



# Deep dive into Budget 2025

## (Part 2)

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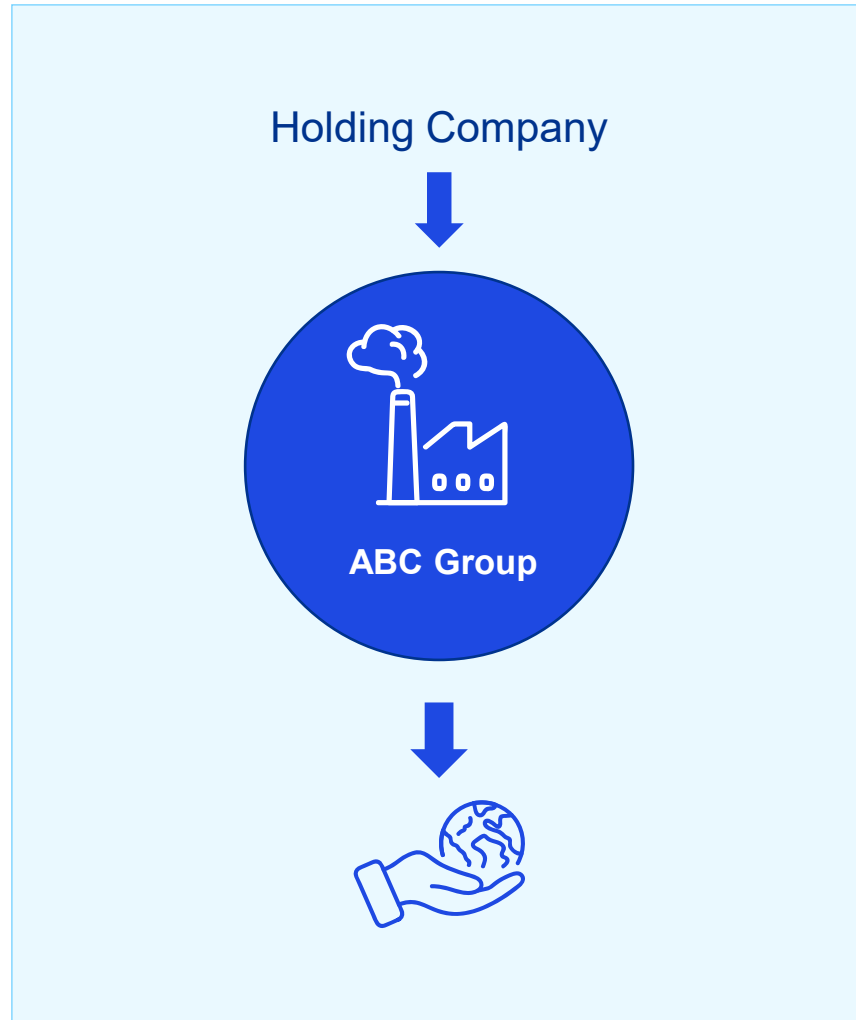
Associate Director, Tax Dispute  
Resolution

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Tax and Business Summit 2024 | 6 November 2024



# Case study



## Background

- ABC Group carries out a variety of businesses
- Holding company procures financing for the group of companies
- There are various agreements concluded between the companies for:
  - Provision of management services by the holding company to group companies
  - Provision of technical support services to companies in the group
  - Inter-company renting of properties
- Centralisation of its treasury function within the group of companies and procurement of goods and services with third party vendors

# Stamp Duty



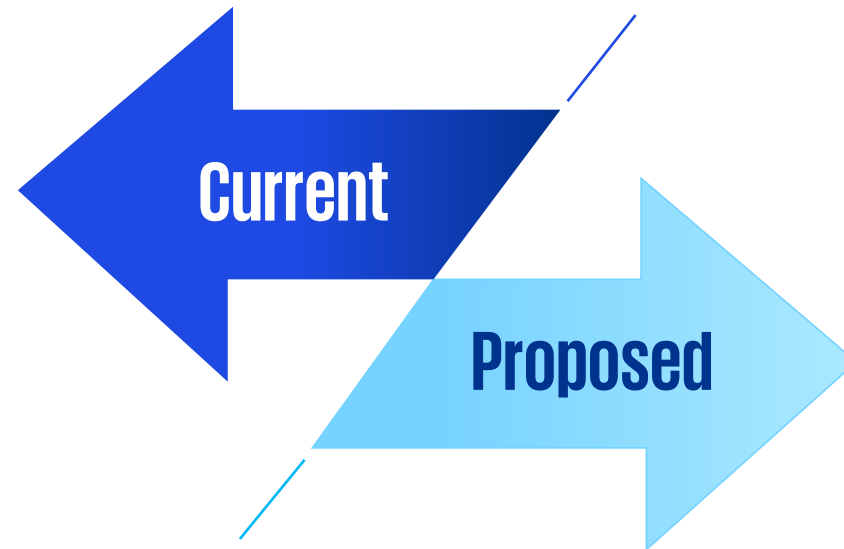


# Stamp Duty

## Implementation of Stamp Duty Self-Assessment System

### Deemed Assessment

Instrument submitted to Collector must be assessed to determine amount of duty payable



