



Smart decisions. Lasting value.

Crowe Chat Vol.1/2023 (Special Edition)

# Revised Malaysia Budget 2023

Key Highlights for Businesses & Individuals

25 February 2023



# Introduction to the Revised Malaysia Budget 2023

Announced on 24 February 2023  
by the Finance Minister,  
**YAB Dato' Seri Anwar bin Ibrahim**



## 3 Determinations

Comprehensive and sustainable economic drive

Reformation of institutions and good governance

Upholding social justice

2023	<i>Revised</i> 2023
Government Revenue	
RM272.6bil	RM291.5bil
Government Expenditure	
RM371.7bil	RM388.1bil
Deficit	
-RM99.1bil	-RM96.6bil
Deficit/GDP	
-5.5%	-5%

# Snapshot of the Revised Budget 2023



**2%**

Reduction in personal income tax rates for the chargeable income band between RM35,001 to RM100,000.



**RM10,000**

Tax relief on medical treatment expenses.



**15%**

Tax rate for Micro, Small and Medium Enterprises (MSMEs) first RM150,000 of chargeable income.



**100%**

Penalty waiver on the voluntary disclosure program to be reintroduced by the Inland Revenue Board of Malaysia (IRBM) and Royal Malaysian Customs Department (RMCD) from 1 June 2023 until 31 May 2024.



**3-year**

Incentive period for aerospace industry tax incentives for applications received by Malaysian Investment Development Authority (MIDA) until 31 December 2025.



**RM10**

Fixed stamp duty on educational loan and scholarship agreements will be expanded to include education at all levels including certificate (education/skills/professional) in any educational and training institutions.

# Foreword

## Unity Government Budget

The Revised Budget 2023 is significant as it is the first budget tabled by the new Unity Government after the 15th General Election. The revised budget sets a new vision for the future and aims to reset Malaysia as the country faces economic challenges. The Prime Minister and Finance Minister, YAB Dato' Seri Anwar bin Ibrahim presented a realistic picture of Malaysia's economy, emphasizing the need to restore fiscal discipline and address the country's high national debt.

## 3 Key Areas

Introducing the budget under the theme, *Belanjawan Madani*, the revised Budget 2023 reflects the principles of responsibility and having greater values to face imminent economic challenges in a globally uncertain environment. The revised budget has placed emphasis on three (3) key areas i.e., promoting a comprehensive and sustainable economy, reformation of institutions and good governance, and upholding social justice.

## Government Revenue Gap

In this revised budget, taxation takes center stage to act as a driving force behind these three (3) key areas and ensure that the government is able to fund the projected expenditure of RM388.1 billion. This is especially so as we take note of the ambitious target to reduce the fiscal deficit in the medium term from the current level of 5.6% of Gross Domestic Product (GDP) in 2022 to 3.2% of GDP by the year 2025. As a result, taxpayers can expect a challenging compliance environment ahead as the government looks to fill the gaps in government revenue going forward.

## Changes to the Tax System

The revised Budget 2023 proposes structural changes to the tax system in Malaysia, including the introduction of a Luxury Goods Tax, a Capital Gains Tax, and an excise duty on electronic cigarettes and vape products. The top 20% of Malaysian households will also face increased tax rates for income over RM100,000 to fuel government expenditure.

## Diversifying Revenue Stream

The changes proposed in the revised Budget 2023 for diversifying government revenue streams are viewed positively, as Malaysia needs to meet the challenges of the future. Tax incentives for food security, technology development, and sustainable industries, such as electrical vehicles and carbon capture, are introduced and extended, providing opportunities for businesses in the Malaysian market.

## Conclusion

Overall, the revised Budget 2023 introduces timely measures to restore confidence in the Malaysian economy and set the stage for growth in the years to come. It is hoped that the analysis contained herein would aid finance and business leaders in determining the best course of action ahead as we navigate through a 2023 filled with cautious optimism.



# Key Highlights of the Revised Budget 2023

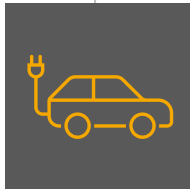
# Highlights of the Revised Budget 2023

## Businesses



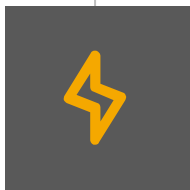
### Review of Income Tax Treatment for MSMEs

Corporate income tax rate for MSMEs will be reduced from 17% to 15% on the first chargeable income of RM150,000.



### Tax Deduction on Cost of Rental of Electric Vehicles (EVs) Limited to a Maximum of RM300,000 Per Vehicle

The maximum rental amount for EVs allowed for tax deduction is limited to RM300,000 per vehicle (RM100,000 previously for vehicles that cost less than RM150,000).



### Tax Incentives for Manufacturers of EV Charging Equipment

EV charging equipment manufacturers will be given 100% income tax exemption on statutory income for a period of ten (10) years from Years of Assessment (YAs) 2023 to 2032, or Investment Tax Allowance of 100% for a period of five (5) years which can be set-off against up to 100% of the statutory income for each YA.

### Tax Deduction for Sponsorship of Smart Artificial Intelligence (AI)-driven Reverse Vending Machine

Tax deduction will be given to companies and individuals, partnerships, trusts and cooperatives with business income that make donations or sponsorships of AI-Driven Reverse Vending Machines and applications received by Ministry of Finance (MOF) from 1 April 2023 to 31 December 2024.



### Review of Accelerated Capital Allowance (ACA) in Manufacturing, Services and Agriculture Sector

The tax incentives are expanded to include the agriculture sector, adaption of Industry 4.0 elements and the capital expenditure threshold for all three (3) sectors are aligned and increased up to RM10 million.



# Highlights of the Revised Budget 2023

## Businesses (cont.1)



### **Tax Deduction for Contributions to Film Community Fund and National Development Fund under FINAS**

Tax deduction on the aggregate income will be given for contributions made to Film Community Fund and National Development Fund under FINAS (National Film Development Corporation) while exemption will be given on import duty and sales tax for studio and filming production equipment.



### **Tax Deduction on Issuance Cost of Sustainable and Responsible Investment Linked (SRI-linked) Sukuk**

Tax deduction on issuance cost of SRI-linked Sukuk which is approved or permitted or deposited with the Securities Commission of Malaysia will be given for a period of five (5) years starting from YAs 2023 to 2027.

### **Review of Tax Incentives for Food Production Project**

The tax incentives for certain investors or companies engaging in food production projects will be expanded to include modern agriculture projects based on Controlled Environment Agriculture, and the tax incentive period will be extended until 31 December 2025.



### **Review of Tax Incentives for BioNexus Companies**

The income tax exemption on statutory income of BioNexus Companies will be increased from 70% to 100% and the application period will be extended for applications received by Malaysian Bioeconomy Development Corporation until 31 December 2024.



### **New Industrial Master Plan 2030**

Announcement will be made in the third quarter of 2023 on incentives restructured to a tiered tax rate based on outcomes such as creating high-value jobs, strengthening the supply chains with local entities, and creating new industrial clusters.



# Highlights of the Revised Budget 2023

## Businesses (cont.2)



### **Tax Incentives for Carbon Capture and Storage**

Tax incentives such as investment tax allowance, import duty exemption, sales tax exemption and tax deduction will be given to companies using Carbon Capture and Storage (CCS) technology. Companies will need to apply to the MOF from 25 February 2023 to 31 December 2027.



### **Introduction of Capital Gains Tax for Disposal of Unlisted Shares by Companies**

The Government will study the introduction of capital gains tax for the disposal of unlisted shares by companies from YA 2024 onwards at a low tax rate.



