



MALAYSIAN INSTITUTE OF ACCOUNTANTS



JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

Date: 7 April 2023

Prepared by:

Chartered Tax Institute of Malaysia;

Malaysian Institute of Accountants;

The Malaysian Institute of Certified Public Accountants; and

**The Malaysian Institute of Chartered Secretaries and
Administrators.**

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

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A. Key Matters

We are glad to note, in line with our past requests, the Government has adopted a proactive approach by announcing key tax measures in advance to give time for industry to prepare and in the meantime consult stakeholders prior to implementation. Such transparency in tax policy matters is certainly welcome.

For the record, the professional bodies are open and prepared to do our part in taking part in the consultative process and provide constructive inputs in the design of the following key matters:

1. Luxury Goods Tax;
2. Capital Gains Tax;
3. Restructuring of investment incentives towards tiered tax rates based on outcomes;
4. Voluntary Disclosure Program involving the Inland Revenue Board (“IRB”) and the Royal Malaysian Customs Department (“RMCD”); and
5. Implementation of e-Invoicing by the IRB.

We are happy to provide constructive inputs on the design considerations of the above. We noted that the Government has indicated there will be an engagement with industry players and professional bodies on Luxury Goods Tax and Capital Gains Tax. We will be able to contribute as part of the engagement.

Separately, we take note that a number of tax incentives that were announced to be continued during the 7 October 2022 tabling of Budget 2023 have been omitted in the 24 February 2023 tabling of Budget 2023 (Retabled). The list of such incentives is set out in Part C on page 30 of this Joint Memorandum. It would be appreciated if the Ministry of Finance (“MOF”) can clarify whether these incentives would cease to be available or would be granted an extended period by way of Ministerial Orders.

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B. Finance Bill 2023 & 2023 Budget Speech and Appendices

1. Proposed Amendments to the Income Tax Act 1967

1.1 Review of Income Tax Relief for Medical Treatment Expenses – New S.46(1)(ha) (wef YA 2023)

(ha) an amount limited to a maximum of four thousand ringgit expended or deemed expended under subsection (3) in that basis year by that individual on his child who at any time in that basis year is of the age of eighteen years and below, in respect of—

- (i) assessment for the purpose of diagnosis of learning disability certified by a medical practitioner registered with the Malaysian Medical Council; or*
- (ii) early intervention programme or rehabilitation treatment for learning disability conducted by an allied health practitioner in the field of learning disability registered under the Allied Health Professions Act 2016:*

Provided that—

- (a) the claim is evidenced by a receipt and certification issued by the medical practitioner that the assessment for the purpose of diagnosis was provided to the child and that the child is diagnosed with learning disability;*
- (b) the claim is evidenced by a receipt and certification issued by the allied health practitioner that the early intervention programme or rehabilitation treatment was provided to the child;*
- (c) the assessment for the purpose of diagnosis, early intervention programme or rehabilitation treatment which qualify for deduction are for the following learning disabilities:
 - (i) autism spectrum disorder;*
 - (ii) attention deficit hyperactivity disorder;*
 - (iii) global developmental delay;*
 - (iv) intellectual disability;*
 - (v) down syndrome; and*
 - (vi) specific learning disability;**
- (d) the assessment for the purpose of diagnosis, early intervention programme and rehabilitation treatment are provided in Malaysia;*
- (e) the maximum amount of deduction under this paragraph shall apply notwithstanding that that individual may have more than one child; and*
- (f) the deduction under this paragraph shall be part of the amount limited to a maximum of ten thousand ringgit in paragraph (g);*

Comments:

a. Based on the latest amendment to S.46 of the Income Tax Act (“ITA”) 1967, a new paragraph (ha) has been inserted which allows parents of children aged 18 and below and diagnosed with selected learning disability symptoms to claim tax reliefs on medical expenses (incurred with certified medical practitioners) related to:

- Assessment for the purpose of diagnosis
- Early intervention programme or rehabilitation treatment.

It is understood that the claim should be evidenced by receipts and certification issued by the recognized practitioner(s).

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However, the rule was not expressly stated whether this relief can be claimed by both parents or otherwise.

Example

Ahmad and Fatimah's five-year-old child has been diagnosed with Autism. During the year 2023, both husband and wife have collectively incurred RM10,000 in respect of the rehabilitation treatment. They are able to provide receipts which show that they were the payers of the treatment on different occasions (i.e. Ahmad has paid RM5,000 and Fatimah paid the other RM5,000).

Based on the above circumstances, both parents have incurred expenses for the same child and they have opted for separate assessments. With reference to the principle outlined in Example 13 of the Public Ruling No. 8/2020, we seek confirmation that in the above example, both parents are eligible to claim the relief.

Please confirm that both parents who are eligible to claim the relief above also apply to parents who are divorced.

Maklum balas LHDNM:

Bagi taksiran suami dan isteri yang dibuat secara berasingan, potongan cukai boleh dituntut oleh suami dan isteri yang melakukan perbelanjaan rawatan intervensi awal atau pemulihan bagi anak kurang upaya pembelajaran, terhad kepada masing-masing sebanyak RM4,000. Potongan ini merupakan sebahagian daripada amaun potongan sebanyak RM10,000 di bawah perenggan 46(1)(g) ACP.