- Return and instrument submitted electronically deemed to be assessment by Collector
- Duty on instrument must be paid on date of deemed assessment

From 1 January 2026



# Stamp Duty

## Implementation of Stamp Duty Self-Assessment System



### Relief for errors or mistakes

- Duty payer may claim any excess duty paid due to an error or mistake after return submitted
- Relief application must be made within 24 months after submission of return and duty paid



### New assessment or additional assessment

Collector may raise an assessment or additional assessment on underpaid / insufficient duty within 5 years, except in cases of any form of fraud, willful default or negligence related to duty on instruments



### Record keeping

7 years

From 1 January 2026

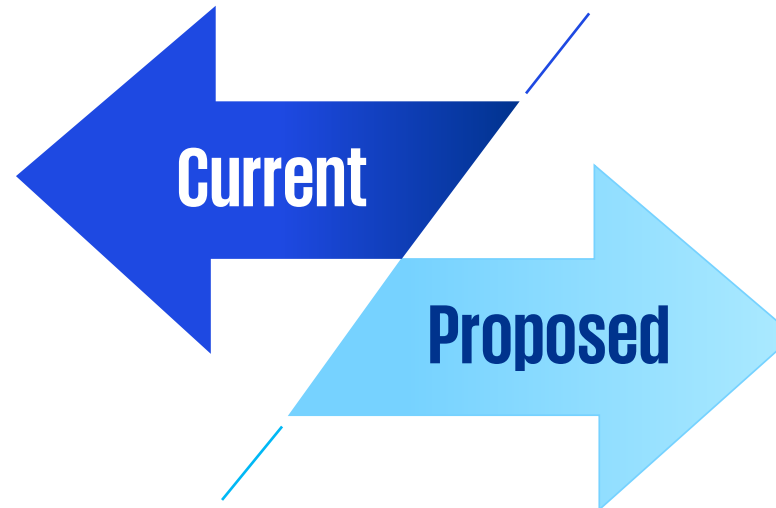


# Stamp Duty

## Penalty for late stamping

Period of late stamping		
Not exceeding 3 months	Exceeding 3 months but not exceeding 6 months	Exceeding 6 months
RM25 / 5% insufficient duty*	RM50 / 10% insufficient duty*	RM100 / 20% insufficient duty*

\* whichever is greater



Period of late stamping	
Not exceeding 3 months	Exceeding 3 months
RM50 / 10% insufficient duty*	RM100 / 20% insufficient duty*

\* whichever is greater

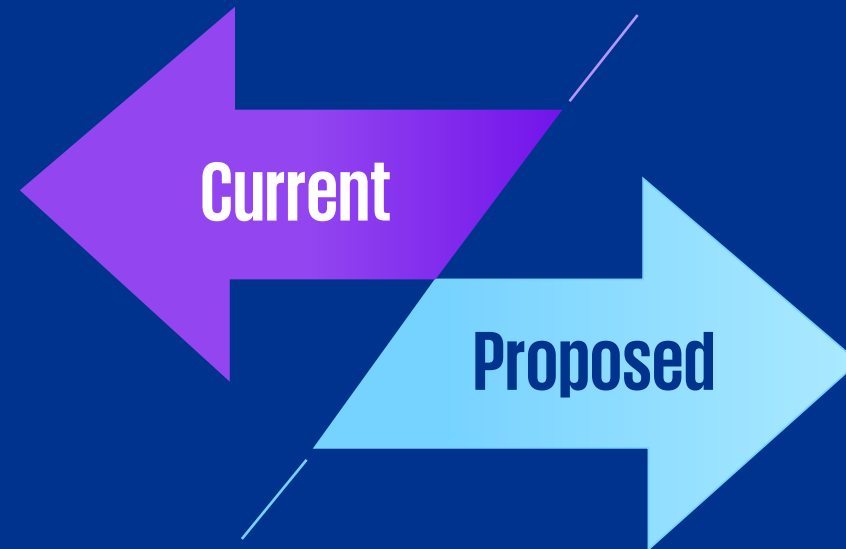
From 1 January 2025



# Stamp Duty

## Fraud

Fine of RM5,000 for fraudulent actions intended to deceive Government in relation to any duty obligations