### **Tax Incentives for Chicken Rearing in Closed-House System**

ACA and income tax exemption of 100% will be given on qualifying capital expenditure incurred for closed-house system. These tax incentives are given on qualifying capital expenditure incurred from YA 2023 to 2025 and to be fully absorbed within a year.

### **Extension of Tax Incentives for Aerospace Industry**

Tax incentives for aerospace companies of either income tax exemption or Investment Tax Allowance will be extended for a period of three (3) years until 31 December 2025.



### **Special Tax Deductions for Hotels**

Hoteliers will be given a special tax deduction of up to RM150,000 for the purchase of Malaysian-made handicraft products from 1 January 2023 to 31 December 2025.





# Highlights of the Revised Budget 2023

## Businesses (cont.3)



### **Expansion of Scope of Tax Deduction for the Employment of Ex-Convicts**

The additional tax deduction for employment of ex-convicts will be extended to include the employment of inmates and ex-inmates of Henry Gurney School under the Malaysian Prison Department, protection and rehabilitation institutions and registered care centres under the Social Welfare Department from YAs 2023 to 2025.



### **Extension of Tax Incentives for Ship Building and Ship Repairing (SBSR) Industry**

The tax incentive for companies undertaking SBSR activities in Malaysia will be extended until 31 December 2027.

### **Tax Exemption for Charitable Hospitals**

Charitable hospitals registered as Companies Limited by Guarantee will be given income tax exemption equivalent to the amount of charitable expenditure incurred. Donors will also be given tax deduction of up to 10% of aggregate income under subsection 44(11C) of the Malaysian Income Tax Act, 1967 (MITA).



### **Tax Deduction on Contribution for Sports Development**

Tax deductions of up to 10% of aggregate income will be allowed for individuals or companies that contribute to non-profit organisations that implement sports development programmes at the grassroots level.



# Highlights of the Revised Budget 2023

## Businesses (cont.4)



### **Stamp Duty Treatment for Education Loan and Scholarship Agreement**

The fixed duty of RM10 on educational loan and scholarship agreements will be expanded to include education at all levels including certificate (education/skills/professional) in any educational and training institutions for agreements executed from 1 June 2023.



### **Extension of Import Duty and Excise Duty Exemptions on Imported Completely Built-Up (CBU) Electric Vehicles**

The full import duty and excise duty exemptions for imported CBU electric vehicles will be extended to 31 December 2024.

### **Extension of Stamp Duty Exemption on Restructuring or Rescheduling of Loan/Financing Agreement**

Full stamp duty exemption on loan restructuring or rescheduling will be extended for a period of two (2) years for loan/financing agreements executed from 1 January 2023 to 31 December 2024.

### **Extension of Sales Tax Exemption for the Purchase of Locally Assembled Buses**

Sales tax exemption on the purchase of locally assembled buses will be extended to 31 December 2024.

### **Review of Stamp Duty Exemption for the purchase of first residential home**

The stamp duty exemption will be increased from 50% to 75% for the first residential home that is worth RM500,000 to RM1,000,000.



# Highlights of the Revised Budget 2023

## Businesses (cont.5)



### **Import Duty and Sales Tax Exemptions for Purchase of Studio and Filming Production Equipment**

Import duty and sales tax exemptions will be given for the purchase of studio and filming production equipment for applications received by MOF from 1 April 2023 to 31 March 2026.



### **Extension of Import Duty, Excise Duty and Sales Tax Exemptions for Electric Vehicles**

The full import duty exemption on components for locally assembled electric vehicles and the full excise duty and sales tax exemptions for Completely Knocked-Down (CKD) electric vehicles will be extended to 31 December 2027. The full import duty and excise duty exemptions for imported Completely Built-Up (CBU) electric vehicles will be extended to 31 December 2025.

### **Tax Deduction on Cost of Listing Expenses of up to RM1.5 million**

The existing tax deduction is extended for a period of three (3) years, i.e. up to YA 2025 and expanded to cover the cost of listing technology-based companies on BURSA Main Market.



### **Tax Deduction on Employment of Former Athletes**

Companies will be given tax deduction on employment of former athletes.



# Highlights of the Revised Budget 2023

## Individuals



### Review of Resident Individuals Income Tax Rates

- The tax rate of resident individuals in each chargeable income band between RM35,001 to RM100,000 will be reduced by 2%; and
- The tax rate of resident individuals in the chargeable income band over RM100,000 to RM1,000,000 will be increased by between 0.5% to 2%.



### Expansion of Tax Relief on Life Insurance or Takaful Contributions

- Mandatory contribution to approved schemes or voluntary contribution to EPF (not including private retirement scheme) or contribution under any written law up to RM4,000.
- Tax relief on Life Insurance or Takaful Contributions will be expanded to include voluntary contributions to EPF up to RM3,000.
- These new measures will be applicable to civil servants under the pension scheme from YA2023.

### Expansion of Tax Relief on Medical Treatment Expenses

- The tax relief for medical treatment expenses for self, spouse and child will be increased from RM8,000 to RM10,000.
- The scope of income tax relief for medical treatment will be expanded to include the intervention expenditure for Autism, Attention Deficit Hyperactivity Disorder (ADHD), Global Developmental Delay (GDD), Intellectual Disability, Down Syndrome and Specific Learning Disabilities limited to RM4,000. These changes will be effective from YA2023.



### Extension of Tax Relief for Childcare Centres and Kindergarten Fees

- Tax relief for childcare centres and kindergarten fees up to RM3,000, will be extended for another year until YA 2024.
- This proposal was tabled previously and is now being re-tabled without any changes.



# Highlights of the Revised Budget 2023

## Individuals (cont.1)



### Review of Excise Duty and Sales Tax Exemptions on Sale or Transfer of Individually Owned Taxis and Hired Cars

Excise duty and sales tax exemptions for the sale or transfer of individually owned taxis will be expanded to include budget taxis, executive taxis, Teksi 1Malaysia (TEKS1M), airport taxis and hired cars. The age of vehicle is reduced from seven (7) years to five (5) years from the date of registration.



### Import Duty and Sales Tax Exemptions on Nicotine Replacement Therapy

Import duty and sales tax exemptions will be given on the purchase of nicotine gum and nicotine patch for applications received by the MOF from 1 April 2023 to 31 March 2026.

### Imposition of Luxury Goods Tax

Luxury goods tax will be imposed on certain types of luxury goods from Year 2023, subject to specific value limits based on their category.



### Expansion of Scope for Excise Duty on Electronic Cigarettes and Vape

The scope of excise duty will be expanded to include the imposition of excise duty on liquid or gel containing nicotine used for electronic cigarettes and vape.



### Stamp Duty Treatment for Transfer of Property by way of Love and Affection

The transfer of property by way of love affection between parents and children, grandparents and grandchildren will be fully exempted but limited to the first RM1 million of the property's value while the remaining balance of the property's value will be subject to ad valorem duty rate and given 50% remission on the stamp duty imposed for instruments executed from 1 April 2023.



# Highlights of the Revised Budget 2023

## Government Grants



### **Grants for Community Care Organisation**

Grants of RM20 million under the Community Care Organisation for the benefit of 2,000 residents' associations.



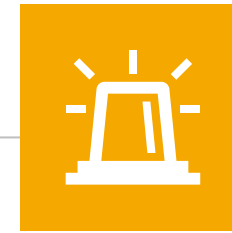
### **Operation Grants for National Scam Response Centre (NSRC)**

Operation grants of RM10 million to strengthen the role of NSRC.



