



# Tax developments



15 June 2023

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KPMG in Malaysia

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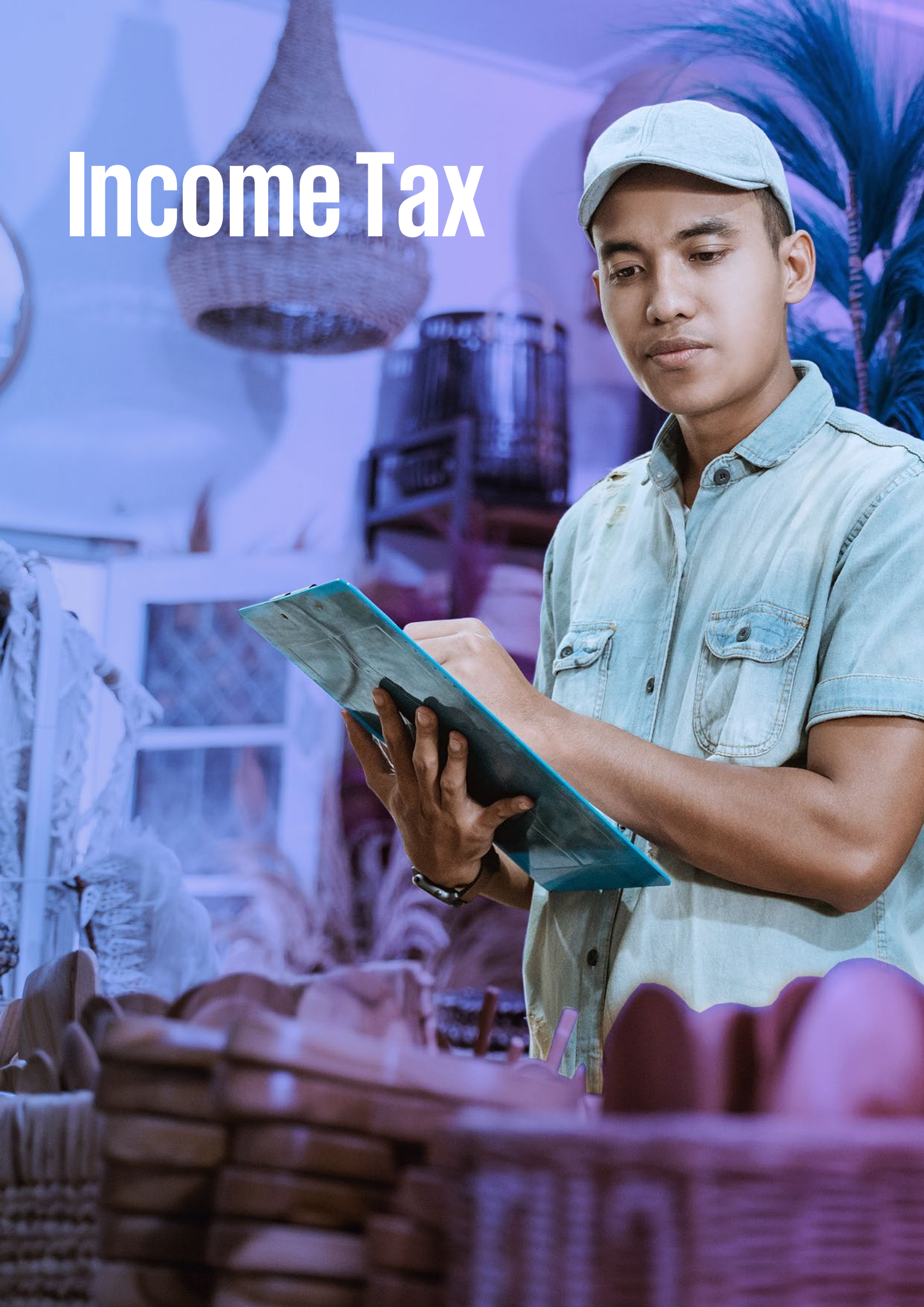
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# Income Tax