Fine of not less than RM1,000 and not more than RM20,000

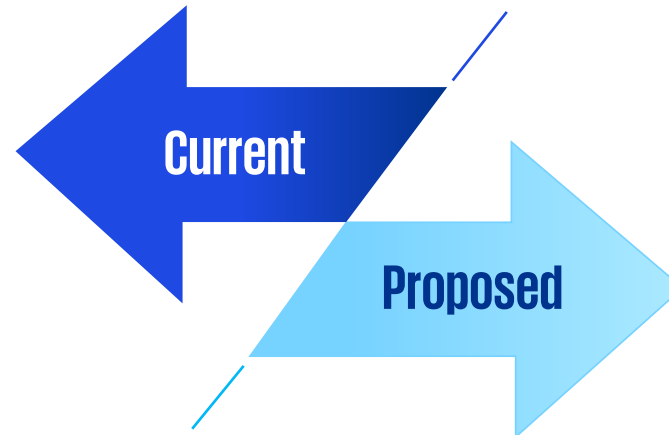
From 1 January 2025



# Stamp Duty

## Lease / agreement for lease

Average rent and other annual consideration	Period		
	≤ 1 year	> 1 year but ≤ 3 years	> 3 years
RM2,400 and below	Nil		
For every RM250 or part thereof exceeding RM2,400	RM1	RM2	RM4



Average rent and other annual consideration	Period			
	≤ 1 year	> 1 year but ≤ 3 years	> 3 years but ≤ 5 years	> 5 years
For every RM250 or part thereof	RM1	RM3	RM5	RM7

From 1 January 2025



# Stamp Duty

Review of stamp duty rate on instruments of assignment for life insurance policies and family takaful certificates

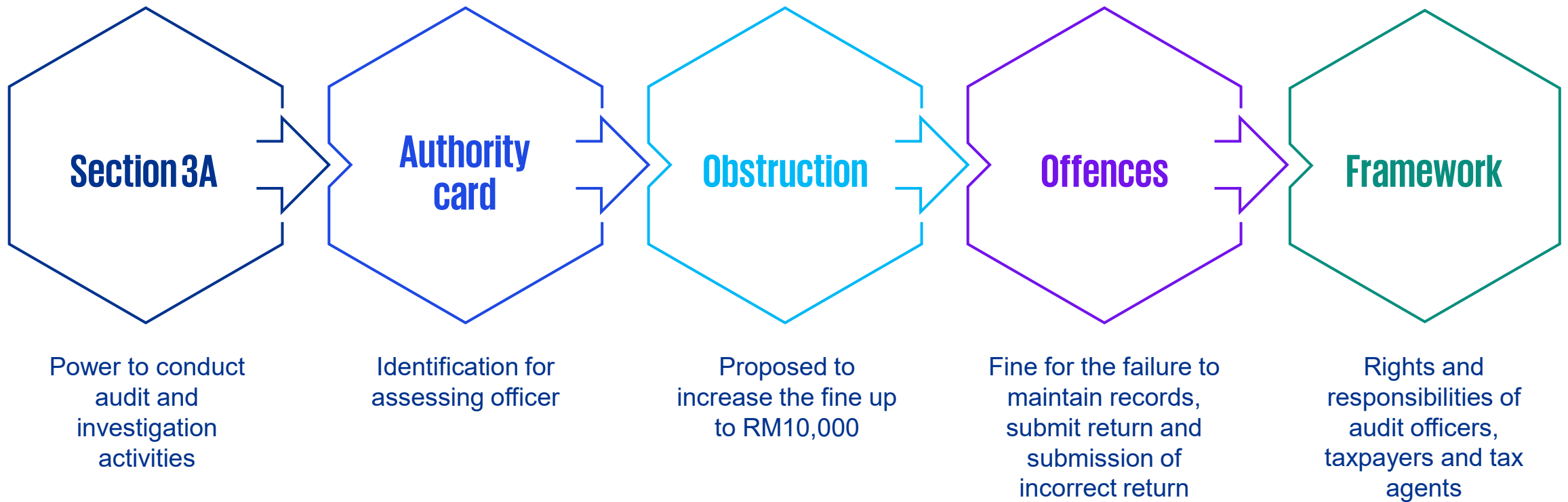
Value of transfer	Current (Ad Valorem)	Proposed (Fixed Duty)
First RM100,000	1%	RM10
RM100,001 to RM500,000	2%	RM100
RM500,001 to RM1,000,000	3%	RM500
RM1,000,001 and above	4%	RM1,000