### **Matching Grants for Agriculture Sector**

Matching grants of RM50 million to encourage automation in the agriculture sector through the use of robotics and artificial intelligence (AI).



### **Grants under PERKESO**

In an effort to encourage the re-entry of women into the workforce, PERKESO will amend the Employees' Social Security Act 1969 to provide a grant of up to 80% of the insured salary value of the employees.

# Highlights of the Revised Budget 2023

## Government Grants (cont.1)



### Matching Grants for Digitalisation of SMEs and Small Traders

Matching grants of RM100 million for supporting business automation and digitalisation activities. SMEs can apply for a maximum of RM5,000 grant for the subscription to digital business applications such as point-of-sales systems, accounting or inventory management systems.



### Matching Fund for Malaysia Coinvestment Fund (MyCIF)

Additional funding of RM40 million to be added into MyCIF for the support of alternative financing methods.



### Matching Grants for Sports Programs

Matching grants of RM50 million to encourage private sector sponsorship for sports programs, particularly sports based on unity, national-level competitions and sports reality programs.



### Sport Funding

Funding of RM324 million to improve training programs and sport facilities for the benefit of all athletes, including para-athletes.

# Highlights of the Revised Budget 2023

## Government Grants (cont.2)



### **Yayasan Kebajikan Atlet Kebangsaan (YAKED)**

Funding of RM5 million to preserve and protect the welfare of athletes.



### **Funding for Ministry of Higher Education**

Additional allocation RM50 million to intensify translational R&D that is beneficial to the resolution of community and industry issues.



### **Grants for MOSTI**

R&D grants of RM15 million for the development of a national vaccine.



# Highlights of the Revised Budget 2023

## Financing



### **Business Financing Guarantee for SMEs**

Syarikat Jaminan Pembiayaan Perniagaan (SJPP) will provide funding guarantees of RM40 billion on loans dedicated to SMEs.



### **Micro Financing for Small Businesses**

Funding will be provided to various small businesses as follows:

- BNM, BSN and TEKUN – RM300 million for woman and youth;
- BSN Micro Loan – RM1 billion for MSMEs and hawker;
- TEKUN – RM330 million including RM10 million to help underprivileged youth earn income through entrepreneurship such as motorcycle delivery service;
- The government also agreed to bear cost of driving tests for Class B2 motorcycle licences, taxi, bus and e-hailing licences.

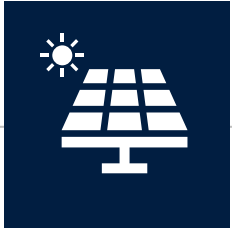


### **Funds available for Ecological Fiscal Transfer for Biodiversity Conservation (EFT)**

The allocation of the EFT to state governments will be raised to RM150 million per year, taking into account the establishment of new protected areas, including tiger habitats, and accelerating reforestation efforts in degraded areas.

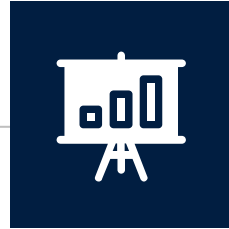
# Highlights of the Revised Budget 2023

## Financing (cont.1)



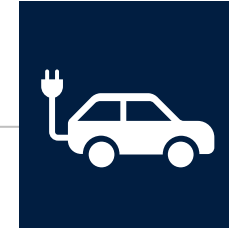
### Funds from BNM

Funding of RM2 billion under Green and High Technology Financing Fund and Low Carbon Transition Financing Fund will be made available to support innovative sustainable technology start-ups and help SMEs companies to implement low carbon practices.



### Funds from Khazanah Nasional Berhad

Funding of RM150 million will be allocated to accelerate the development of environmentally friendly projects including supporting carbon markets and reforestation.



### Green Technology Financing Scheme (GTFS)

GTFS will be enhanced by increasing the guarantee to RM3 billion by year 2025.

# Highlights of the Revised Budget 2023

## Financing (cont.2)



### Funds available for Tourism Operators

Funding of RM250 million will be made available to support tourism industry operators, including matching grant of RM115 million for industry collaboration.



### Funds available for JENDELA Project

Funding of RM725 million will be located to achieve digital connectivity in 47 industrial areas and 3,700 nearby schools.



### Funds for SMEs

Funding of RM1 billion under BNM will be made available for SMEs in automating their business processes and digitizing their operations.



### Fund available for Sustainable Development Goals (SDG)

Funding of RM30 million will be made available to support the efforts made by the United Nations Development Programme and Kumpulan Rentas Parti Parliament Malaysia to increase activities related to SDG. This includes RM10 million to drive community garden programs at the parliamentary level to support the food security agenda.

# Highlights of the Revised Budget 2023

## Financing (cont.3)



### Funds and tax benefits available for Food Security

Funding will be provided to the agro-food sector as follows:

- BNM – RM1 billion under the Agro-Food Financing Scheme to help agro-food entrepreneurs increase production capacity;
- MDEC – RM10 million to expand the Digital AgTech program to reach and train more small-scale farmers to adapt to technology;
- Introduction of ACA and 100% income tax exemption on capital expenditures to encourage the use of technology;
- Extension of tax incentive for food production projects to year 2025, with the incentive scope also expanded to include modern environmentally controlled agriculture project.



### Funds available for Agro-food projects

Funding of RM30 million will be made available to implement agro-food projects through collaboration with several state governments.

# Highlights of the Revised Budget 2023

## Other Key Initiatives



### Micro Credentials Skills Improvement Program for Gig Workers

- The government will support training fees up to RM4,000 for the program.
- SOCSO will provide an allowance of RM300 for three (3) months for gig workers who are active and undergoing a training program.



### Skim Keselamatan Social Pekerjaan Sendiri (SKSPS) under SOCSO

- The government is determined to improve the social security system by obliging all self-employed individual to contribute under SKSPS gradually.
- RM100 million will be allocated for the government to pay for 80% of the SOCSO contribution of self-employed individuals.



### IRBM's and RMCD's voluntary disclosure programmes

The IRBM and the RMCD will reintroduce the voluntary disclosure program and a 100% penalty waiver will be granted for voluntary disclosures made from 1 June 2023 until 31 May 2024.

# Highlights of the Revised Budget 2023

## Other Key Initiatives



### Government Procurement Act (GPA)

The Government is proposing for the presentation of GPA.



### Whistleblower Protection Act (WPA)

The Government is proposing to amend and present the WPA to effectively address corruption and misconduct.



### Pusat Ekonomi Digital (PEDi)

The Government will empower the role of PEDi to assist small business owners with ICT and e-commerce knowledge and ensure that there is at least one PEDi facility in each state constituency (1 DUN, 1 PEDi).



### Sumbangan Tunai Rahmah (STR)

Increase of STR to a maximum of RM3,100:

- RM2,500 - Households earning less than RM2,500/month, depending on the number of children.
- RM600 of food basket and food items voucher – For the poorest STR recipient households based on e-Kasih data.

# Highlights of the Revised Budget 2023

## Other Key Initiatives (cont.1)



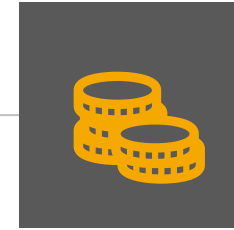
### E-Tunai Belia Rahmah

RM200 will be credited into the e-wallet for youths aged 18 to 20.



### Matching Contribution to EPF

Funding of RM30 million to be allocated to encourage more self-employed individuals to save in the EPF by increasing the value of the matching contribution to RM300.



