



Smart decisions. Lasting value.

Key “Tax-Aways” for Year 2022

19 December 2022

Foreword

The year 2022 has been filled with multiple challenges, some of which were largely expected and some have been unprecedented in scale. Whilst many had predicted a swift return to “business as usual” in the post-pandemic era, developments in the macro environment that took place around the world have necessitated adjustments to be made to existing business plans. From the Malaysian perspective, the country recorded strong growth towards the end of the year, fueled by post-pandemic demand. The positive signs for a return to economic growth also represent opportunities for taxpayers to capitalize on with the right planning and foresight.

In October 2022, we highlighted the fact that these opportunities were manifesting themselves in the form of a post-pandemic TIDE (Taxation, Inflation, Digitalisation and Expansion). As we close off the year, the TIDE has not receded and there are many action areas that can be looked into, especially from a tax perspective. Our observations are that, as Malaysia resets after a change in government, tax developments will continue to take shape as the new government looks to rebuild the economy and emphasize a return to sustainable economic growth in 2023.

As such, this write up focuses on the key “Tax Aways” for the year 2022, which will highlight some of the important takeaways from a tax perspective that taxpayers need to be aware of before we go forward into the new year. Some of these items may be new, as they have only been implemented or announced in recent months, making this publication a timely resource for taxpayers who are in the midst of preparing for the new year. Therefore, we encourage taxpayers to take stock of these takeaways for the year 2022 so that you may better position yourselves for the challenges ahead. From all of us at Crowe Malaysia, we would also like to take this opportunity to wish all our clients a very Happy New Year ahead and greater success in the year 2023.



Poon Yew Hoe
Managing Partner
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Key “Tax-Aways” for Year 2022

Corporate Tax



Taxability of Foreign Source Income (FSI)

Effective from 1 January 2021, any FSI received in Malaysia will be subject to tax. However, certain FSI received by certain categories of tax residents will be given exemption until 31 December 2026.



Tax Incentives for Green Initiatives

New and extension of tax incentives for green initiatives are expected to be announced in the upcoming Budget 2023.



Tax Implications on Environment, Social and Governance (ESG) related decisions

The role of taxation in the ESG equation especially the tax strategies, tax policies, tax reporting and tax incentives.

Introduction of Carbon Tax

In line with the global movement on ESG, carbon tax is expected to be introduced in Malaysia and it is crucial to understand how carbon tax will affect businesses.



Purchase of Assets

Companies are advised to purchase assets (if any) before the year end as capital allowances will be eligible to be claimed in the current year of assessment (YA).



Disclosure of Information on Controlled Transactions in Form C for YA 2022

The disclosure items on controlled transactions in the Form C for YA 2022 have expanded considerably for companies engaging in transfer pricing arrangements.



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Individual Tax



Keeping Supporting Documents

Individual taxpayers must remember to keep all receipts and supporting records where applicable for seven (7) years as evidence when making tax relief claims.



Domestic Travel Tax Relief

The domestic travel tax relief of RM1,000 will only be eligible for claims until 31 December 2022 in respect of entrance fees to tourist attractions and accommodation fees on premises registered with the Ministry of Tourism, Arts, and Culture Malaysia.

Residency Rule

Non-Malaysian tax residents planning to become tax residents next year and this year must ensure they spend their holidays in Malaysia, at least from Christmas until New Year - in line with the rules of Section 7(1)(b) of the Malaysian Income Tax Act, 1967 (MITA).



New Tax Relief Related to Electric Vehicles (EV)

Individuals are eligible to claim tax reliefs of up to RM2,500 on the cost of purchase, installation, rent, hire purchase as well as subscription fees for EV charging facilities for YAs 2022 and 2023.



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Indirect Tax



Indirect Tax Audit by the Royal Malaysian Customs Department (RMCD)

Effective from 1 January 2023, the RMCD will commence indirect tax audits for the periods and on transactions not involved in the Voluntary Disclosure & Amnesty Programme that ran from 1 January 2022 to 30 September 2022.



Tourism Tax on Foreign Tourists

Tourism tax exemption given to foreign tourists staying in registered premises will expire on 31 December 2022. The registered premises will be charging the tourism tax effective 1 January 2023.

Tourism Tax on Accommodation Premises Booked Through Digital Platform Service Providers (DPSP)

The imposition of tourism tax on accommodation premises booked through DPSP will take effect from 1 January 2023. DPSP can register at <https://www.myttx.customs.gov.my/> effective from 1 October 2022.



Sales Tax Imposition on Low Value Goods

Sales Tax will be imposed on the sales of Low Value Goods to consumers in Malaysia from 1 April 2023.



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Immigration



Malaysian Immigration Department (MID) introduced Premium Visa Programme (PVIP)

This programme is open to foreign businessmen and tycoons, except those from countries with which Malaysia has no diplomatic relations to enable investors, entrepreneurs and foreign talents to live and work or study in Malaysia for up to 20 years.

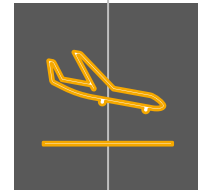
Malaysia Digital Economy Corporation (MDEC) facilitates DE Rantau programme

Professional Visit Passes (PVP) are newly designed to allow qualified foreign digital nomads to travel and work in Malaysia for up to 12 months. The PVP can be renewed for another year.



MID introduced new short-term Social Visit Pass Programme (PLS@XPATS)

Foreign professionals will be able to enter Malaysia under a social visit pass that is valid for 30 days with permission to work on emergency and critical work.



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Crowe Malaysia PLT is the 5th largest accounting firm in Malaysia and an independent member of Crowe Global. The firm in Malaysia has 14 offices, employs over 1,200 staff, serves mid-to-large companies that are privately-owned, publicly-listed and multinational entities, and is registered with the Audit Oversight Board in Malaysia and the Public Company Accounting Oversight Board in the US.

About Crowe Global

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