For instruments executed from 1 January 2025





# Stamp Duty Audit & Investigation



# Real Property Gains Tax

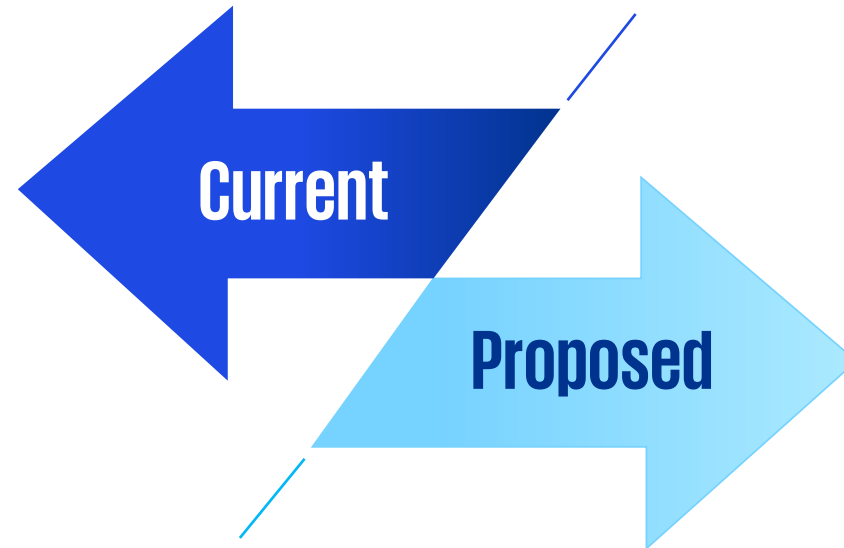




# Real Property Gains Tax

## Section 7(4): Deduction of allowable loss

- Tax is determined based on the total gains from all disposals
- Current losses are allowed as a deduction against the total gains, including gains from previous disposals within the same year of assessment



- Each disposal shall be treated and taxed separately
- Losses from disposals can only be claimed against **subsequent** disposals within the same year of assessment
- Unabsorbed losses can be carried forward to be utilized on a sequential basis

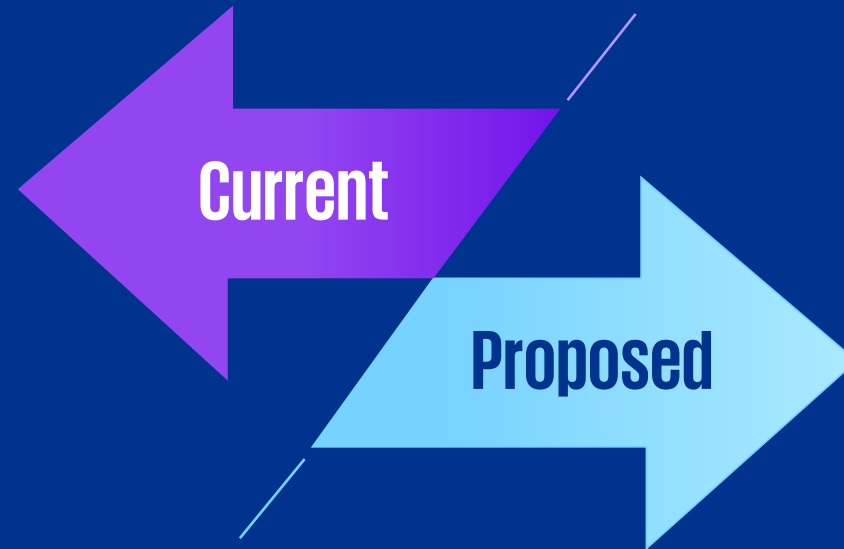
From 1 January 2025



# Real Property Gains Tax

## Section 21(1A): Payment of the tax

Tax to be paid within 60 days of disposal



Tax to be paid within 90 days of disposal under the self assessment system

From 1 January 2025



# Real Property Gains Tax



## Failure to submit returns and other offences

Enable court to issue further orders directing taxpayers to submit returns after being convicted for failure to submit returns

From 1 January 2025

# Corporate Tax

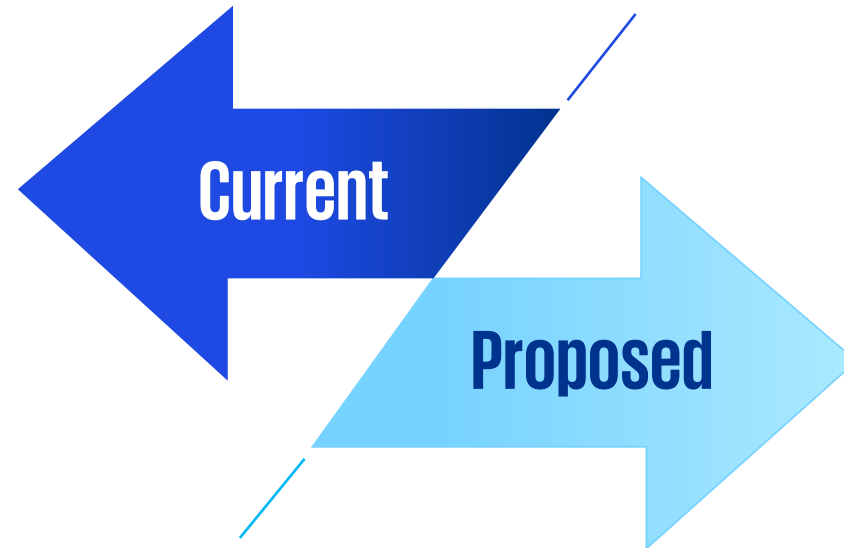




# Corporate Tax

## Section 77B: Amended Return

Obligation to furnish the Amended Tax Return Form electronically applies to taxpayers in the categories of Companies, LLPs, Trust Bodies and Cooperatives Society