Potongan boleh dituntut oleh individu bermastautin di Malaysia bagi suatu tahun taksiran atas amaun yang dibelanjakan untuk rawatan intervensi awal atau pemulihan bagi anak, sama ada individu adalah pasangan suami isteri atau sudah bercerai.

- b. As it includes multiple conditions, using terminology such as 'learning conditions' rather than 'learning disability' in the S,46(1)(ha) provisions might be more sensitive to the parents of the concerned children.

Maklum balas LHDNM:

Terminologi "tidak upaya pembelajaran" digunakan dalam portal rasmi Kementerian Kesihatan Malaysia yang merujuk kepada keadaan yang menghalang kemampuan memproses dan menyimpan maklumat yang mempengaruhi pembelajaran seseorang. Justeru, terminologi ini digunakan dalam peruntukan dalam ACP 1967.

- c. We suggest to re-look at the condition to be 'diagnosed with learning disability' in Proviso (a) of S.46(1)(ha)(ii). The words 'diagnosed with learning disability' should be relaxed to include cases where genuine expenses are incurred for identifying whether such a condition exists as well as proactive costs in that regard to qualify for the relief.

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Parents should not be penalized for being proactive in getting their children tested. This is to encourage parents to get their children tested.

Maklum balas LHDNM:

Hasrat Kerajaan memperkenalkan potongan cukai ini adalah untuk memberi sokongan moral kepada ibu bapa serta meringankan beban perbelanjaan rawatan dan pemulihan bagi ibu bapa yang mempunyai anak yang telah disahkan sebagai Kurang Upaya Pembelajaran oleh pengamal perubatan yang berdaftar dengan Majlis Perubatan Malaysia.

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1.2 Amendment of S.49 in relation to Tax Relief on Voluntary Contribution to Employees Provident Fund (wef YA 2023)

49. (1) Subject to this section, in the case of an individual resident for the basis year for a year of assessment, there shall be allowed for that year of assessment a deduction—

- (a) not exceeding three thousand ringgit, in respect of premium paid by that individual for any insurance **or any voluntary contribution made by that individual to the Employees Provident Fund or for both;**
- (b) not exceeding four thousand ringgit, in respect of **voluntary or obligatory** contribution to approved scheme (other than a private retirement scheme) made or suffered by that individual who is an employee or a self-employed person within the meaning of the Employees Provident Fund Act 1991 [Act 452], or a pensionable officer within the meaning of section 2 of the Pensions Act 1980; or
- (c) not exceeding four thousand ringgit, in respect of any amount made or suffered by that individual on any contribution under any written law relating to widow, widower and orphan's pension or under any approved scheme within the meaning of any such law.

(1A) For the purpose of subsection (1)—

- (a) the total amount of deduction under subsection (1) shall not exceed seven thousand ringgit;
(aa) the total amount of deduction for voluntary contribution to the Employees Provident Fund under paragraph (1)(a) shall not include the amount of deduction for voluntary contribution to the Employees Provident Fund under paragraph (1)(b) made by an individual who is an employee or a self-employed person within the meaning of the Employees Provident Fund Act 1991, or a pensionable officer within the meaning of section 2 of the Pensions Act 1980;
- (b) where subsection 50(2) or 50(3) applies, the amount of deduction to be allowed shall be in accordance with paragraphs (1)(a), (b) and (c) and the total deduction under subsection 50(2) or (3) shall not exceed seven thousand ringgit;
- ~~(c) in the case of an individual who is a pensionable officer within the meaning of section 2 of the Pensions Act 1980 [Act 227] and no deduction is made under paragraph (1)(b) or (c) to that individual, the amount of deduction under paragraph (1)(a) shall not exceed seven thousand ringgit.~~

(1B)

(1C) (Deleted by Act 719).

(1D)

(1E)

(2) For the purposes of subsection (1), other than voluntary contributions **to the Employees Provident Fund** made by ~~a self-employed person within the meaning of the Employees Provident Fund Act 1991 or a pensionable officer within the meaning of section 2 of the Pensions Act 1980~~ **any individual**, no regard shall be had to any contribution to an approved scheme unless the contribution was obligatory by reason of—

- (a) any contract of employment of the individual claiming a deduction in respect of the contribution; or
 - (b) any provision in the rules, regulations, by-laws or constitution of the scheme,
- and, where the contribution was partly obligatory by reason of such a contract or provision and partly not so obligatory, regard shall be had only to the part which was so obligatory.

(3)

(4)

Comments:

S.49(1) of the ITA 1967 covers the tax relief on contribution to an approved scheme, whereby the amendment now covers:-

- a. Not exceeding RM3,000 in respect of premium paid by the individual for any insurance **or any voluntary contribution to Employees Provident Fund ("EPF") or both;**

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- b. Not exceeding RM4,000 in respect of **voluntary/ obligatory** contribution to approved scheme (other than private retirement scheme) made or suffered by that individual who is an employee or a self-employed person or a pensionable officer within the meaning of S.2 of the Pensions Act 1980.

