



## INCOME TAX

### Personal income tax rates (effective YA 2023)

Chargeable Income (RM)	Current Tax Rate	Proposed Tax Rate
35,001 – 50,000	8	6
50,001 – 70,000	13	11
70,001 – 100,000	21	19
100,001 – 250,000	24	25
250,001 – 400,000	24.5	25
400,001 – 600,000	25	26
600,001 – 1,000,000	26	28

### Micro SMEs (effective YA 2023)

- 17% to 15% for the first RM150,000 of chargeable income

### Voluntary Disclosure

- 100% penalty waiver by the Inland Revenue Board for voluntary declarations made between 1 June 2023 to 31 May 2024



## INDIRECT TAX

- Proposed introduction of Luxury Goods Tax in 2023 with a certain value limit according to the type of luxury goods.
- Voluntary disclosure: 100% penalty waiver by the Royal Malaysian Customs Department for voluntary declarations made between 1 June 2023 to 31 May 2024.
- Goods and Services Tax (GST) would not be implemented for now.



## CAPITAL GAINS TAX

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



## BEPS ACTION PLAN 1: PILLAR TWO

- In the Budget Touchpoints, the Government has proposed to introduce the:
  - global minimum effective tax rate; and
  - Qualified Domestic Minimum Top Up Tax (QDMTT) *i.e.*, top-up tax due to the difference between the minimum rate and effective tax rate.

# Budget 2023: Tax Highlights

27 February 2023

## MANUFACTURING, SERVICES AND AGRICULTURE SECTOR

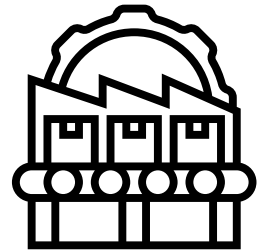
### ■ Accelerated Capital Allowance for Automation Equipment

- Scope of automation to include the adaptation of Industry 4.0 elements
- Scope of tax incentive to include agriculture sector
- Capital expenditure threshold increased up to RM10 million for Category 1, 2 and agriculture sector:

Category 1: Labour-intensive industry (rubber, plastic, wood and textile products); and

Category 2: Industries other than Category 1 including the services sector.

*(For applications received by MIDA and MAFS from 1 January 2023 until 31 December 2027)*

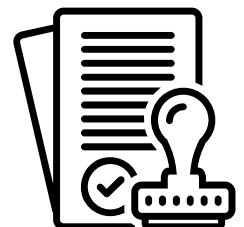


## CAPITAL MARKETS

- Tax deduction (up to RM1.5 million) for listing costs on the ACE and LEAP markets for technology-based and Micro SMEs extended to YA 2025.
- This tax deduction is extended to technology-based companies on the Bursa Malaysia Main Market.

## STAMP DUTY

- Transfer of property between parents and children, grandparents and grandchildren of Malaysian citizenship by way of love and affection: 100% stamp duty exemption for the first RM 1 million ; 50% remission for the remaining balance (effective 1 April 2023)
- **First-time home buyers:** 100% stamp duty exemption for property valued at RM 500,000 and below (until end of 2025) ; 75% stamp duty exemption for property valued at RM 500,001 to RM 1 million (until 31 December 2023)
- **Loan/financing restructuring or rescheduling instruments:** Extension of full stamp duty exemption executed from 1 January 2023 until 31 December 2024



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## Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE)

- Study to enhance GITA and GITE incentives package

## Tax Incentive for Companies using Carbon Capture and Storage ("CCS") Services

- Companies may claim deduction on fees incurred for use of CCS services

## Tax Incentive for Companies undertaking CCS services

- Investment tax allowance of 100% of qualifying capital expenditure for 10 years
- Tax exemption of 70% on statutory income for 10 years
- Full import duty and sales tax exemption on the equipment used for CCS technology

## Tax Incentive for Companies undertaking CCS in-house activity

- 100% investment tax allowance on eligible capital expenditure within 10 years
- Full import duty and sales tax exemption on CCS technology equipment
- Deduction on pre-operating expenses within 5 years from start of operations

## Green Technology Financing Scheme (GTFS 4.0)

- Guarantee value increased up to RM 3 billion until 2025

## Tax Incentive for Electric Vehicle ("EV") Charging Equipment Manufacturers

- 100% income tax exemption (up to 10 years) and 100% investment tax allowance for a period of 5 years

## Tax Incentive for EV rental

- Tax deduction for the maximum rental amount of EV increased to RM 300,000 from RM 100,000

## Import and Excise Duty Exemption on EVs

- 100% exemption of import duty on components for locally assembled EV
- 100% exemption on excise duty and sales tax on locally assembled Completely Knocked-Down EV
- 100% exemption on import and excise duty on imported Completely Built-Up EV

## Tax Incentive for sponsorship of AI-Driven Reverse Vending Machine for recycling

- Tax deduction for any person that makes donations and sponsorships of AI-Driven Reverse Vending Machines
- For contributions/sponsorship and applications received by Ministry of Finance from 1 April 2023 until 31 December 2024



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## Other Key Incentives/Taxes

### Tax Incentive for Ship Building and Ship Repairing Industry

- Income tax exemption of 70% of statutory income for 5 years
- Investment Tax Allowance of 60% on qualifying capital expenditure (to be set-off against 70% of statutory income) for 5 years
- Extended until 31 December 2027

### Tax Incentive for Aerospace Industry New Companies

- Income tax exemption of 70% to 100% of statutory income for up to 10 years
- Investment Tax Allowance of 60% to 100% on qualifying capital expenditure (to be set-off against 70% of statutory income) for 5 years
- Extended until 31 December 2025

### Tax Incentive for Bionexus Status Companies

- Income tax exemption on statutory income to be increased from 70% to 100%
- Extended until 31 December 2024

### Excise duty on Liquid or Gel Products Containing Nicotine for E-Cigarettes and Vapes

- Half of the revenue of this excise duty will be allocated to the Ministry of Health

### Import duties and Sales Tax Exemption on Nicotine Replacement Therapy

- Import duty and sales tax exemption on nicotine gum and nicotine patch from 1 April 2023 until 31 March 2026

### Tax allowance for Data Center for Government Services

- Government is considering tax incentives to open more data centers for government services

### Tax Incentive for Electrical & Electronics and Aerospace Sectors

- Extension of tax incentives to manufacturing companies that relocate their operations to Malaysia and 15% tax rate for C-suite until 2024
- Extension of income tax incentives and investment tax allowances to the aerospace sector until 31 December 2025

### Special Financial Zone for Iskandar Malaysia

- Creation of a special financial zone with a competitive incentive package to attract investors and knowledge workers to be based in Malaysia



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