All taxpayers are obliged to furnish Amended Tax Return in an electronic medium or by way of electronic transmission

With effect from YA 2025

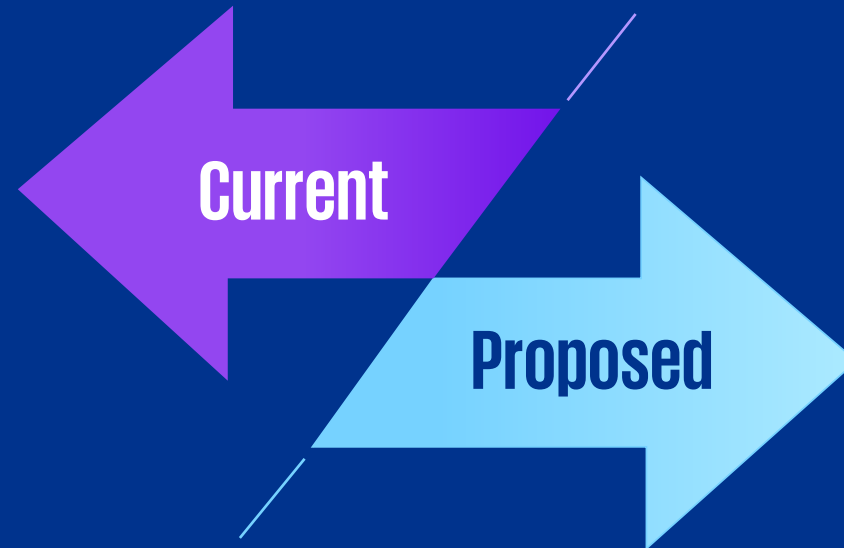




# Corporate Tax

## Section 107C(8): Amendment of Tax Estimates

Taxpayers are allowed to amend tax estimate issued by DG before the 9<sup>th</sup> month



Allowing taxpayers to amend tax estimate issued by DG before the 11<sup>th</sup> month

With effect from YA 2025

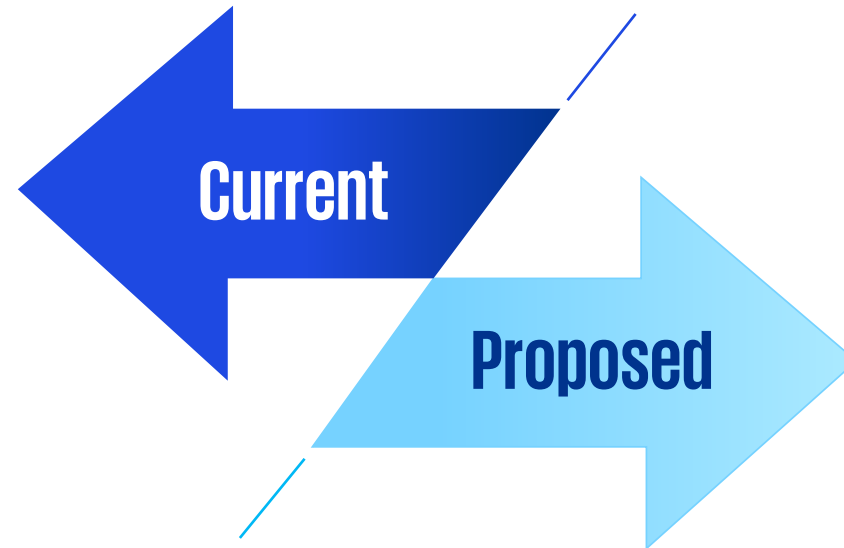


# Corporate Tax

## Section 113A: Submitting Incorrect Returns, Information Returns or Reports

A fine of not less than RM20,000 and not more than RM100,000 if prosecuted for these offences:

- Incorrect returns (FATCA), information returns (CRS) or reports (CbCR)
- Incorrect information on AEOI or CbCR



- If no prosecution, DGIR may impose penalty of not less RM20,000 and not exceeding RM100,000
- Penalty recoverable as part of tax payable

With effect from 1 January 2025

# Johor Forest City Special Financial Zone

# Location: Forest City Pulau Satu

## Key Incentive for Single Family Office Scheme

# 0%

Concessionary tax rate on SFOV eligible investments income up to 20 years (10 year + 10 years)