In the past, S.49(1)(b) represents the obligatory contribution to EPF and now we noted that both paragraphs (a) and (b) have allowed voluntary EPF contribution. Hence, please confirm the following scenarios-

Scenario 1: Private sector employees/ Public Sector employees who elect for EPF

Conventionally, the employees' contribution portion will be 11%/ 12% of their gross income and based on the contribution schedule. However, in order to qualify for the additional tax relief (i.e. RM3,000), **please confirm which situation (or both) will be eligible for the relief:-**

- a. Employee has informed his employer to increase his monthly contribution from 11% to 15%, whereby the additional 4% is voluntary; or
b. Employee opts to perform self-contribution to EPF at the end of the year on top of his usual employment income mandatory deduction.

Maklum balas LHDNM:

Potongan di bawah subseksyen 49(1) ACP layak dituntut oleh pekerja dalam kedua-dua situasi a dan b.

Scenario 2: Self-employed individuals/ Retirees/ Pensionable civil servants who opt to contribute to EPF voluntarily

Based on the instructions obtained from EPF website, the maximum amount of voluntary contribution allowed in a year is RM60,000 (can be a single contribution or from various). On the assumption that the self-employed individual/ retiree opts to contribute a one-off RM60,000 EPF contribution at the end of the year, please confirm that the individual can claim RM7,000 voluntary EPF relief comprising of RM4,000 voluntary EPF relief under S.49(1)(b) and RM3,000 voluntary relief under S.49(1)(a).

Maklum balas LHDNM:

Ya, berdasarkan fakta dalam senario 2, individu tersebut layak menuntut pelepasan atas caruman secara sukarela berjumlah RM7,000.

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1.3 Changes to resident individual income tax rate – Amended Para 1 of Part I of Sch 1 (wef YA 2023)

Part I of Schedule 1 to the principal Act is amended—

(a) in paragraph 1, by substituting for the chargeable income and rates of income tax the following chargeable income and rates of income tax:

<i>Chargeable income</i>	<i>RM</i>	<i>Rate of income tax</i>
For every ringgit of the first	5,000	0 per cent
For every ringgit of the next	15,000	1 per cent
For every ringgit of the next	15,000	3 per cent
For every ringgit of the next	15,000	6 per cent
For every ringgit of the next	20,000	11 per cent
For every ringgit of the next	30,000	19 per cent
For every ringgit of the next	300,000	25 per cent
For every ringgit of the next	200,000	26 per cent
For every ringgit of the next	1,400,000	28 per cent
For every ringgit exceeding	2,000,000	30 per cent

IRB National Tax Seminar in March 2023

Pendapatan Ber cukai	Kadar Cukai		Cukai Dikenakan		Kehilangan Hasil
	Semasa	Cadangan	Semasa	Cadangan	
RM35,001 – RM50,000	8%	6%	RM1,200	RM900	
			RM1,800	RM1,500	(RM300)
RM50,001 – RM70,000	13%	11%	RM2,600	RM2,200	
			RM4,400	RM3,700	(RM700)
RM70,001 – RM100,000	21%	19%	RM6,300	RM5,700	
			RM10,700	RM9,400	(RM1,300)

(Berkuat kuasa mulai tahun taksiran 2023 dan tahun taksiran berikutnya)

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Pindaan Kadar Cukai Pendapatan Individu Pemastautin Perenggan 1, Bahagian 1, Jadual 1 ACP



Pendapatan Bercukai	Kadar Cukai		Cukai Dikenakan		Penambahan Hasil
	Semasa	Cadangan	Semasa	Cadangan	
RM100,001 – RM250,000	24%	25%	RM36,000	RM37,500	
			RM46,700	RM46,900	RM200
RM250,001 – RM400,000	24.5%	25%	RM36,750	RM37,500	
			RM83,450	RM84,400	RM950
RM400,001 – RM600,000	25%	26%	RM50,000	RM52,000	
			RM133,450	RM136,400	RM2,950
RM600,001 – RM1,000,000	26%	28%	RM104,000	RM112,000	
			RM237,450	RM248,400	RM10,950
RM1,000,001 – RM2,000,000	28%	28%	RM280,000	RM280,000	

(Berkuat kuasa mulai tahun taksiran 2023 dan tahun taksiran berikutnya)

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Comments:

Please clarify the following:

- What would be the effective date of the PU Amendment Order for the Income Tax (Deduction from Remuneration) Rules as a result of the above amendments to the ITA 1967?

Maklum balas LHDNM:

Draf Kaedah-Kaedah Cukai Pendapatan (Potongan daripada Saraan) (Pindaan) 2023 akan berkuat kuasa pada tarikh pewartaan Akta Kewangan 2023, iaitu 1 Jun 2023.

- When will the changes in the *Potongan Cukai Berjadual* (“PCB”) Calculator and monthly tax deduction (“MTD”) Scheduler Table be updated in the IRB system and the IRB Official Portal?

Maklum balas LHDNM:

Perkhidmatan Kalkulator PCB dan eCP39 sedang dipinda dan akan dikemas kini dalam tempoh terdekat.

- What is the treatment for the under-deduction and over-deduction of the MTD from January 2023 until the employer updates the payroll system to reflect the new tax rates?

Maklum balas LHDNM:

Majikan boleh menggunakan *payroll system* iaitu versi yang telah dikemaskini untuk menentukan amaun potongan sebenar PCB setelah Akta Kewangan 2023 diwartakan. Amaun potongan PCB yang telah dipotong akan diselaraskan dengan amaun PCB yang akan dipotong dalam bulan semasa dan seterusnya.