### Contribution to EPF by RM500

The Government has agreed to contribute RM500 to EPF members aged between 40 and 54 with EPF savings of less than RM10,000 in their Account 1.



# Revised Budget 2023 Impact

Tax measures relating to **Businesses**



# Revised Budget 2023: Proposed Measures for **Businesses**

## 01

### Review of Income Tax Treatment for MSMEs

Present

A company or Limited Liability Partnership (LLP) that has a paid-up capital of RM2.5 million and below with an annual sales turnover not exceeding RM50 million per year is categorised as MSME and is subjected to income tax of 17% for the first RM600,000 of chargeable income. The remaining chargeable income is taxed at 24%.

Proposed

The tax rate on the first RM150,000 chargeable income will be reduced from 17% to 15%. The tax rate for the remaining taxable income will be maintained at 17% and 24% as follows:

Taxable Income	Tax Rate
<b>First RM150,000</b>	<b>15%</b>
RM150,001 – RM600,000	17%
RM600,001 and above	24%

Effective Date

From YA 2023.

Commentary

This proposal was tabled previously. Now, it is being re-tabled with a minor change.

The change is that previously the 15% tax rate would apply to the first RM100,000. Now it has been revised that the 15% tax rate will apply to the first RM150,000. This proposal aims to increase the competitiveness of MSMEs and promote economic growth. In addition, taxpayers may take advantage of the lower income tax bracket for MSMEs as compared to individuals by conducting their businesses using a company instead of an unincorporated enterprise.

# Revised Budget 2023: Proposed Measures for **Businesses**

## 02

### Tax Deduction for Rental of EVs

Companies renting non-commercial motor vehicles, including EVs, are given tax deduction under Section 39(1(k) of the MITA as follows:

Cost of motor vehicle	Maximum rental amount allowed for deduction RM
Not exceeding RM150,000	Limited up to RM100,000
Exceeding RM150,000	Limited to RM50,000

Present

Proposed

The maximum rental amount for EVs allowed for tax deduction is limited to RM300,000 per vehicle.

Effective Date

From YA 2023 to YA 2025.

Commentary

This proposal was tabled previously. Now, it is being re-tabled without changes.

This shows that the government is committed to achieving zero greenhouse gas emissions as early as 2050 by encouraging the use of electric vehicles in order to reduce carbon emissions in Malaysia.

# Revised Budget 2023: Proposed Measures for **Businesses**

## 03

### **Tax Deduction for Sponsorship of Smart Artificial Intelligence (AI)-Driven Reverse Vending Machine**

Present

Tax deductions under Section 34(6)(h) of the MITA can be given to any party/person who carries out community projects that provide significant benefits to the public in Malaysia related to the fields of education, health, housing, infrastructure, information and communication technology or maintenance of a building designated as a heritage site, projects to increase the income of the poor as well as environmental preservation/conservation projects.

Proposed

Tax deduction under Section 34(6)(h) of the MITA will be given to companies, individuals, partnerships, trusts and cooperatives with business income that make donations or sponsorships of AI-Driven Reverse Vending Machine (RVM).

Effective Date

For contributions/ sponsorships and applications received by MOF from 1 April 2023 until 31 December 2024.

Commentary

This proposal is in line with the Malaysia's Plastics Sustainability Roadmap 2021 to 2030 by encouraging the public to make donations/ sponsorship to the development of AI-driven RVM. The development of AI-Driven RVM can help to support the recycling of plastic waste as an economic resource and to ensure that the collected-for-recycling rate can be increased through a more effective and organised plastic waste collection programme.

## 04

### Review of ACA in Manufacturing, Services and Agriculture Sector

Manufacturing and services companies which incur qualifying capital expenditure on automation equipment are given the following tax incentives:

Category	Rates of incentives	Capital expenditure threshold	Incentive period	Additional requirement
<b>Category 1:</b> Manufacturing companies in labour intensive industries	100% ACA and 100% income tax exemption (ITE) equivalent to the ACA	Up to RM 4 million	YAs 2015 to 2023	The tax incentive is for applications received by MIDA until 31 Dec 2023.
<b>Category 2:</b> Manufacturing companies in other industries including service sector	100% ACA and 100% ITE equivalent to the ACA	Up to RM 2 million	Category 2: YAs 2015 to 2023 Services sector: YAs 2020 to 2023	

Present

## **04** | **Review of ACA in Manufacturing, Services and Agriculture Sector (cont.)**

### Proposed

It is proposed that the ACA for automation equipment be enhanced as follows:

- i. scope of automation to include the adaptation of Industry 4.0 elements;
- ii. scope of tax incentive is expanded to include agriculture sector; and
- iii. capital expenditure threshold for categories 1, 2 and agriculture sector be aligned and increased up to RM10 million.

### Effective Date

For applications received by MIDA and Ministry of Agriculture and Food Security (MAFS) from 1 January 2023 until 31 December 2027.

### Commentary

It is worthwhile for companies to understand that the ACA incentive, in terms of tax allowance, can be up to twice the cost of the investment in automation equipment. Nevertheless, when comparing the size of the investment required for ACA to the maximum amount of capital expenditure allowed, companies may find that the benefits from other mutually exclusive incentives outweigh those of ACA. Therefore, it is advisable for companies to prepare simple simulations to assess the amount of incentives they can claim, and select the optimal incentives that work best for their specific circumstances. Choosing the most suitable incentive can help companies reduce their tax costs.

## 05

### Tax Incentives for Manufacturers of EV Charging Equipment

#### Present

Malaysia is actively promoting electric mobility ecosystem in line with the National Automotive Policy 2020 and the Low Carbon Mobility Blueprint 2021 – 2030. Presently, there is no tax incentive given to manufacturers of EV charging equipment.

#### Proposed

With the purpose of further complementing the EV ecosystem and to attract immediate high-value investment in the manufacturing of EV charging equipment, the following proposed tax incentives will be given:

- i. 100% income tax exemption on statutory income from YA 2023 to YA 2032\*; or
- ii. Investment Tax Allowance of 100% for a period of five (5) years which can be set-off against up to 100% of the statutory income for each YA.

*\* Note: Companies that make early investments are eligible to enjoy tax exemption for a period up to ten (10) years. Meanwhile, companies that make investments after the year of assessment 2023 are eligible to enjoy the remaining exemption period only.*

#### Effective Date

For applications received by MIDA from 8 October 2022 until 31 December 2025.

#### Commentary

This proposal was tabled previously. Now, it is being re-tabled without changes.

This proposal would encourage more EV charging stations to be set up around the nation to promote popularisation of EV that will lead to lower carbon emissions and a cleaner environment.

## 06

### Review of Tax Incentives for Food Production Project

#### Present

Companies engaged in food production projects are given tax incentives as follows:

- i. Companies investing in a subsidiary company engaging in new food production project are given tax deduction equivalent to the amount of investment made in the basis year the investment is made; and
- ii. Companies engaging in food production project:
  - a. For new projects, tax incentive is given in the form of income tax exemption of 100% on statutory income for ten (10) YAs; or
  - b. For expansion project for existing companies, tax incentive is given in the form of income tax exemption of 100% on statutory income for five (5) YAs.

#### Proposed

To further promote the growth of the agriculture industry and ensure the security of domestic food supply, the tax incentives are reviewed as follows:

- i. The scope for tax incentive is expanded to include agricultural projects based on Controlled Environment Agriculture (CEA); and
- ii. Application period for the tax incentives to be extended for three (3) years.

#### Effective Date

For applications received by the Ministry of Agriculture and Food Security (MAFS) from 1 January 2023 to 31 December 2025.