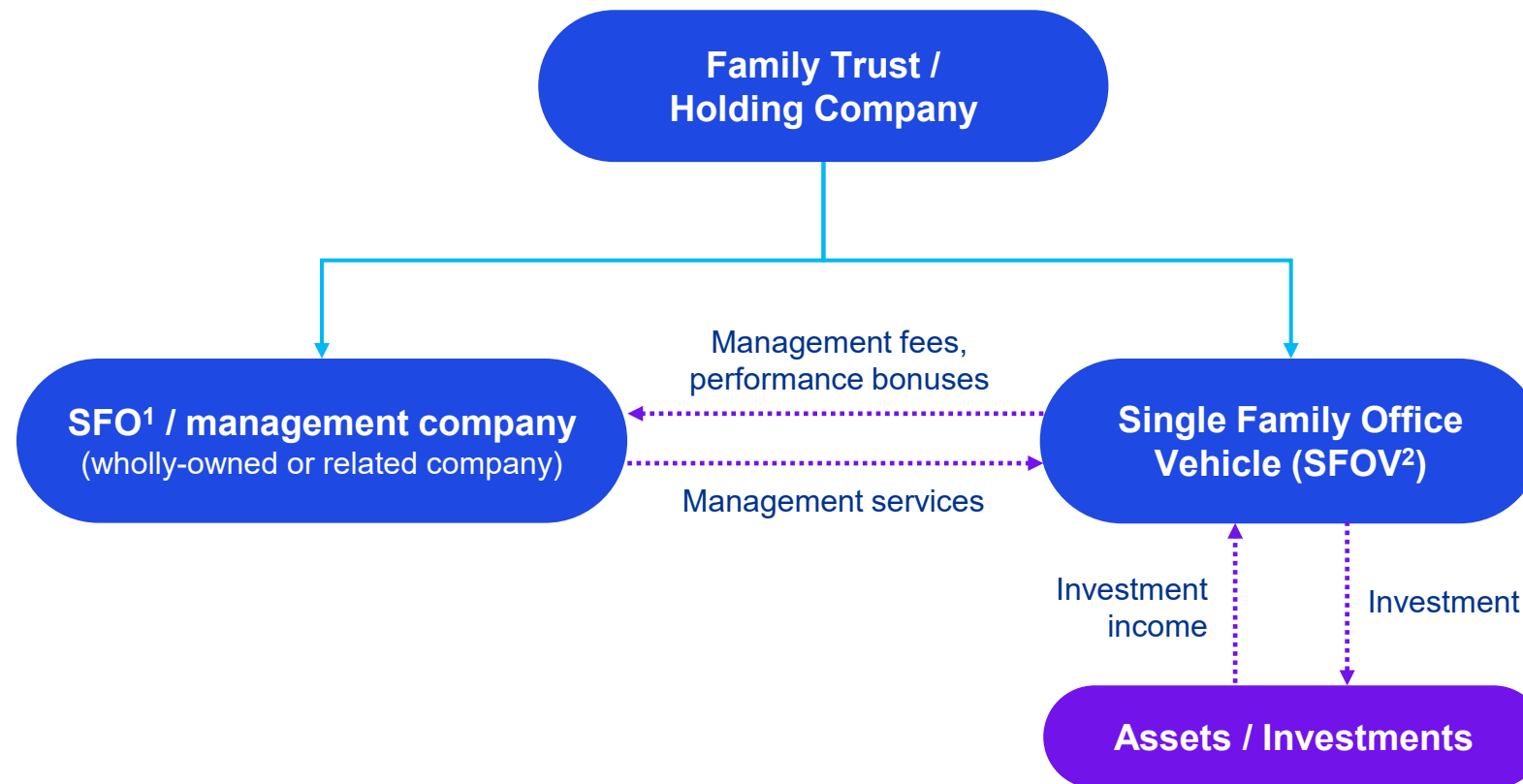


Stamp duty exemption on the transfer of properties into SFOV at initial establishment.



# Location: Forest City Pulau Satu

## Example of a Single Family Office (“SFO”) structure





# Location: Forest City Pulau Satu

## Conditions for Single Family Office Scheme

### First 10 years

- 1 The SFO must be established and operating in Pulau 1, **Forest City Special Financial Zone**.
- 2 The SFOV must be a new investment holding company incorporated in Malaysia and seek pre-registration with the SC on the eligibility of the tax incentives.
- 3 The SFOV must hold minimum asset under management (AUM) of **RM30 million** and meet **minimum local investment in eligible and promoted investments** of at least 10% of AUM or RM10 million (excluding bank deposits), whichever is lower.
- 4 The SFOV must incur an operating expenditure (OPEX) of a minimum of **RM500,000** locally.
- 5 The SFOV and SFO must employ a minimum of 3 **full-time employees** with each employee receiving a minimum monthly salary of RM10,000 and of whom at least 2 is an investment professional.

### Additional 10 years

- 1 The SFOV must hold AUM of at least **RM50 million** and meet minimum local investment in eligible and promoted investments of at least 10% of AUM or RM10 million (excluding bank deposits) whichever is higher.
- 2 The SFOV must incur an annual OPEX locally of a minimum of **RM650,000 (30% higher** than the initial period) annually.
- 3 The SFOV and SFO must employ a minimum of 5 **full-time employees** with each employee receiving a minimum monthly salary of RM10,000 and of whom at least 2 is an investment professional.