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1.4 Redefinition of ‘Micro, Small and Medium Enterprise (“MSME”)' – New Para 2B(d) & 2E(d) of Part I of Sch 1 (wef YA 2024)

Para 2B - *The provisions of paragraph 2A shall not apply to a company referred to in that paragraph if more than—*

- (a)
- (b)
- (c)
- (d) **twenty per cent of the paid-up capital in respect of ordinary shares of the company at the beginning of the basis period for a year of assessment is directly or indirectly owned by one or more companies incorporated outside Malaysia or by one or more individuals who are not citizens of Malaysia.**

Para 2E - *The provisions of paragraph 2D shall not apply to a limited liability partnership referred to in that paragraph if more than —*

- (a)
- (b)
- (c)
- (d) **twenty per cent of the capital contribution (whether in cash or in kind) of the limited liability partnership at the beginning of the basis period for a year of assessment is directly or indirectly contributed by one or more companies incorporated outside Malaysia or by one or more individuals who are not citizens of Malaysia.**

IRB National Tax Seminar in March 2023



Syarat Pemakaian Kadar Cukai Bagi Perusahaan Mikro, Kecil & Sederhana (PMKS) Perenggan 2A & 2D, Bahagian 1, Jadual 1 ACP

BAHARU

Perenggan 2A tidak terpakai jika lebih daripada 20%

Modal berbayar syarikat dimiliki secara langsung atau tidak langsung oleh syarikat yang diperbadankan di luar Malaysia atau orang yang bukan warganegara Malaysia

Perenggan 2D tidak terpakai jika lebih daripada 20%

Sumbangan modal PLT disumbangkan secara langsung atau tidak langsung oleh ahli kongsi yang diperbadankan di luar Malaysia atau ahli kongsi bukan warganegara Malaysia

(Berkuat kuasa mulai tahun taksiran 2023 dan tahun taksiran berikutnya)

Comments:

We understand that the main intention of the Government to increase tax collection is for the benefit of *Rakyat*. However, the introduction of this new criterion may create an unfriendly business environment for the MSME and Limited Liability Partnership (“LLP”).

MSMEs and LLPs are already impacted by the COVID-19 pandemic. In this respect, we hope the tax authorities could consider the following proposals:

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- a. To amend the threshold from “more than 20%” to “more than 50%”

Maklum balas LHDNM:

Terima kasih di atas cadangan. Walau bagaimanapun, peratusan “melebihi 20%” merupakan satu keputusan polisi.

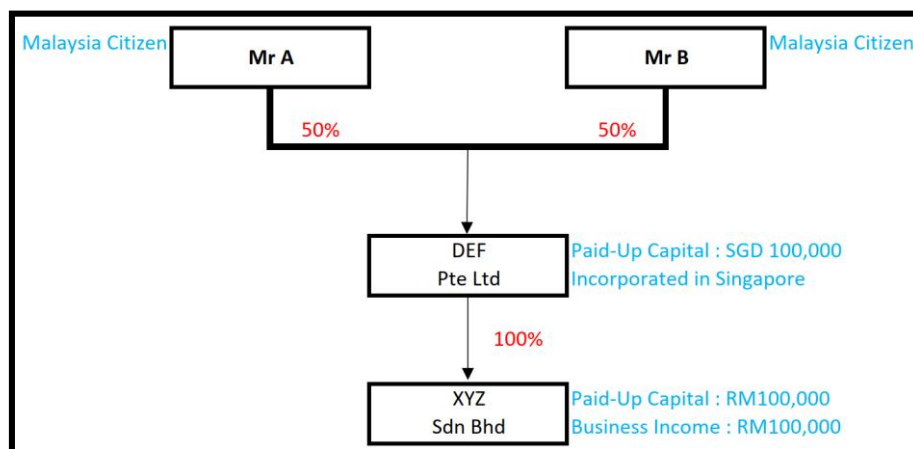
- b. Grandfathering rules for existing MSME and LLP, i.e. the additional criterion should not be applied to existing MSME and LLP which satisfied all the pre-requisite conditions as a MSME or LLP as at YA 2023.

Maklum balas LHDNM:

Tiada pemakaian “*grandfathering rules*” bagi pindaan ini. Cadangan pindaan ini berkuat kuasa bagi tahun taksiran 2024 dan tahun-tahun taksiran berikutnya.

- c. The “more than 20%” threshold is not applicable if the ultimate shareholder (owned more than 50% of the paid-up capital in respect of ordinary shares) is a company incorporated in Malaysia or individuals who are Malaysian citizens.

Consider the example below:



Based on the above illustration and on the fairness principle, we would propose that XYZ Sdn Bhd still qualifies for the preferential MSME tax rate in view that the ultimate shareholders are Malaysian citizens.

Maklum balas LHDNM:

Di bawah subperenggan 2B(d), Jadual 1, ACP, bagi menikmati kadar cukai keutamaan, syarikat/PLT tidak boleh dimiliki lebih daripada 20% daripada modal berbayar sama ada secara langsung atau tidak langsung pada permulaan tempoh asas untuk satu tahun taksiran oleh satu atau lebih syarikat yang diperbadankan di luar Malaysia atau oleh satu atau lebih individu yang bukan warganegara Malaysia.