#### Commentary

This proposal was tabled previously. Now, it is being re-tabled without changes.

This shows that the government is committed to ensuring the nation has security of domestic food supply by promoting the growth of the agriculture sector by encouraging participation of new industry players as well as encouraging existing industry players to further grow their agriculture businesses.

## 07

### Review of Tax Incentives for BioNexus Companies

Present

BioNexus status companies are given tax incentives as follows:

- i. Companies investing in a BioNexus status subsidiary company engaging in a new project is given tax deduction equivalent to the amount of investment made in the basis year the investment is made; and
- ii. Companies engaging in biotechnology activities and being approved with BioNexus status:
  - a. income tax exemption of 70% on statutory income commencing from the first statutory income for a period of five (5) or ten (10) years for new or existing business respectively (expansion project);
  - b. concessionary tax rate of 20% on income from qualifying activities for ten (10) years upon the expiry of the tax exemption period;
  - c. double tax deduction on research & development expenditure;
  - d. Industrial Building Allowance on building for biotechnology research activities; and
  - e. import duty exemption on raw materials/components and machinery/equipment.

Proposed

To attract more biotechnology industry players, the tax incentives are reviewed as follows:

- i. income tax exemption rate on statutory income of BioNexus status company be increased from 70% to 100%; and
- ii. Application period for the tax incentives to be extended for two (2) years.



## 07

### Review of Tax Incentives for BioNexus Companies (cont.)

#### Effective Date

For applications received by the Malaysian Bioeconomy Development Corporation (MBDC) from 1 January 2023 to 31 December 2024.

#### Commentary

This proposal was tabled previously. Now, it is being re-tabled without changes.

This shows that the government is looking at promoting the growth of the biotechnology industry in Malaysia by encouraging participation of new biotechnology industry players.

## 08

### Tax Incentives for Carbon Capture and Storage

Present

Under the National Energy Policy 2022 - 2040, Malaysia envisages to achieve Low Carbon Nation Aspiration by the year 2040. In line with this target, the Government has identified an initiative to control the emission of carbon dioxide (CO<sub>2</sub>) using CCS. The oil and gas and power generation industries are identified as pioneer industries which use CCS technology in Malaysia. This technology comprise three (3) activities as follows:

- i. Carbon capture;
- ii. Transportation of captured CO<sub>2</sub>; and
- iii. Underground or seabed carbon storage.

Proposed

To recognise CCS activities as a new source of economic growth and in achieving net zero greenhouse gas emissions, it is proposed that tax incentives be given as follows:

- i. Companies undertaking CCS in-house activity
  - a) Investment Tax Allowance (ITA) of 100% of qualifying capital expenditure for a period of ten (10) years which can be set-off against up to 100% of business statutory income;
  - b) Full import duty and sales tax exemption on equipment used for CCS technology commencing from 1 January 2023 until 31 December 2027; and
  - c) Tax deduction for allowable pre-commencement expenses incurred within five (5) years from the date of commencement of operations.
- ii. Companies undertaking CCS services
  - a) ITA of 100% of qualifying capital expenditure for a period of ten (10) years which can be set-off against up to 100% of statutory income; or
  - b) Tax exemption of 70% on statutory income for a period of ten (10) years; and
  - c) Full import duty and sales tax exemption on equipment used for CCS technology from 1 January 2023 to 31 December 2027.
- iii. Companies using CCS services be given tax deduction on fees incurred for use of services.

## 08

### Tax Incentives for Carbon Capture and Storage (cont.)

#### Effective Date

- i. For applications received by the MOF from 25 February 2023 until 31 December 2027.
- ii. Tax deduction can be claimed through the Income Tax Return Form from the YA 2023 until YA 2027.

#### Commentary

This proposal was tabled previously. Now, it is being re-tabled with slight changes.

The changes are on the start date for applications received by the Ministry of Finance from 1 January 2023 to 25 February 2023. The introduction of this tax incentive is part of the Government's green initiative. As a result, taxpayers who use CCS technology will be better prepared for the implementation of carbon taxes in Malaysia in the future.

## 09

### Introduction of Capital Gains Tax for Disposal of Unlisted Shares by Companies

#### Present

Presently, Malaysia has not implemented any capital gains tax for disposal of unlisted shares by companies.

#### Proposed

The government will study the introduction of a capital gains tax for the disposal of unlisted shares by companies at a low tax rate.

#### Effective Date

From YA 2024 onwards.

#### Commentary

Further details on the introduction of a capital gains tax for the disposal of shares have not been made available. However, if this proposal is implemented, it may have a potential negative impact on investors planning to invest in unlisted shares due to a higher tax burden. Therefore, the government will need to carefully consider the potential implications of this proposal before implementing it, to ensure that it achieves its intended goals while minimising any potential negative impacts.

## 10

### IRBM's and RMCD's Voluntary Disclosure Programme

#### Direct taxes - IRBM

Previously, the government implemented a voluntary disclosure programme which ran from 3 November 2018 to 30 June 2019. Subsequently, it was extended to 30 September 2019. The voluntary disclosure programme was aimed at encouraging taxpayers to voluntarily disclose any unreported income for Malaysian tax purposes to the IRBM. These unreported income could be kept in onshore accounts and/or offshore accounts. Taxpayers who disclosed any unreported income under the voluntary programme would receive concessionary penalty rates listed below:

Period of disclosure	Penalty rates
3 November 2018 to 30 June 2019	10% of tax payable
1 July 2019 to 30 September 2019	15% of tax payable

#### Indirect taxes - RMCD

The government implemented a voluntary disclosure programme for nine (9) months commencing from 1 January 2022 to 30 September 2022. The voluntary disclosure programme would cover most of the indirect taxes namely, Import Duty, Export Duty, Excise Duty, Sales Tax, Service Tax, Goods and Services Tax, Tourism Tax, Windfall Profit Levy, and Departure Levy. The voluntary disclosure programme would apply to any indirect taxes relating to the period on or before 31 October 2021. Taxpayers who disclosed any underpayment of indirect taxes during the voluntary disclosure programme would enjoy the remission of penalty and indirect tax listed below:

Description	Phase 1	Phase 2
Period of voluntary disclosure programme	1 January 2022 to 30 June 2022	1 July 2022 to 30 September 2022
Remission of penalty	100%	50%
Remission of indirect tax	Up to 30%	Up to 15%

Present

## 10

### IRBM's and RMCD's Voluntary Disclosure Programme (cont.)

#### Proposed

The IRBM and the RMCD will reintroduce the voluntary disclosure program and a 100% penalty waiver will be granted to taxpayers who participate in the voluntary disclosure programme.

#### Effective Date

From 1 June 2023 to 31 May 2024.

#### Commentary

While further details on the reintroduction of the voluntary disclosure program have not been made available, based on past experience, the IRBM and RMCD may accept all voluntarily disclosed information in good faith. Therefore, taxpayers may not face further reviews (such as tax or customs audits) on the reported information for a particular period. If the upcoming voluntary disclosure program offers such benefits to taxpayers, the government could potentially significantly increase their tax revenue. For context, between November 2018 and September 2019, the government collected RM7.88 billion in direct taxes through the voluntary disclosure program.

## 11

### Tax Incentive for Relocation of Electrical & Electronic Sector Investors to Malaysia

#### Present

Currently, a preferential tax rate of 15% for a period of five (5) years is provided to foreign individuals employed in the C-Suite level or key positions in the E&E sector companies which relocate their overseas operations into Malaysia.

#### Proposed

The existing preferential tax rate of 15% for eligible foreign individuals employed in the E&E sector companies will be extended until 2024.

