



## CHANGES TO INCOME TAX RATE

### Personal

- **13% to 11%** for the chargeable income band of RM50,001 and RM70,000;
- **21% to 19%** for the chargeable income band of RM70,001 to RM100,000.
- **24.5% to 25%** for the chargeable income band of RM250,001 to RM400,000.

### Micro SMEs

- **17% to 15%** for the first RM100,000 of chargeable income



## BEPS 2.0: PILLAR TWO

- Proposed implementation of the global minimum effective tax rate of 15% by 2024
- Proposed introduction of a Qualified Domestic Minimum Top Up Tax (QDMTT) i.e., top-up tax due to the difference between the minimum rate and effective tax rate
- May apply to multinational enterprises with an annual global turnover of at least EUR750 million (approx. RM3.5 billion)



## STAMP DUTY

- RM10 stamp duty on transfer of real property between family members by way of love and affection
- Increase in stamp duty exemption from 50% to 75% for instrument of transfer and loan agreements for purchase of first residential homes priced between RM500,000 to RM1 million until 31 December 2023
- Extension of stamp duty exemption on loan / financing restructuring or rescheduling instruments executed from 1 January 2023 until 31 December 2024



## E-INVOICING AND TIN

- From 2023, the Inland Revenue Board will introduce e-Invoicing in stages through pilot projects with selected taxpayers
- Malaysian individuals and permanent residents who are 18 years and above will be automatically given a Tax Identification Number (TIN)
- The use of TIN is mandatory for stamping of all documents and instruments

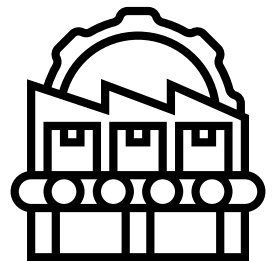
# Budget 2023: Tax Highlights

11 October 2022

## MANUFACTURING AND SERVICES SECTOR

### ■ Accelerated Capital Allowance for Automation Equipment

- Scope of automation to include the adaptation of Industry 4.0 elements and agriculture sector
- Capital expenditure increased up to RM10 million:  
Category 1: Labour-intensive industry (rubber, plastic, wood and textile products)  
Category 2: Industries other than Category 1 including the services sector



## CAPITAL MARKETS



- Tax Deduction on listing cost for technology-based company on Bursa Malaysia up to RM1.5 million
  - Tax deduction in ACE and LEAP markets extended to YA 2025
  - This tax deduction is extended to Bursa Malaysia Main Market