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Oleh itu XYZ Sdn Bhd **tidak layak** menikmati kadar cukai di bawah perenggan 2A, Jadual 1, ACP memandangkan lebih 20% modal berbayar syer biasa XYZ Sdn Bhd dipegang secara langsung oleh DEF Pte Ltd yang diperbadankan di luar Malaysia, walaupun *ultimate shareholders* Mr. A dan Mr. B merupakan warganegara Malaysia.

- d. Proposed insertions of Paras 2B(d) and 2E(d) of Part I of Schedule 1 of the ITA 1967 [Re-wording on 23.06.2023]:

The Institutes would like to propose amendments to this effect:

Para 2B(d)

*“The provisions of paragraph 2A shall not apply to a company referred to in that paragraph if more than—
twenty per cent of the paid-up capital in respect of ordinary shares of the company at the beginning of the basis period for a year of assessment is directly or indirectly owned by one or more companies incorporated outside Malaysia or by one or more individuals who are not citizens, **not permanent residents and not holders of visit pass under the MM2H Programme** of Malaysia.”*

Para 2E(d)

*“The provisions of paragraph 2D shall not apply to a limited liability partnership referred to in that paragraph if more than —
twenty per cent of the capital contribution (whether in cash or in kind) of the limited liability partnership at the beginning of the basis period for a year of assessment is directly or indirectly contributed by one or more companies incorporated outside Malaysia or by one or more individuals who are not citizens, **not permanent residents and not holders of visit pass under the MM2H Programme** of Malaysia.”*

The above amendments are proposed so as not to disincentivise permanent residents and holders of visit pass under the MM2H Programme of Malaysia.

Maklum balas LHDNM:

Cadangan mengecualikan pemastautin tetap dan pemegang khas seperti Malaysia My Second Home (MM2H) merupakan suatu keputusan polisi. Sebarang cadangan boleh dikemukakan kepada MOF.

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1.5 Redefinition of 'Plant' – Amended Para 70A of Sch 3 (wef YA 2023)

70A(1) In this Schedule, "plant" means an apparatus used by a person for carrying on his business but does not include a building, ~~an intangible asset~~, or any asset used and that functions as a place within which a business is carried on.

(2) Notwithstanding subparagraph (1), the Minister may prescribe any other assets as assets which are excluded from the definition of "plant".

IRB National Tax Seminar in March 2023



Elaun Modal
Perenggan 70A, Jadual 3, ACP



SEMASA

Loji bermaksud 'alat' yang digunakan dalam perniagaan tetapi tidak termasuk:

- Bangunan
- Aset tidak ketara; atau
- Apa-apa tempat yang berfungsi sebagai tempat untuk menjalankan perniagaan

CADANGAN

Loji bermaksud 'alat' yang digunakan dalam perniagaan tetapi tidak termasuk:

- Bangunan
- Apa-apa aset yang berfungsi sebagai tempat untuk menjalankan perniagaan; atau
- Apa-apa aset yang ditetapkan oleh Menteri

(Berkuat kuasa mulai tahun taksiran 2023 dan tahun taksiran berikutnya)

Comments:

- a. We welcome the initiative to not exclude intangible assets outright from the definition of plant. As for the next steps, it is important for early engagement with stakeholders who will be impacted by any impending exclusion. Is there any asset that the Government plans to specifically exclude as 'plant' by way of PU Order?

Maklum balas LHDNM:

LHDNM telah selesai menjalankan kajian berhubung aset tidak ketara dan telah mengemukakan kepada MOF pada 2 Jun 2023 untuk tindakan lanjut. Perbincangan seterusnya antara MOF dan LHDNM akan diadakan pada 4 Julai 2023.

- b. It is desirable that any asset that is to be gazetted via the PU Order should have a prospective effective date. For example, any basis period which begins on or after the date of the coming into operation of the PU Order.

Maklum balas LHDNM:

LHDNM mengambil maklum. Walau bagaimanapun, pelaksanaan adalah tertakluk kepada keputusan polisi.

- c. There should be clarity on the following transitional matters:
- i. Treatment of capital expenditure incurred on intangible assets during YA 2021 and YA 2022 for the purposes of tax computations in YA 2023 and thereafter with

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regards to assets that are not excluded by way of PU Order. We propose to have expressed transitional provisions to provide neutrality and certainty for taxpayers who incurred capital expenditure on these items during these two YAs.

Maklum balas LHDNM:

Kajian lanjut berhubung layanan cukai tuntutan elaun modal aset tidak ketara masih dalam semakan dan tindakan MOF.

- ii. For those intangible assets incurred under payment by instalments arrangement that earlier on fall under the exclusion from 'plant', please confirm that with the deletion of the exclusion of intangible asset from 'plant', the capital instalments paid qualify for capital allowance from YA 2023 onwards.

Maklum balas LHDNM:

Kajian lanjut berhubung layanan cukai tuntutan elaun modal aset tidak ketara masih dalam semakan dan tindakan MOF.

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2. 2023 Budget Speech, Appendices and Touchpoints

2.1 Tax incentives for Electrical and Electronics (E&E) and Aerospace Sectors - Para 61 of the 2023 Budget Speech

61. Malaysia has a huge potential in Electrical and Electronics (E&E) and aerospace sectors. The Government therefore plans to:

- **Extend the tax incentive given to manufacturing companies that relocate to Malaysia and the tax rate of 15% for C-Suite until 2024** to attract companies that were affected by COVID-19 to operate in Malaysia; and

BUDGET 2023 SPEECH 17

- Extend the income tax incentives and investment tax allowances for the aerospace sector until 31 December 2025 to encourage the expansion of existing companies and attract new investments.