# Income Tax

The relevant authorities have announced the following:

## Implementation of e-Invoicing in Malaysia

The proposal to implement e-invoicing was initially revealed in the MOF's 2023 pre-budget statement and announced during the first tabling of Budget 2023 in October last year. The MIRB later announced on its implementation and aspires to oversee the digitalization advancement in the issuance of invoices in Malaysia. Based on MIRB's press statement, the MIRB targets to implement e-invoicing in stages starting from the end of 2023 by focusing on system development and pilot projects with taxpayers. The pilot run of the e-invoicing system with selected companies is expected to take place in January 2024 and other companies can participate on a voluntary basis as well. The mandatory implementation by all businesses will be rolled out in phases, based on their annual sales, as indicated below:

Timeline	Mandatory implementation on
June 2024	Businesses that reached the sales threshold of RM100 million per year
January 2025	Businesses that reached the sales threshold of RM50 million per year
January 2026	Businesses that reached the sales threshold of RM25 million per year
January 2027	All businesses

E-invoicing is a form of electronic billing, where invoices are issued, transmitted and received in a structured digitalized format to allow for automatic and electronic processing in all parties' systems. Format used for a structured e-invoice includes UBL, XML, IDOC and EDIFACT. Based on the initial sharing session by the MIRB with the media and industry players, the sample of the e-invoice should contain the following details.

<ul style="list-style-type: none"> <li>• Tax Identification Number</li> <li>• ROC / ROB registration number</li> <li>• Serial number</li> <li>• Date</li> <li>• Description about goods / services</li> <li>• Barcode / product QR code</li> <li>• Quantity or volume of goods / services with measurement</li> </ul>	<ul style="list-style-type: none"> <li>• Discount offered</li> <li>• Total amount payable excluding tax, tax rate, tax relief and chargeable tax amount</li> <li>• The total amount to be paid including the amount of tax charged</li> <li>• Transaction status (accepted / cancelled / pending)</li> </ul>
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It is expected that Malaysia will be adopting a Centralised Continuous Transaction Control ("CTC") model which enables live monitoring of transactions by the MIRB. Sellers are required to submit invoices to the MIRB for validation and approval before issuing to the buyers. The MIRB will provide a Certification Serial Number for the approved invoice and notify both the seller and buyer. Taxpayers can opt for market solution (own e-invoicing system or engage with independent service provider) or free solution provided by the MIRB.

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

## DTAA between Malaysia and the Republic of Maldives



The Government of Malaysia and the Republic of Maldives have signed the DTAA on 24 May 2023 for purposes of eliminating double taxation on income tax and preventing tax evasion and avoidance. The DTAA has not been gazetted yet.