#### Effective Date

To be extended until 2024.

#### Commentary

This proposal was tabled previously. Now, it is being re-tabled without changes.

Recognising the opportunity arising from current geopolitical uncertainty and disruptions to the global supply chain, the government has taken the initiative to provide incentives that encourage affected E&E sector companies to relocate their operations to Malaysia.

With more E&E sector companies in Malaysia, the supply of electrical and electronic components will increase, thereby helping to alleviate the current shortage of such components that is significantly impacting the manufacturing industry in Malaysia and overseas.

## 12

### Tax Incentives for Chicken Rearing in Closed-House System

Present

Chicken and duck rearers who shifted from an opened house system to closed house system were eligible for Reinvestment Allowance (RA) for a period of fifteen (15) consecutive years in the Budget 2003. This incentive was subsequently extended to cover expansion projects starting from YA 2009. This RA was given until YA 2010.

Proposed

To promote the adoption of environmentally-friendly closed house systems among chicken rearers and increase productivity, the government of Malaysia has proposed to provide tax incentives as follows:

- i. ACA 100% on the qualifying capital expenditure; and
- ii. Income tax exemption of 100% equivalent to the qualifying capital expenditure.

These qualifying capital expenditures are to be fully absorbed within a year.

Effective Date

From YA 2023 to YA 2025.

Commentary

This proposal was tabled previously. Now, it is being re-tabled without changes.

The main purpose of the Malaysian government in providing incentives for chicken rearers in closed-house systems is to encourage environmental conservation and promote the adoption of modern and sustainable farming practices. This, in turn, can help increase productivity and economic growth in the poultry industry.



## 13

### Extension of Tax Incentive for Aerospace Industry

Present

Tax incentives are given to new and existing aerospace companies in Malaysia undertaking high-value activities such as manufacturing or assembly of systems, devices, parts or components and maintenance, repair and overhaul for aircraft (MRO), systems, devices, parts or components and related engineering & design/services as follows:

- i. For new company:
  - a) Income tax exemption of 70% to 100% for a period between five (5) to ten (10) years; or
  - b) Investment Tax Allowance of 60% to 100% for a period of five (5) years and can be set-off against 70% to 100% of statutory income for each YA.
- ii. For existing company:  
Investment Tax Allowance of 60% for a period of five (5) years and can be set-off against 70% of statutory income for each YA.

Proposed

Tax incentive to be extended for a period of three (3) years.

Effective Date

For applications received by MIDA from 1 January 2023 until 31 December 2025.

Commentary

This proposal was tabled previously. Now, it is being re-tabled without changes.

The Malaysian government has decided to continue promoting tax incentives for the aerospace sector, recognising its potential for high-tech job creation and economic development. These incentives are expected to further enhance the competitiveness of the Malaysian aerospace industry by encouraging local businesses to expand and by attracting more investments to the country. This proposal aligns with the 12th Malaysia Plan to position Malaysia as a key player in the global aerospace industry.

## 14

### Tax Deduction on Issuance Cost of SRI-linked Sukuk

Present

Currently, there is no tax deduction for the issuance cost of SRI-linked Sukuk. However, there is a tax deduction for the expenditure incurred on the issuance or offering of SRI sukuk approved by or authorised by, or lodged with, the SC. The tax deduction is applicable to SRI Sukuk in which ninety percent (90%) of the proceeds raised from the issuance or offering of the SRI Sukuk is used solely for the purpose of funding SRI projects as specified in the guidelines by the SC.

Proposed

Tax deduction will be given on the issuance cost incurred by the issuer of SRI-linked Sukuk which is approved or authorised by, or lodged with, the SC, for a period of five (5) years.

Effective Date

From YA 2023 to YA 2027.

Commentary

This proposal was tabled previously. Now, it is being re-tabled without changes.

This proposal will facilitate fundraising by companies in addressing sustainability concerns with features that relate to the issuer's sustainability performance commitments. This initiative will promote Environmental, Social and Governance awareness among companies in accordance with the Government's sustainability goal of Net Zero carbon emission target by 2050.

## 15

### **Special Tax Deduction for Expenditure Incurred by Hotels on Malaysian-Made Handicrafts**

Present

Tax treatment on the first purchase of qualifying asset is given capital allowance under Schedule 3 of the MITA, while subsequent purchase for replacement of the asset valued less than RM2,000 is given tax deduction under Section 33 of the MITA.

Proposed

A special tax deduction of up to RM150,000 on the purchase of qualified Malaysian-made handicraft from local handicraft entrepreneurs registered with the Perbadanan Kemajuan Kraftangan Malaysia.

This special deduction does not apply to the expenditure that has been claimed under Section 33 or Schedule 3 of the MITA.

Effective Date

Qualifying handicraft products incurred from 1 January 2023 until 31 December 2025.

Commentary

This proposal was tabled previously. Now, it is being re-tabled with changes.

This proposal aims to encourage hoteliers to use Malaysian-made handicraft products to support the recovery of the local handicraft industry.

## 16

### Extension of Tax Incentives for Ship Building and Ship Repairing (SBSR) Industry

Present

Companies undertaking SBSR activities in Malaysia are eligible for the following tax incentives:

*i. New Company*

- a. Pioneer Status with income tax exemption of 70% of statutory income for a period of five (5) years; or
- b. Investment Tax Allowance of 60% on qualifying capital expenditure incurred within five (5) years and can be set-off against up to 70% of the statutory income for each YA.

*ii. Existing Company*

Investment Tax Allowance of 60% on qualifying capital expenditure incurred within five (5) years and can be set-off against up to 70% of the statutory income for each YA.

The tax incentive is granted for applications received by the MIDA from 1 January 2020 until 31 December 2022.

Proposed

The tax incentive is to be extended for a period of five (5) years.

Effective Date

For applications received by MIDA from 1 January 2023 to 31 December 2027.

Commentary

This proposal was tabled previously. Now, it is being re-tabled with changes.

This proposal aims to position Malaysia as a regional hub for SBSR activities and to attract foreign investments in this sector.

## 17

### Review of Tax Deduction on Cost of Listing in Bursa Malaysia

#### Present

In Budget 2020, tax deduction of up to RM1.5 million for YAs 2020 to 2022 is given on expenses incurred by technology-based companies for listing in Access, Certainty, Efficiency (ACE) Market and by MSME in the Leading Entrepreneur Accelerator Platform (LEAP) Market on the following expenses:

- i. fees to authorities;
- ii. professional fees; and
- iii. underwriting, placement and brokerage fees.

#### Proposed

It is proposed the treatment be reviewed as follows:

- i. the existing tax deduction of up to RM1.5 million on the cost of listing on the ACE and LEAP Markets is extended for a period of three (3) years; and
- ii. this tax deduction is also expanded to include the cost of listing technology-based companies on Bursa Main Market.

#### Effective Date

From YAs 2023 to 2025.

#### Commentary

This proposal will further encourage more technology-based companies and MSME to expand their businesses by raising capital through listings on the Bursa Malaysia.

## 18

### Stamp Duty Treatment for Education Loan and Scholarship Agreements

#### Present

Currently, a fixed duty of RM10 is imposed on educational loan and scholarship agreements to pursue education at tertiary level (diploma and above) at higher learning institutions while for other levels, stamp duty is charged at ad valorem rate.

#### Proposed

The fixed duty of RM10 on educational loan and scholarship agreements will be expanded to include education at all levels including certificate (education/skills/professional) in any educational and training institutions.

#### Effective Date

For educational loan/scholarship agreements executed from 1 June 2023.