# Location: Forest City Pulau Satu

## Key Incentives

**5%** Corporate income tax rate up to 20 years (10 year + 10 years)

### Promoted activities

- Fintech
- Insurtech
- Regulatory Fintech
- Islamic Fintech

### Conditions

- First 10 years: -
  - Local operating expenditure
  - Number of knowledge worker
  - Technology element (tech-enabler)
  - ESG elements
- Second 10 years: -
  - Local OPEX and number of worker increase by at least 30%

### Promoted activities

- Foreign payment system operators
- Financial Global Business Services

### Conditions

- First 10 years: -
  - Local operating expenditure
  - Number of worker
  - Technology element (tech-enabler)
  - ESG elements
- Second 10 years: -
  - Local OPEX and number of worker increase by at least 30%

# Location: Forest City Mainland

## Global Services Hub / Relocation Incentives

**5%** Corporate income tax rate up to 20 years (10 year + 10 years)

### Conditions

- First 10 years: -
  - i. Local operating expenditure
  - ii. Number of key personnel
  - iii. Number of knowledge worker
  - iv. ESG elements
- Second 10 years: -
  - i. Substantive conditions listed above increased by at least 30%





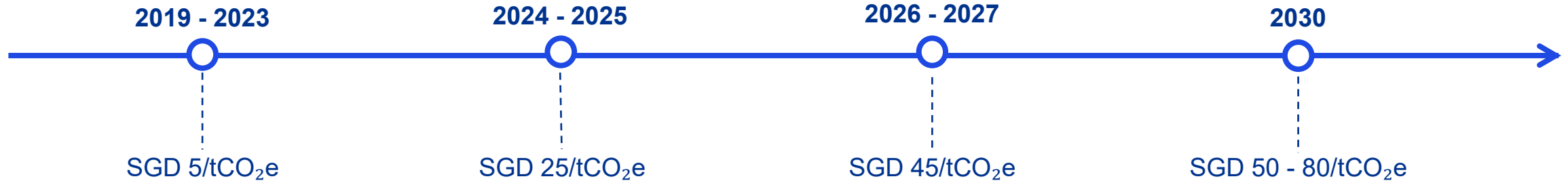
# Environmental, Social and Governance (“ESG”)



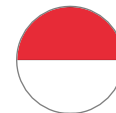
# Carbon Tax – what is the Asian trajectory?



- Levied on facilities that directly emit  $\geq 25,000$  tonne carbon dioxide emission ( $tCO_2e$ ) of greenhouse gas (GHG) emissions annually
- Covers seven GHGs, namely carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride and nitrogen trifluoride emissions
- Covers 80% of total GHG emissions from about 50 facilities in the manufacturing, power, waste, and water sectors



- JPY 289 (USD 2.04)/ $tCO_2e$  (fixed rate since 2012)



- Postponed introduction of carbon tax to 2025



- Planning to introduce carbon tax on energy, transport and industrial sectors in 2025 to achieve carbon neutrality by 2050 and net zero greenhouse gas emissions by 2065
- Proposed to be at rate of 200 baht/ $tCO_2e$  and initially levied as part of existing taxes on oil products such as diesel and gasoline



- Proposed to be implemented in 2026 for iron, steel and energy industries. No details on carbon tax – possibly similar to Singapore – RM X/ $tCO_2e$
- Revenue collected is intended to be used to fund research programmes and green technology
- To achieve carbon neutrality by 2050

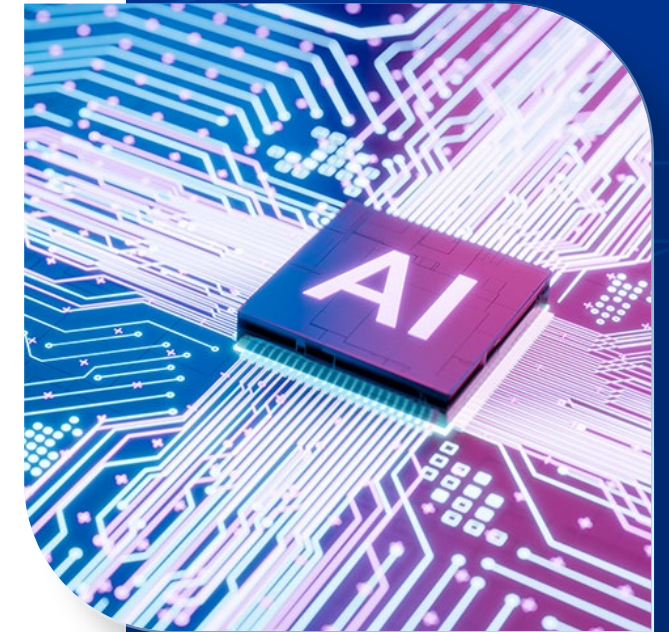
# Tax incentives for Carbon Capture, Utilisation and Storage ("CCUS")

- CCUS is a process involving the capture of CO<sub>2</sub> from sources like power plants, industrial facilities, or directly from the atmosphere. The captured CO<sub>2</sub> will either be stored under deep geological formations, or used for purposes such as production of chemicals, fuels and building materials and enhanced oil recovery.
- In the form of investment tax allowance or income tax exemptions