IRB National Tax Seminar in March 2023

**Lanjutan Permohonan Galakan
Bagi Sektor Pengilangan Yang Memindahkan Operasi
Ke Malaysia (Relocation)**

SEMASA

- SYARIKAT BAHARU – Menikmati Kadar Cukai 0%
 - Pelaburan modal RM300 – RM500 juta (10 tahun); atau
 - Pelaburan modal RM500 juta ke atas (15 tahun)
- SYARIKAT SEDIA ADA
 - Elaun Cukai Pelaburan 100% ke atas perbelanjaan modal yang dilakukan dalam tempoh 5 tahun dan boleh ditolak sehingga 100% daripada pendapatan berkanun
- INDIVIDU BUKAN WARGANEGARA (C-Suite)
 - Kadar cukai pendapatan 15% untuk 5 tahun

CADANGAN

- Pakej galakan cukai sedia ada khusus untuk syarikat pembuatan yang memindahkan operasi ke Malaysia
- Menggalakkan pekerja bernilai tinggi ke Malaysia dan berkhidmat dalam syarikat pembuatan

[Permohonan diterima oleh Lembaga Pembangunan Pelaburan Malaysia (MIDA) mulai 1 Januari 2023 hingga 31 Disember 2024]

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Comments:

- a. Please confirm that this extension applies to all manufacturing activities.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

Maklum balas MOF:

Insentif akan terpakai untuk semua aktiviti perkilangan kecuali untuk aktiviti yang disenaraikan dalam senarai negatif.

- b. Please also confirm whether the extension is also applicable to companies (and C-suite employees) which carry on “Selected Services” which are covered under Income Tax (Relocation of Provision of Services Business Incentive Scheme) Rules 2022, i.e.: service activities which adopt Industrial Revolution 4.0 and digitalisation technology undertaken by a qualifying company:
- Provision of technology solution or technology company which develops technology and provides technology solutions based on substantial scientific or engineering challenges;
 - Provision of infrastructure and technology for cloud computing;
 - Research and development or design and development activities;
 - Medical devices testing laboratory and clinical trials; or
 - Any service activity or manufacturing related service activity as determined by the Minister of Finance.

Maklum balas MOF:

Insentif di bawah Peraturan Cukai Pendapatan P.U.(A) 398/2022 (Penempatan Semula Perkhidmatan Skim Insentif Perniagaan) tidak dilanjutkan.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

2.2 Tax deduction for individuals/companies that contribute to NGOs that implement sports development programme at grassroots level - Para 173 of the 2023 Budget Speech

173. The Government has also agreed to provide **tax deduction of up to 10% of aggregate income for individuals or companies that contribute to non-profit organizations that implement sports development programme at the grassroots level.**

Comments:

Please provide the following:

- The provision under the ITA 1967 that this deduction will be provided under;
- Commencement date; and
- Guidelines including scope of costs covered, whether it covers cash and contribution in kind.

Maklum balas MOF:

- Potongan sedia ada di bawah seksyen 44(11C) ACP 1967
- Tarikh permulaan adalah berdasarkan tarikh kelulusan aktiviti tertentu
- Garis panduan mengenai permohonan serta kelayakan akan dikeluarkan dan diterbitkan di laman web MOF

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

2.3 Tax deduction for employers who hire former national athletes - Para 174 of the 2023 Budget Speech

174. To maintain and protect the welfare of national athletes, a fund of RM5 million is provided to the National Athlete Welfare Foundation (YAKEB) starting 2023. At the same time, the Government has also proposed a tax deduction for employers who hire former national athletes.

Comments:

- a. Please provide the commencement date for the proposed special deduction for employment of former national athletes.

Maklum balas LHDNM:

Jumlah penggajian yang ditanggung oleh majikan yang menggaji bekas atlet negara bagi tahun taksiran 2023 hingga tahun taksiran 2024 mendapat potongan cukai bagi maksud pengiraan cukai pendapatan majikan.

- b. Any allowable remuneration payable to an employee should qualify for tax deduction under S.33 of the ITA 1967. Please clarify if the proposed tax deduction given to an employer who hires former national athletes refers to a further deduction / deduction in addition to any deduction under S.33 of the ITA 1967

Maklum balas LHDNM:

Potongan cukai merujuk kepada potongan cukai lanjutan (*further deduction*).

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

2.4 Tax deduction on contributions made to FINAS - Para 176 of the 2023 Budget Speech

176. The Government proposes a **tax deduction for contributions made to the Tabung Komuniti Filem and National Film Development under FINAS**. In addition, import duty and sales tax exemptions will be given on studio and filming production equipment.

IRB National Tax Seminar in March 2023

Projek Berkepentingan Nasional Diluluskan Oleh Menteri

- ❑ Potongan cukai diberikan sehingga 10% daripada pendapatan agregat penyumbang yang menyumbang kepada Projek Komuniti Filem dan Pembangunan Filem Kenegaraan
- ❑ Jumlah sumbangan diterima adalah terhad kepada RM10 juta

(Berkuat kuasa mulai 1 Januari 2023)

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Comments:

- a. It is proposed in Budget 2023 that a tax deduction be given on contributions made to *Tabung Komuniti Filem dan Pembangunan Filem Kenegaraan* under National Film Development Corporation Malaysia (“FINAS”), capped at 10% of aggregate income according to National Tax Seminar (“NTS”) slide #63.