#### Commentary

This proposal will streamline the stamp duty treatment on educational loan and scholarship agreements for all levels of education.



# Revised Budget 2023 Impact

Tax measures relating to **Individuals**

## 01

### Review of Resident Individual Income Tax Rates

Effective from YA 2021, the income tax structure for resident taxpayers is based on the progressive rates ranging from 0% to 30% on chargeable income as tabulated below:-

Chargeable Income (RM)	Current Tax Rates (%)
0 - 5,000	0
5,001 - 20,000	1
20,001 - 35,000	3
35,001 - 50,000	8
50,001 - 70,000	13
70,001 - 100,000	21
100,001 - 250,000	24
250,001 - 400,000	24.5
400,001 - 600,000	25
600,001 - 1,000,000	26
1,000,001 - 2,000,000	28
2,000,001 and above	30

Present



## 01

### Review of Resident Individual Income Tax Rates (cont.)

It is proposed that the resident individual income tax rate be reduced by 2 percentage points for each taxable income range between **RM35,001** to **RM100,000**.

To make the individual tax structure more progressive, it is proposed that the income tax rate for resident individuals in the taxable income range be revised as follows:

Chargeable income (RM)	Percentage points (%)	New tax rate (%)
100,001 to 250,000	Increased by 1	25
250,001 to 400,000	Increased by 0.5	
400,001 to 600,000	Increased by 1	26
600,001 to 1 Million	Increased by 2	28

Proposed

# Revised Budget 2023: Proposed Measures for **Individuals**

## 01

### Review of Resident Individual Income Tax Rates (cont.)

The savings and increase in income tax for individuals resulting from the changes of tax rates are as follows:

Chargeable Income (RM)	Current		Proposed		(Tax Savings)/ Additional	
	Tax Rate (%)	Tax Payable (RM)	Tax Rate (%)	Tax Payable (RM)	(RM)	(%)
0 - 5,000	0	-	-	-	0	0
5,001 - 20,000	1	150	1	150	0	0
20,001 - 35,000	3	600	3	600	0	0
<b>35,001 - 50,000</b>	<b>8</b>	<b>1,800</b>	<b>6</b>	<b>1,500</b>	<b>(300)</b>	<b>(16.7)</b>
<b>50,001 - 70,000</b>	<b>13</b>	<b>4,400</b>	<b>11</b>	<b>3,700</b>	<b>(700)</b>	<b>(15.9)</b>
<b>70,001 - 100,000</b>	<b>21</b>	<b>10,700</b>	<b>19</b>	<b>9,400</b>	<b>(1,300)</b>	<b>(12.1)</b>
<b>100,001 - 250,000</b>	<b>24</b>	<b>46,700</b>	<b>25</b>	<b>46,900</b>	<b>200</b>	<b>0.4</b>
<b>250,001 - 400,000</b>	<b>24.5</b>	<b>83,450</b>	<b>25</b>	<b>84,400</b>	<b>950</b>	<b>1.1</b>
<b>400,001 - 600,000</b>	<b>25</b>	<b>133,450</b>	<b>26</b>	<b>136,400</b>	<b>2,950</b>	<b>2.2</b>
<b>600,001 - 1,000,000</b>	<b>26</b>	<b>237,450</b>	<b>28</b>	<b>248,400</b>	<b>10,950</b>	<b>4.6</b>
1,000,001 - 2,000,000	28	517,450	28	528,400	10,950	2.1
2,000,001 and above	30		30			

Proposed

## 01

### Review of Resident Individual Income Tax Rates (cont.)

#### Effective Date

From YA 2023.

#### Commentary

This proposal was tabled previously. Now, it is being re-tabled with changes.

The proposal suggests reducing individual income tax rates by 2% for individuals earning between RM35,001 to RM100,000, benefiting around 2.4 million low-to-middle income individuals. However, to maintain a progressive income tax structure, the government has proposed increasing tax rates for individuals earning between RM100,001 to RM400,000 by 0.5% to 2%. Individuals can reduce their chargeable income by maximising approved donations, tax reliefs, and rebates granted by the government. Tax planning is crucial, and individuals should seek advice from tax experts to identify tax-saving opportunities while complying with tax laws and regulations.

## 02

### Review of Income Tax Relief for Medical Treatment Expenses

#### Present

Currently, income tax relief is given on medical treatment expenses of up to RM8,000 as follows:-

- i. Serious illness for taxpayer, spouse or child;
- ii. Fertility treatment for taxpayer or spouse;
- iii. Vaccination for taxpayer, spouse or child limited to RM1,000; and
- iv. Full medical checkup including mental health checkup or consultation, COVID-19 detection test inclusive of the purchase of self-test kit for taxpayer, spouse or child limited to RM1,000.

#### Proposed

It is proposed that the scope of income tax relief for medical treatment expenses be expanded to include the intervention expenditure for Autism, Attention Deficit Hyperactivity Disorder (ADHD), Global Developmental Delay (GDD), Intellectual Disability, Down Syndrome and Specific Learning Disabilities limited to RM4,000 as shown below:

- i. Diagnostic assessment certified by a medical practitioner registered with the Malaysian Medical Council (MMC);
- ii. Early intervention and rehabilitation programmes conducted by health profession practitioners registered under the Allied Health Profession Act 2016.

With the expansion of this scope, it is proposed that the amount of tax relief for medical treatment expenditure be increased from RM8,000 to RM10,000.

## 02

### Review of Income Tax Relief for Medical Treatment Expenses (cont.)

#### Effective Date

From YA 2023.

#### Commentary

This proposal was tabled previously. Now, it is being re-tabled with changes.

This proposal intends to incentivise and assist parents or guardians of children with disabilities to seek early intervention for their children, which can improve their overall development and well-being. The proposed tax relief would reduce the financial burden on parents and guardians, thereby making early intervention services more affordable and accessible.

## **03** Stamp Duty Treatment for Transfer of Property by Way of Love and Affection

Present

Full stamp duty exemption is given on instruments for transfer of real property between husband and wife whereas a remission of 50% stamp duty is given on the instrument for transfer of real property between parents and children of Malaysian citizenship. Gifts between grandparents and grandchildren are not exempted from stamp duty.

Proposed

It is proposed that the instruments of transfer of real property by way of love and affection between parents and children, grandparents and grandchildren be fully exempted but limited to the first RM1 million of the property's value while the remaining balance of the property's value will be subject to ad valorem duty rate and given 50% remission on the stamp duty imposed on the condition that the recipient of the property is a Malaysian citizen.

Effective Date

From 1 April 2023.

Commentary

This proposal was tabled previously. Now, it is being re-tabled with a slight change.

The change is with regards to the effective date. With this proposal, the cost of stamp duty for the transfer of property by way of love and affection between parents and children, grandparents and grandchildren will be reduced. In addition, the treatment of stamp duty for the transfer of real property by way of love and affection will be streamlined.

## 04

### Imposition of Luxury Goods Tax

Present

Currently, no luxury goods tax is imposed in Malaysia.

Proposed

It is proposed that luxury goods tax be imposed on certain types of luxury goods from the year 2023, subject to specific value limits based on their category. Examples of goods subject to luxury goods tax in Malaysia include luxury watches, luxury fashion items, etc.

Effective Date

Year 2023.

Commentary

The Malaysian government's decision to impose a luxury goods tax aims to generate revenue and promote social responsibility by discouraging excessive consumption. However, it is currently unclear whether this tax will be implemented as a separate tax in addition to the existing sales tax and service tax, or as a new type of indirect tax altogether.