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

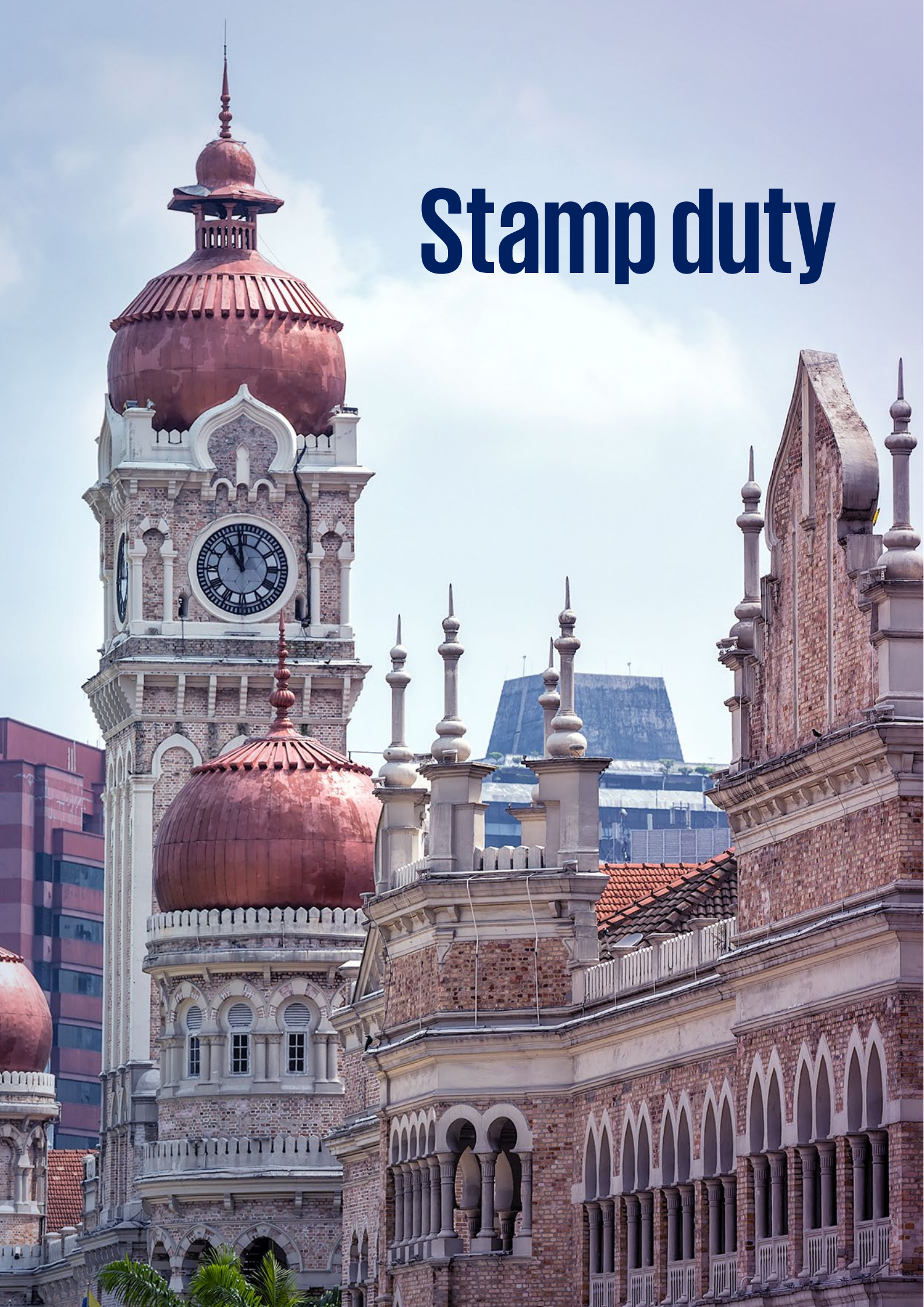
## Special Voluntary Disclosure Program (“SVDP”) 2.0

Further to the proposal announced in the re-tabled Budget 2023 in relation to the SVDP for direct taxes, the MIRB has since launched the SVDP with the program period from 6 June 2023 to 31 May 2024.

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

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

# Stamp duty



# Stamp Duty

## Loans Guarantee (Bodies Corporate) (Remission of Tax and Stamp Duty) Order 2023

The Loans Guarantee (Bodies Corporate) (Remission of Tax and Stamp Duty) Order 2023 has been gazetted and came into operation on 17 May 2023.

The Order provides for a full remission of income tax and stamp duty payable under or in respect of any agreement, note, instrument and document relating to product, facility, program and guarantee in relation to:



- a) the Islamic Commercial Papers and the Islamic Medium Term Notes issued by DanaInfra Nasional Berhad pursuant to the Islamic Commercial Papers and Islamic Medium Term Notes Program (“ICP and IMTN Program”), with a nominal value of up to RM2.8 billion;
- b) the Syndicated Revolving Credit-i Facility (“RC-i Facility”) in the aggregate outstanding principal amount not exceeding RM2 billion subject to the combined aggregate referred to in (c);
- c) the ICP and IMTN Program which has been upsized with nominal value from RM13 billion to a maximum aggregate value of up to RM15.8 billion; and
- d) the guarantee provided by the Government of Malaysia relating to the ICP and IMTN Program and the RC-i Facility.

