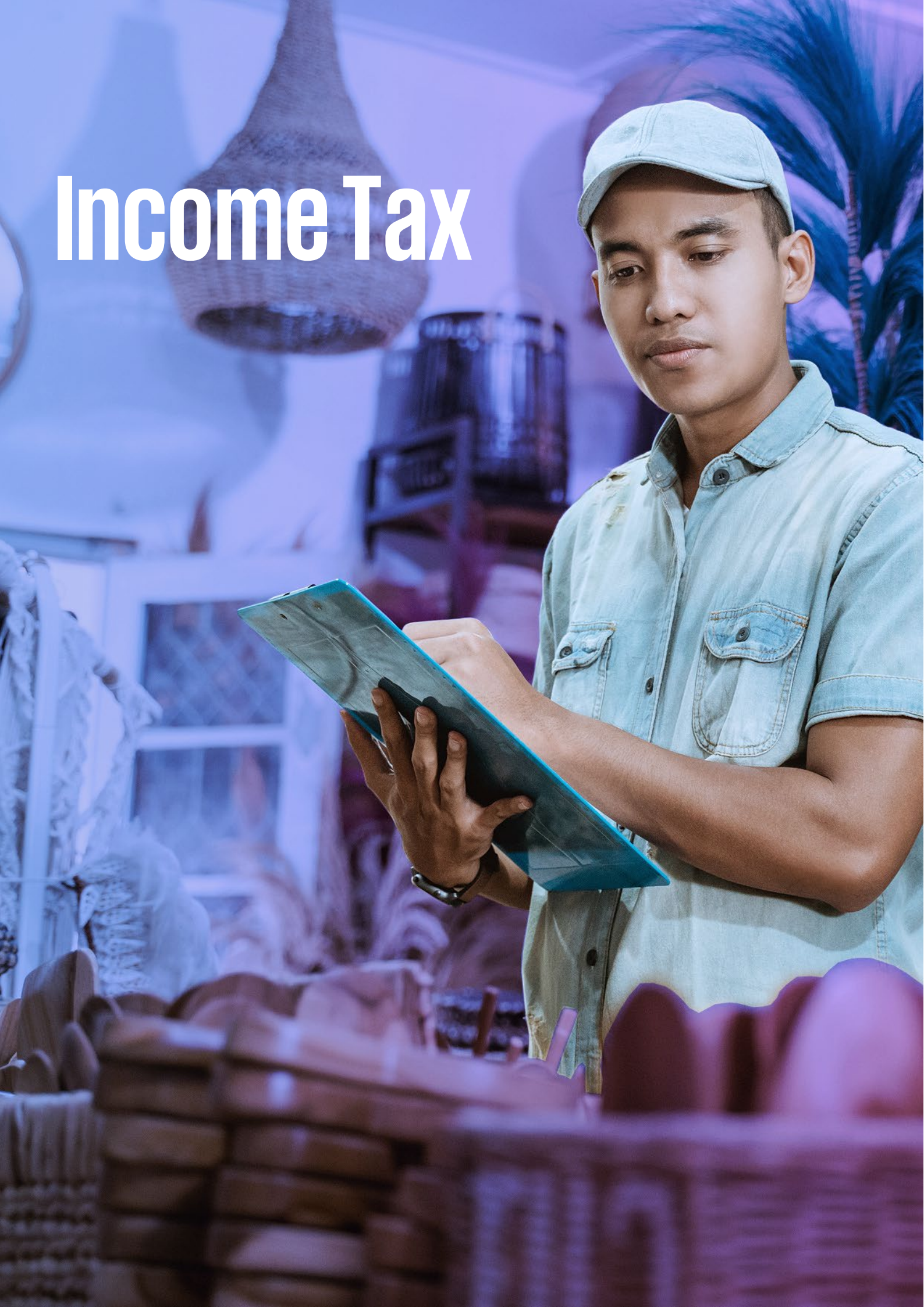
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Income Tax



Income Tax

ACA for ICT equipment and CA for customized computer software

Further to the 2024 Budget proposal to incentivize businesses in their journey towards technological advancement, the following subsidiary legislations have been gazetted to increase the rate for initial allowance from 20% to 40%, in respect of the qualifying expenditure incurred for:-

Qualifying expenditure	Superseding Rules	Revoked Rules
Any consultation fee, payment for rights of software ownership and incidental fee relating to customized computer software development	Income Tax (CA) (Development Cost for Customized Computer Software) Rules 2024	Income Tax (CA) (Development Cost for Customized Computer Software) Rules 2019
Purchase of any ICT equipment including installation	Income Tax (ACA) (ICT Equipment) Rules 2024	Income Tax (ACA) (ICT Equipment) Rules 2018



The Superseding Rules will come into effect from YA 2024.

The non-application rules remain on an asset basis with one notable amendment. Under the Superseding Rules, where a business has been granted an incentive under the PIA such as investment tax allowance or an exemption under paragraph 127(3)(b) or subsection 127(3A) of the MITA, ACA/CA is not available in respect of the same qualifying assets whether or not such incentive is claimed. This differs from the Revoked Rules, where the non-application rules will apply only upon claiming such incentives.

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

MIDA's guideline on application for green technology incentives

In line with Malaysia's aspiration to be an inclusive, sustainable and carbon neutral nation by 2050, it was proposed in the 2024 Budget that the existing green technology tax incentives be revised and given under a tiered approach.

MIDA has issued the above guideline to explain the criteria, conditions for qualifying green activities for GITA project (for business purpose), types of green income tax exemption in relation to solar leasing, and the application procedure for the tax incentives.

Applications for the tax incentive shall be made online to MIDA from 1 January 2024 to 31 December 2026.

You may refer to KPMG's Tax Developments update dated 24 June 2024 (access from [here](#)) for further details on other green technology tax incentives.



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

Real Property Gains Tax



Real Property Gains Tax

Updated guideline on the approval of applications for transfer of assets between companies in the same group

The MIRB has issued the above updated guideline. With the MIRB's approval, the transfer of assets between companies in the same group to bring about greater efficiency in operations is deemed a *no gain no loss* transaction.

The MIRB may revoke such approval within 3 years if a disposal was made, regardless of whether in whole or in part, for purposes of other than those stipulated under the RPGTA. To provide clarity on what may fall under such circumstances, the following examples have been included in the above updated guideline:-

- a) Transfer of ownership of assets to enable the transferee company to obtain loan facilities/financing or maintain its credit rating; and
- b) Transfer of ownership of assets to enable the transferee company to meet a specified condition in order to maintain its current incentive status.

Source for the Guideline (only available in the Malay Language): 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	Capital Gains Tax – Exemption for group restructuring and initial public offering	14 October 2024

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

	Reference
ACA	Accelerated Capital Allowance
CA	Capital Allowance
ICT	Information and Communication Technology
GITA	Green Investment Tax Allowance
MIDA	Malaysian Investment Development Authority
MIRB	Malaysian Inland Revenue Board
MITA	Malaysian Income Tax Act, 1967
PIA	Promotion of Investments Act, 1986
RPGTA	Real Property Gains Tax Act, 1976
YA	Year of assessment

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