It was further mentioned in NTS slide #63 that the total contribution receivable/received is capped at RM10 million. Please clarify whether this refers to the total relief claimable is capped at 10% of aggregate income which is further subject to a maximum of RM10 million.

Maklum balas MOF:

Had sumbangan maksimum berjumlah RM10 juta masih dalam perbincangan dengan agensi tersebut (FINAS).

- b. Please clarify the following:
- Will this proposal be legislated in the ITA 1967 or in a PU Order?
 - What is the commencement date for this proposal?

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

Maklum balas MOF:

- Kelulusan diberikan di bawah Seksyen 44(11C) ACP 1967 kepada Tabung Komuniti Filem dan Pembangunan Filem Kenegaraan.
- Tidak berkenaan memandangkan peruntukan ini merupakan peruntukan sedia ada.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

2.5 Stamp duty exemption for first-time home ownership - Para 204 of the 2023 Budget Speech

204. To further encourage home ownership, the Government will continue to exempt stamp duty for first-time home ownership, with a **full exemption of stamp duty for homes valued at RM500,000 and below, and a 75% exemption for homes valued more than RM500,000 to RM1 million.**

IRB National Tax Seminar in March 2023



Inisiatif Bagi Pemilikan Rumah Pertama



Pengecualian bayaran duti setem surat cara pindah milik harta tanah dan perjanjian pinjaman akan dinaikkan daripada 50% kepada 75% bagi rumah bernilai lebih RM500 ribu hingga RM1 juta

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Comments:

- a. Please provide the effective date, in particular, the period when the sale and purchase agreement is signed.

Maklum balas LHDNM:

Pengecualian ini terpakai ke atas Perjanjian Jual Beli yang disempurnakan pada atau selepas 1 Jun 2022 tetapi tidak lewat daripada 31 Disember 2023.

- b. The IRB's National Tax Seminar slides indicated that there is an existing 50% stamp duty exemption of homes valued at more than RM500,000 to RM1 million.

Please clarify which subsidiary legislation currently provides the 50% stamp duty exemption.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

Maklum balas LHDNM:

Pengecualian 50% yang dimaksudkan hanya diumumkan ketika pelancaran Program Pemilikan Kediaman (HOPE) pada tahun 2022. Pemberian inisiatif ini hanya direalisasikan melalui cadangan Bajet 2023 dengan menaikkan kadar pengecualian kepada 75%.

Peremitan duti setem bagi pemilikan kediaman yang bernilai lebih daripada RM500,000 tetapi tidak lebih daripada RM1 juta adalah 75% daripada duti dikenakan. Peremitan adalah melalui dua perintah peremitan iaitu P.U.(A) 179/2023 bagi perjanjian pinjaman dan P.U.(A) 180/2023 bagi surat cara pindah milik.

Permohonan bayaran balik perlu dibuat melalui sistem STAMPS menggunakan nombor adjudikasi asal yang telah dibayar duti ad valorem.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

2.6 Appendix 8 - Stamp Duty Treatment for Transfer of Property by Way of Love and Affection

Current Position

Effective from 1 January 2019, stamp duty rate on the instrument of transfer of property as follows:

Sale Price/Market Value of Property (whichever is higher)	Stamp Duty Rate
First RM100,000	1%
Next RM100,001 to RM500,000	2%
Next RM500,001 to RM1,000,000	3%
Next RM1,000,001 and above	4%

Stamp duty remission of 50% is given on the instruments of transfer of property executed between parents and children of Malaysian citizenship.

Proposal

In order to reduce the cost of stamp duty for the transfer of property by way of love and affection between parents and children, grandparents and grandchildren, it is proposed duty stamp on the instruments of transfer of property be fully exempted, limited to the first RM1 million of the property's value. The remaining balance of the property's value is subject to *ad valorem* duty rate and is given 50% remission on the stamp duty imposed. This stamp duty treatment applies to the recipients who are Malaysian citizens.

Effective Date

For instrument of transfer of property executed from 1 April 2023.

Comments:

We welcome that this is extended to cover grandparents to grandchildren which looks at three generations of succession planning. However, recognising the various family situations, there could be very legitimate passing on of property between siblings and hence it would be inclusive for stamp duty exemption to also cover transfers between siblings so that among others, property owners without children would not suffer tax for transfer of property by way of love and affection to their natural next choice in their immediate family circle.

Maklum balas MOF:

Pandangan CTIM diambil maklum dan kajian lanjut adalah diperlukan.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

2.7 Appendix 10 - Extension of Stamp Duty Exemption on Restructuring or Rescheduling of Loan/Financing Agreement

Current Position

Full stamp duty exemption is given on restructuring or rescheduling of loan/financing agreement between borrowers and financial institutions executed from 1 January 2022 until 31 December 2022 subject to the following conditions:

- i. the original loan/financing agreement has been duly stamped; and
- ii. restructuring or rescheduling of the loan/financing agreement does not have the element of additional value to the original amount of loan/ financing.