# Conclusion

The measures in the revised Budget 2023 are welcomed as they aim to restore confidence in the Malaysian economy and promote economic growth, with a focus on sustainability, institutional reform, and social justice. While the budget offers support for businesses, the introduction of new taxes and proposed structural changes to the tax system may create a challenging compliance environment in the future.



Further details on the tax changes are expected to be introduced, so clients are encouraged to keep this resource on hand and regularly review their business' financial and tax positions. Proper and timely planning is necessary to navigate economic challenges and maintain a competitive edge.





Revised 2023 Budget:

# New Government, New Plans

9 March 2023 | 9AM to 1PM | Virtual Event via Zoom

Join us for an exclusive webinar where we will break down the key highlights of the budget and provide insights on how to navigate the changes. Register now and take the first step towards a more informed and financially secure future.



Scan QR Code to learn more

For more information, please contact:

Carol Victor

+6016 202 7470

[carol.victor@crowe.my](mailto:carol.victor@crowe.my)

<https://croweevents.wasap.my>



## Contact us

Crowe Malaysia  
Level 16, Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Malaysia

Tel. +603 2788 9898



Start the  
conversation  
with us

### Corporate Tax Compliance

Foo Meng Huei  
Executive Director  
[menghuei.foo@crowe.my](mailto:menghuei.foo@crowe.my)  
+603 2788 9898 Ext 12501

Dr. Voon Yuen Hoong  
Executive Director  
[yuenhoong.voon@crowe.my](mailto:yuenhoong.voon@crowe.my)  
+603 2788 9898 Ext 12522

Wong Man Yee  
Executive Director  
[manyee.wong@crowe.my](mailto:manyee.wong@crowe.my)  
+603 2788 9898 Ext 12519

Liza Ooi Yap Lin  
Director  
[liza.ooi@crowe.my](mailto:liza.ooi@crowe.my)  
+603 2788 9898 Ext 12557

### Tax Advisory

Chong Mun Yew  
Executive Director  
[munyew.chong@crowe.my](mailto:munyew.chong@crowe.my)  
+603 2788 9898 Ext 12523

### Indirect Tax

Fam Fui Chien  
Manager  
[fuichien.fam@crowe.my](mailto:fuichien.fam@crowe.my)  
+603 2788 9898 Ext 12504

Norhayati Ruslan  
Manager  
[norhayati.ruslan@crowe.my](mailto:norhayati.ruslan@crowe.my)  
+603 2788 9898 Ext 12597

### Transfer Pricing

Song Sylvia  
Executive Director  
[sylvia.song@crowe.my](mailto:sylvia.song@crowe.my)  
+6016 2191573  
+603 2788 9898 Ext 12514

### Global Mobility Services

Shalina Binti Jaafar  
Executive Director  
[shalina.jaafar@crowe.my](mailto:shalina.jaafar@crowe.my)  
+603 2788 9898 Ext 12505

### Business Outsourcing

Esther Chan  
Senior Manager  
[esther.chan@crowe.my](mailto:esther.chan@crowe.my)  
+603 2788 9898 Ext 12546



## Our offices (West Malaysia)

### **Kuala Lumpur**

Level 16, Tower C,  
Megan Avenue II,  
12 Jalan Yap Kwan Seng,  
50450 Kuala Lumpur,  
Malaysia

+603 2788 9898 Main  
+603 2788 9899 Fax

### **Klang**

Suite 50-3, Setia Avenue,  
No. 2, Jalan Setia Prima  
SU13/S,  
Setia Alam, Seksyen U13,  
40170 Shah Alam,  
Selangor, Malaysia

+603 3343 0730 Main  
+603 3344 3036 Fax

### **Ipoh**

A-2-16, 2nd Floor, Wisma MFCB  
1, Persiaran Greentown 2  
Greentown Business Centre  
30450 Ipoh, Perak Darul Ridzuan  
Malaysia

+605 237 8800 Main

### **Penang**

Level 6, Wisma Penang Garden,  
42 Jalan Sultan Ahmad Shah,  
10050 Penang, Malaysia

+604 227 7061 Main  
+604 227 8011 Fax

### **Melaka**

52 Jalan Kota Laksamana 2/15,  
Taman Kota Laksamana, Seksyen 2,  
75200 Melaka, Malaysia

+606 282 5995 Main  
+606 283 6449 Fax

### **Johor Bahru**

E-2-3 Pusat Komersial Bayu Tasek,  
Persiaran Southkey 1,  
Kota Southkey,  
80150 Johor Bahru,  
Johor, Malaysia

+607 288 6627 Main  
+607 338 4627 Fax

### **Muar**

8, Jalan Pesta 1/1,  
Taman Tun Dr. Ismail 1,  
Jalan Bakri, 84000 Muar,  
Johor, Malaysia

+606 952 4328 Main  
+606 952 7328 Fax



## Our offices (East Malaysia)

### **Kuching**

2nd Floor, C378, Block C,  
iCom Square,  
Jalan Pending,  
93450 Kuching,  
Sarawak, Malaysia

+6082 552 688 Main  
+6082 266 987 Fax

### **Miri**

Lot 2395, Block 4,  
Bulatan Business Park,  
Jalan Bulatan Park, 98000 Miri,  
Sarawak, Malaysia

+6085 658 835 Main  
+6085 655 001 Fax

### **Bintulu**

1st floor, Lot 4542-4543,  
Jalan Abang Galau Shophouse,  
Kampung Masjid, 97000 Bintulu,  
Sarawak, Malaysia

+6086 333 328 Main  
+6086 334 802 Fax

### **Sibu**

1st & 2nd Floor, No. 1 Lorong  
Pahlawan 7A2, Jalan Pahlawan,  
96000 Sibu, Sarawak, Malaysia

+6084 211 777 Main  
+6084 216 622 Fax

### **Kota Kinabalu**

Damai Plaza 3, 3rd Floor, C11, Jalan  
Damai 88300, P.O. Box 11003,  
88811 Kota Kinabalu, Sabah, Malaysia

+6088 233 733 Main  
+6088 238 955 Fax

### **Labuan**

Lot 36, Block D, Lazenda Centre,  
Jalan OKK Abdullah, P.O. Box  
81599, 87025, Labuan, Malaysia

+6087 417 128 Main  
+6087 417 129 Fax



## Contact us

Crowe Malaysia  
Level 16, Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Malaysia

Tel. +603 2788 9999

[www.crowe.my](http://www.crowe.my)

## About Crowe Malaysia PLT

Crowe Malaysia PLT is the 5th largest accounting firm in Malaysia and an independent member of Crowe Global. The firm in Malaysia has 13 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

Crowe Global is one of the top 10 accounting networks with over 200 independent accounting and advisory firms in more than 145 countries. For almost 100 years, Crowe has made smart decisions for multinational clients working across borders. Our leaders work with governments, regulatory bodies and industry groups to shape the future of the profession worldwide. Their exceptional knowledge of business, local laws and customs provide lasting value to clients undertaking international projects.

This communication is prepared and issued by Crowe Malaysia PLT, it is meant for general information purposes only and it is not intended to be professional advice. Recipients should not act upon this communication and please consult qualified advisors for professional advice and services. Crowe Malaysia PLT or any of Crowe's entities will not be responsible for any loss or consequences of anyone acting in reliance on this communication or for decisions made based on this communication.

Crowe Malaysia PLT is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe is a separate and independent legal entity. Crowe Malaysia PLT and its affiliates are not responsible or liable for any acts or omissions of Crowe or any other member of Crowe and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe or any other Crowe member.

© 2023 Crowe Malaysia PLT