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# Crowe Chat

Vol.6/2023 (Tax)



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# 1. Guideline for Manufacturers of EV Charging Equipment

## Introduction

It was proposed in the revised Budget 2023 that manufacturers of electric vehicle charging equipment be exempted from tax (refer to the [Crowe Chat Vol.1/2023 \(Special Edition\) Highlights of the Revised Budget 2023](#)).

## New Guideline

The Malaysian Investment Development Authority (MIDA) has issued the [Guideline and Procedures for the Application of Tax Incentive for the Manufacturer of Electric Vehicle Charging Equipment](#) on 14 August 2023.



# 1. Guideline for Manufacturers of EV Charging Equipment (cont'd)

## Details of the New Guideline

This incentive is given to new companies and existing companies undertaking expansion\*\* and/or diversification for the manufacturing of electric vehicle charging equipment. Details of the incentive are as follows:

<b>Types of incentive</b>	<ul style="list-style-type: none"><li>• <b>100% income tax exemption on statutory income</b><ul style="list-style-type: none"><li>✓ for a period of ten (10) Years of Assessment (YA) from YA 2023 to YA 2032 (companies that make investments after the YA 2023 are eligible to enjoy the remaining exemption period only)</li><li>✓ unabsorbed losses can be carried forward for seven (7) consecutive YAs (this is not in line with the general rule of ten (10) years carry forward period and it is unknown whether this point will be updated in the future guidelines)</li></ul></li><li>• <b>Income tax exemption equivalent to investment tax allowance of 100%</b><ul style="list-style-type: none"><li>✓ on the qualifying capital expenditure incurred within five (5) years</li><li>✓ allowance can be off-set against 100% of statutory income for each YA</li><li>✓ unutilised investment tax allowances can be carried forward until fully utilised</li></ul></li></ul>
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*\*\* Expansion” refers to a company in the similar sector which expands its current products into the manufacturing of EV charging equipment. The EV charging equipment manufacturing activity must not be similar to the company’s existing activity / product.*

# 1. Guideline for Manufacturers of Electric Vehicle Charging Equipment (cont'd)

## Details of the New Guideline (cont'd)

Eligibility criteria for manufacturers	<ul style="list-style-type: none"><li>• incorporated under the Companies Act 2016.</li><li>• has a Manufacturing Licence from the Ministry of Investment, Trade and Industry (MITI) or a Confirmation Letter of Exemption from Manufacturing Licence from MIDA (whichever is applicable).</li><li>• incur an adequate level of investment and operating business expenditure for the proposed project.</li><li>• have full-time employees comprising at least 80% Malaysians.</li><li>• value added for the company's product(s) must be at least 20%.</li><li>• 15% of full-time workforce must be science and technical staff.</li><li>• nurture/collaborate with local vendors in the sector in terms of technologies, capabilities, certification, human capital development, etc.</li><li>• provide an adequate number of Malaysian internships at the technical and vocational education and training (TVET) level or at least at diploma level; or collaborate with TVET institutions/institutions of higher learning in relevant fields, as proposed.</li></ul>
Effective date of application	Applications must be received by MIDA from 25 February 2023 until 31 December 2025.

## 2. IRBM's Updated Guidelines and FAQ on the SVDP 2.0

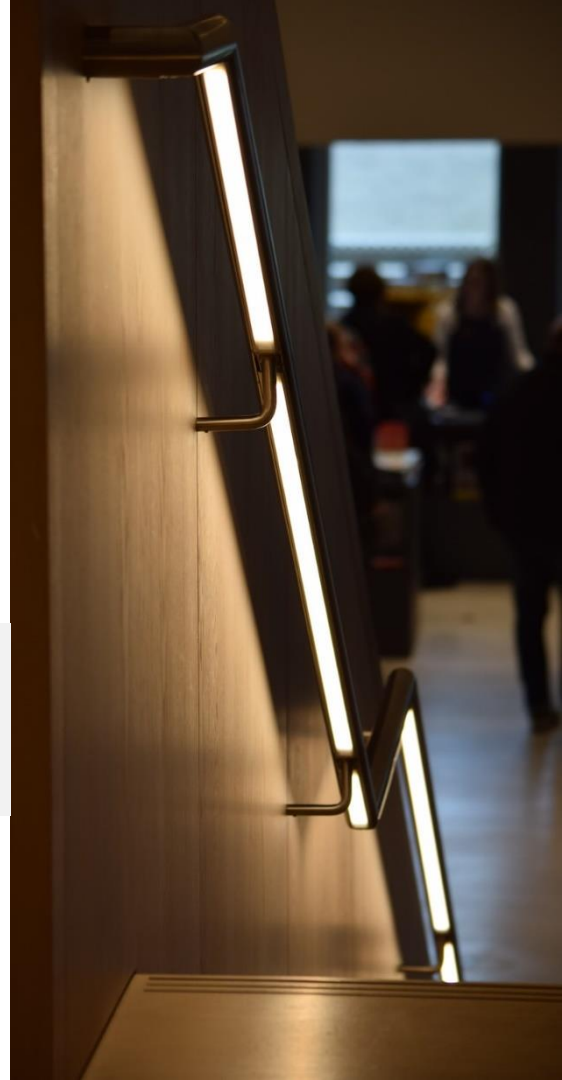
### Introduction

It was announced in the 2023 Budget that the IRBM and Royal Malaysian Customs Department (RMCD) would be launching the SVDP 2.0. Following this, the IRBM published the [Operational Guidelines No. 2/2023](#) on 2 June 2023. The implementation period of SVDP 2.0 is from 6 June 2023 to 31 May 2024.

### Amended Guideline

The IRBM has issued the following in relation to SVDP 2.0 on 22 August 2023:

- [Operational Guidelines No. 2/2023 \(Amended\)](#)
- [Updated FAQ](#)



## 2. IRBM's Updated Guidelines and FAQ on the SVDP 2.0 (cont'd)

### Details of the Amended Guideline

Major changes highlighted in the Amended Guideline are:

- Tax audit or tax investigation action can be taken on transfer pricing (TP) issues if the voluntary disclosure is made on non-TP issues only.
- Tax audit or tax investigation action can be taken on issues other than TP if the voluntary disclosure is made on TP issues only.

### Details of the Updated FAQ

Salient points from the updated FAQ are:

- SVDP 2.0 is not applicable for amendment of incorrect tax rates used.
- The definition of “new taxpayers” referred to under SVDP 2.0 includes:
  - ❖ taxpayers who have yet to obtain a Tax Identification Number (TIN)
  - ❖ taxpayers who do not have any tax transactions in IRBM's records
  - ❖ taxpayers who are declaring income to IRBM for the first time
- A tax agent may submit a voluntary disclosure for a taxpayer via the TAeF system or the MyTax Portal.
- Voluntary disclosure made through the MyTax Portal cannot be submitted in bulk and must be made individually for each taxpayer's voluntary disclosure.



Featured Article:

# Malaysia's Tax Advantage: Boosting Manufacturing Relocation Opportunities

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