## CAPITAL ALLOWANCE

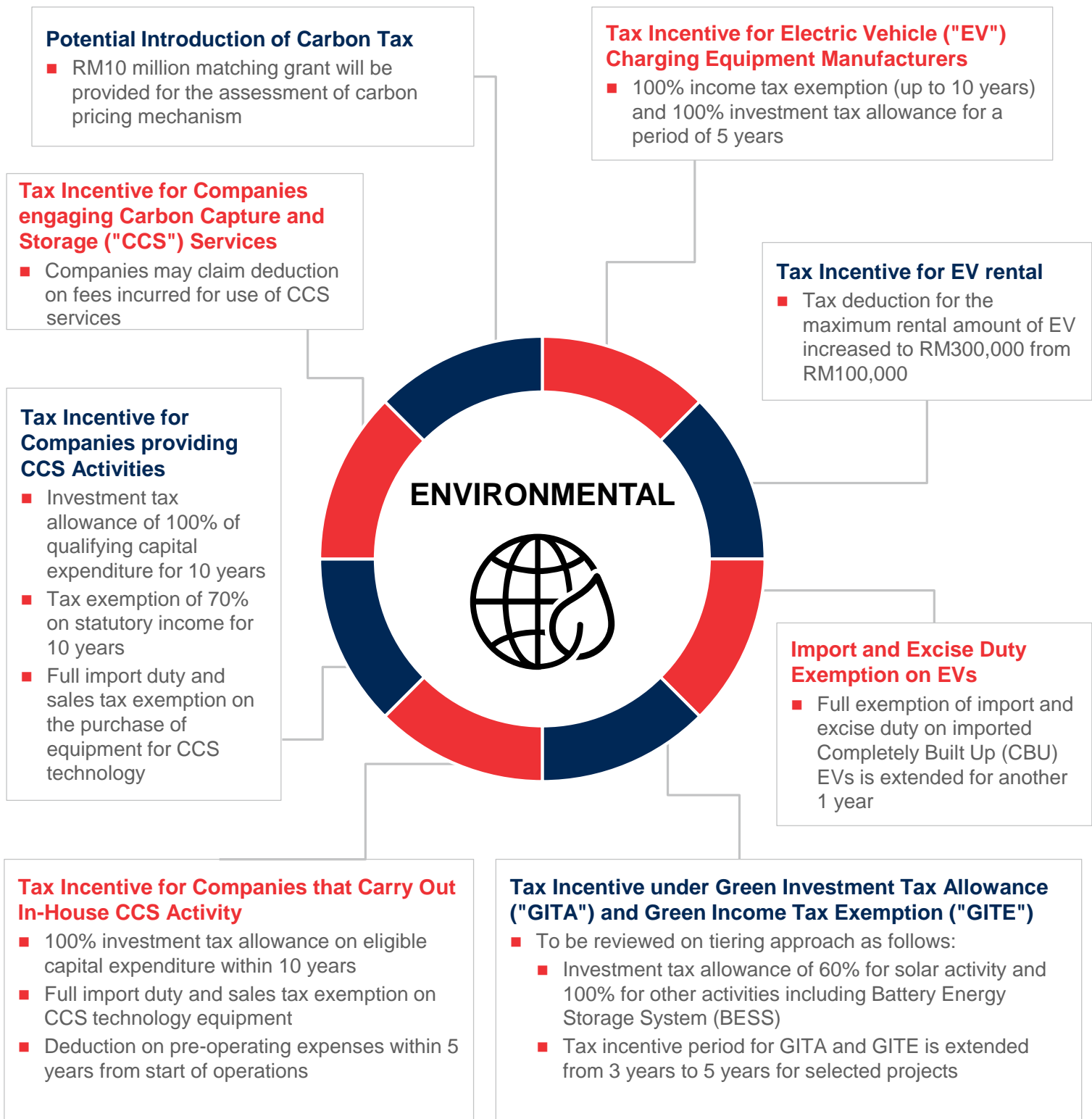
- Widening of definition of "plant" for capital allowance purposes to include intangible assets such as software



*These key tax highlights are extracted from the Supply Bill 2023 tabled in Parliament on 7 October 2022, which have yet to be passed into law at the time of publication. Given Parliament's dissolution on 10 October 2022, these tax proposals may be subject to change after the general elections.*

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## Extension and Expansion of Key Incentives

### Tax Incentive for Principal Hub 3.0

- 0%, 5% or 10% concessional income tax rate extended for 3 years

### Tax Incentive for Global Trading Centre

- 10% concessional income tax rate is extended for 3 years

### Tax Incentive for Pharmaceutical Companies

- 0% to 10% concessional income tax rate (first 10 years) and 10% concessional income tax rate (subsequent 10 years)
- Extended for 3 years

### Tax Incentive for Intellectual Property Development

- 100% income tax exemption for companies which undertake R&D for promoted products and develop IP in Malaysia
- Extended for 3 years

### Tax Incentive for Medical Tourism

- 100% investment tax allowance of qualifying capital expenditure for a period of 5 years, to be set off against up to 100% of statutory income
- Extended for 3 years

### Tax Incentive for Bionexus Status Companies

- Income tax exemption on statutory income to be increased from 70% to 100%
- Extended for 2 years

### Tax Incentive for Angel Investors

- Income tax exemption equivalent to the amount of investment made by an angel investor
- Extended for 2 years

### Tax Incentive for Hotel and Selected Tourism Projects

- 1 to 5 star hotels registered with the Ministry of Tourism, Art and Culture and selected tourism projects will be given reinvestment allowance at 60% on qualifying capital expenditure (for 5 years)

### Tax Incentive for Tour Operators

- 100% tax exemption of statutory income for tour operators (with tourism packages at least 400 local tourists or 200 inbound tourists per year) for YA 2023

### Tax Incentive for Electrical and Electronics ("E&E") Companies Relocating Operations to Malaysia

- 0% income tax rate for manufacturing companies and 15% tax rate on individuals in C-suite positions is extended to 2024 for E&E sector



**Adeline Wong**  
Partner  
adeline.wong  
@wongpartners.com



**Yvonne Beh**  
Partner  
yvonne.beh  
@wongpartners.com



**Jeff Sum**  
Associate  
jeff.sum  
@wongpartners.com



**Yeo Mei**  
Legal Assistant  
mei.yeo  
@wongpartners.com