The combined aggregate of the outstanding nominal value of items (a) and (b) above shall not exceed RM2.8 billion.

The parties who qualified for the income tax remission include any financier of the RC-i Facility and any holder of the Islamic Commercial Papers and Islamic Medium Term Notes.

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

## Stamp duty exemption and remission under the i-Miliki program

A Malaysian citizen will enjoy stamp duty exemption or remission in respect of any loan agreement and instrument of transfer for the purchase of the first residential property through the Malaysian Home Ownership Initiative (i-Miliki) under the Home Ownership Programme 2022/2023, subject to conditions. The relevant Orders have been gazetted and come into operation on 1 June 2022.

The stamp duty exemption and remission are accorded based on the property value:

Stamp Duty Order	Instrument	Property value	Stamp duty
Stamp Duty (Exemption) Order 2023	Loan agreement	RM500,000 and below	Full exemption
Stamp Duty (Exemption) (No. 2) Order 2023	Instrument of transfer	RM500,000 and below	Full exemption
Stamp Duty (Remission) Order 2023	Loan agreement	RM500,001 – RM1,000,000	75% remission
Stamp Duty (Remission) (No. 2) Order 2023	Instrument of transfer	RM500,001 – RM1,000,000	75% remission

The exemption and remission are applicable for sale and purchase agreements executed from 1 June 2022 to 31 December 2023 and duly stamped by 31 January 2024.

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

## Stamp duty exemption for transfer of immovable property by way of love and affection

To effect the 2023 Budget proposal, the Stamp Duty (Exemption) (No. 3) Order 2023 has been gazetted and comes into operation on 1 April 2023.

The Order provides stamp duty exemption in respect of instruments of transfer of any immovable property operating as a voluntary disposition *inter vivos* between parent and child as well as grandparent and grandchild, where the property recipient is a Malaysian citizen:

- i. Full exemption for property value up to RM1 million; and
- ii. Ad valorem duty rate for property value in excess of RM1 million and 50% remission is given.



The value of the immovable property shall be based on market value.

The exemption applies to instruments executed from 1 April 2023.

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



# Indirect Tax



# Indirect Tax



## Voluntary Disclosure Program (“VDP”) 2023

Further to the proposal announced in the re-tabled Budget 2023 in relation to the VDP for indirect taxes, RMCD has since launched the VDP with the program period from 6 June 2023 to 31 May 2024.

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

Source for the announcement: [RMCD's official website](#)

## Revocation of appointment of effective date for charging and levying of Sales Tax on low value goods

The Appointment of Effective Date for Charging and Levying of Sales Tax on Low Value Goods (with an effective date of 1 April 2023) published in the Federal Gazette on 27 December 2022 has been revoked, in line with the announcement by the Minister of Finance to postpone the implementation of Sales Tax on LVG to a later date to be determined.

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

# Insights on Earlier Tax Whiz

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

No.	Subject	Date of issue
1	TP Developments 2023, Finance Act 2023 and Deferment of SVDP 2.0	01.06.2023
2	Special Voluntary Disclosure Program 2.0	06.06.2023

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

Abbreviation	Reference
DTAA	Double Taxation Avoidance Agreement
EDIFACT	Electronic Data Interchange for Administration, Commerce and Transport
ERP	Enterprise Resource Planning
IDOC	Intermediate Document
i-Miliki	Malaysian Home Ownership Initiative
LVG	Low Value Goods
MIRB	Malaysian Inland Revenue Board
MOF	Ministry of Finance
RM	Ringgit Malaysia
RMCD	Royal Malaysian Customs Department
ROB	Registrar of Business
ROC	Registrar of Companies
UBL	Universal Business Language
XML	Extensible Markup Language

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