# Tax deduction for Sponsorship of Smart Artificial Intelligence Driven Reverse Vending Machine

- Smart AI Driven RVM serves as a plastic waste depository, designed for recycling through a more effective and structured collection programme
- It is proposed the current tax deductions under Section 34(6)(h) given to contributions or sponsorships of Smart AI Driven RVM be extended for another 2 years (i.e. 1 January 2025 to 31 December 2026)



# E-Invoicing





# Tax Incentives for e-Invoicing

## Accelerated capital allowance claim

1

Purchase of ICT equipment and computer software package

2

Consultation, licensing and incidental fees related to customized computer software development

Current

Proposed

Initial Allowance

40%

Initial Allowance

20%

Annual Allowance

20%

Annual Allowance

40%

For YA 2024 and 2025 effective from 1 January 2025

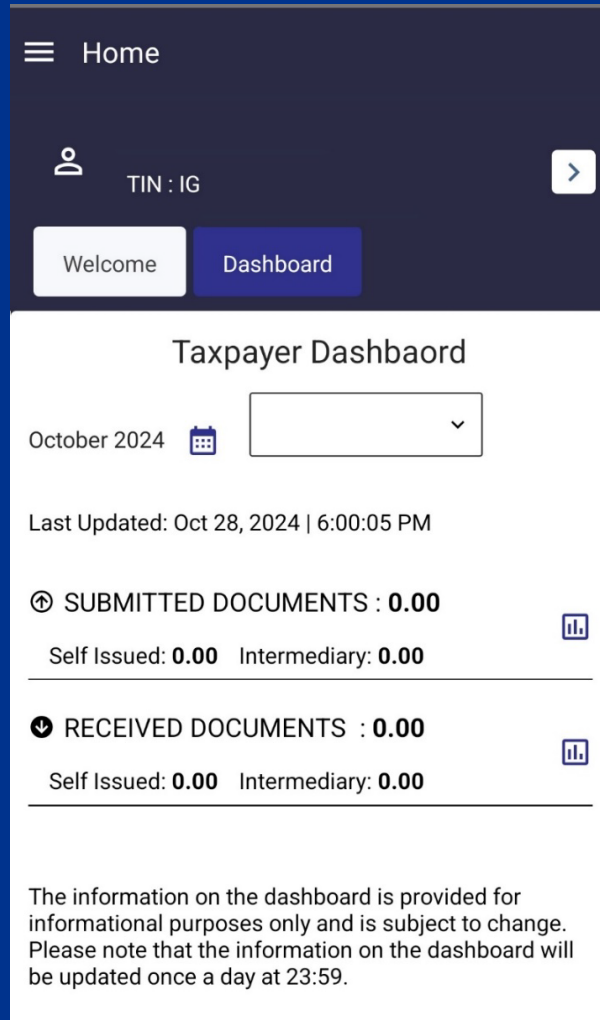
# Myinvois App



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# Myinvois App




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Welcome Dashboard


### Taxpayer Dashboard

October 2024 

Last Updated: Oct 28, 2024 | 6:00:05 PM

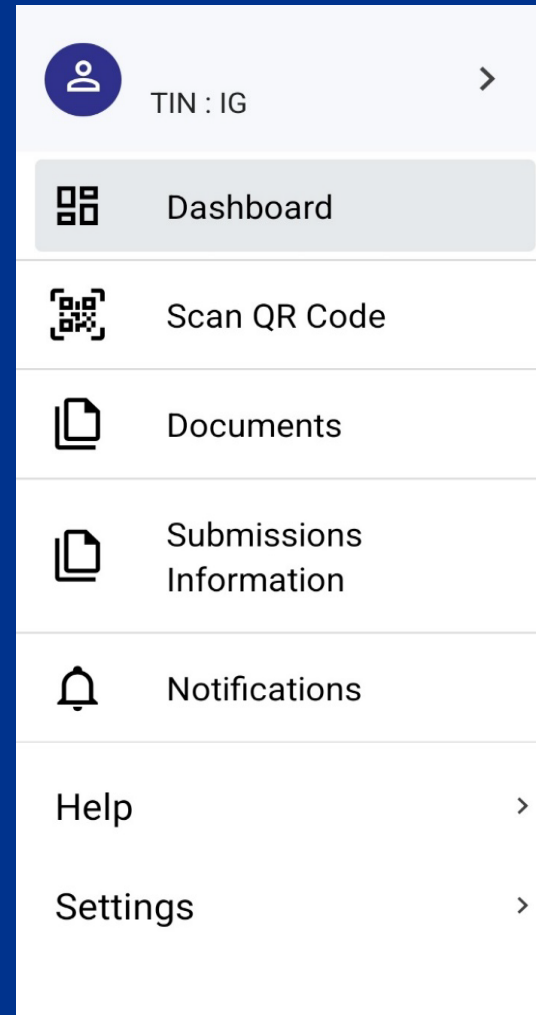
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