Proposal

To reduce the cost of borrowing and to improve borrowers' cash flow, it is proposed that full stamp duty exemption on restructuring or rescheduling of the loan/financing agreement be extended for a period of 2 years.

Effective Date

For restructuring or rescheduling of loan/financing agreement executed from 1 January 2023 until 31 December 2024.

Comments:

If stamp duty has already been paid on these instruments executed after 31 December 2022 until the announcement of the exemption and publication in the *gazette*, will a refund be available and how should the taxpayer go about seeking the refund?

Maklum balas LHDNM:

Pengecualian lanjutan telah diwartakan pada 2 Mei 2023 di bawah Perintah Duti Setem (Pengecualian) (No.11) 2021 (Pindaan) 2023, P.U.(A)141/2023.

Permohonan bayaran balik perlu dibuat melalui sistem STAMPS menggunakan nombor adjudikasi asal yang telah dibayar duti ad valorem.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

2.8 Appendix 11 – Special Tax Deduction for Expenditure on Malaysian-Made Handicraft

Current Position

The hotel industry is known to assist in promoting the use of local handicraft products such as *songket* decorations, ceramic and wood-based products in hotel premises.

Tax treatment on the first purchase of qualifying asset is given capital allowance under Schedule 3, Income Tax Act 1967 while subsequent purchase for replacement of the asset valued less than RM2,000 is given tax deduction under Section 33, Income Tax Act 1967.

Proposal

To encourage hoteliers to use Malaysian-made handicraft products to support the recovery of the local handicraft industry, it is proposed special tax deduction up to RM150,000 be given on qualified Malaysian-made handicraft purchased from local handicraft entrepreneur registered with Perbadanan Kemajuan Kraftangan Malaysia.

This deduction does not apply to expenditure that has been claimed under Section 33 or Schedule 3 of the Income Tax Act 1967.

Effective Date

For qualifying handicraft products expenditure incurred from 1 January 2023 until 31 December 2025.

Comments:

a. Comment on 'Current position' above

- As mentioned under the current position, purchase for replacement of assets with a value of less than RM2,000 qualifies for outright deduction under S.33 of the ITA 1967. Kindly advise if this is a concession given by the IRB and where it is legislated.

Maklum balas LHDNM:

- Bukan merupakan suatu konsesi.
- Bagi kategori aset bernilai RM2,000 dan ke bawah, tuntutan boleh dibuat melalui:
 - tuntutan elaun khas di bawah perenggan 19A Jadual 3 ACP; atau
 - tuntutan elaun modal biasa di bawah perenggan 10 dan 15 Jadual 3 ACP.
- Bagi aset yang mempunyai jangka hayat tidak melebihi 2 tahun, tuntutan boleh dibenarkan atas dasar penggantian di bawah peruntukan seksyen 33 ACP

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

b. [Comment on 'Proposal' above](#)

- Are taxpayers given an option whether to choose special tax deduction claim on the items or to claim capital allowance / outright tax deduction under S.33 if for example this item is potentially a long lasting item that is capital in nature?

Maklum balas LHDNM:

Syarikat dibenarkan memilih untuk menuntut suatu perbelanjaan modal yang layak sebagai:

- potongan cukai khas produk kraftangan buatan Malaysia; atau
- potongan di bawah subseksyen 33(1) ACP 1967; atau
- elaun modal di bawah Jadual 3 ACP 1967.

Pilihan layanan cukai adalah muktamad dan tidak boleh dipinda.

- Please clarify on what are the “ceramic and wood-based products in hotel premise” in the context illustrated.

Maklum balas MOF:

Perincian produk akan dibincangkan dengan Perbadanan Kemajuan Kraftangan Malaysia (PKKM) dan akan dimaklumkan sewajarnya melalui garis panduan.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

2.9 Appendix 14 – Tax Incentive for Company Renting Non-Commercial Electric Vehicle

Current Position

Companies renting non-commercial motor vehicles, including electric vehicle (EV) are given tax deduction under Section 39(1)(k), Income Tax Act 1967 as follows:

- i. cost of vehicle not exceeding RM150,000, the maximum rental amount allowed for tax deduction is limited up to RM100,000; and
- ii. cost of vehicle exceeding RM150,000, the maximum rental amount allowed for tax deduction is limited to RM50,000.

The tax treatment is effective from year of assessment 2002.

Proposal

To encourage the use of low-carbon vehicles, it is proposed company that rent non-commercial EV is given tax deduction on the rental amount up to RM300,000.

Effective Date

From the year of assessment 2023 until the year of assessment 2025.

IRB National Tax Seminar in March 2023



Potongan Perbelanjaan Sewaan Kenderaan Elektrik Bukan Komersial (*Non-Commercial Electric Vehicles*)



SEMASA

Perenggan 39(1)(k)

Kenderaan bukan komersial dibenarkan potongan maksimum RM50,000 tetapi terhadap kepada RM100,000 dengan syarat:

- ✓ Kenderaan baharu; dan
- ✓ Kos tidak melebihi RM150,000

Jika syarat tidak dipenuhi, sekatan potongan sehingga RM50,000 terpakai

CADANGAN

- Potongan dibenarkan ke atas sewaan kenderaan elektrik bukan komersial sehingga RM300,000
- Pelaksanaan melalui perundangan subsidiari

(Berkuat kuasa mulai tahun taksiran 2023 hingga tahun taksiran 2025)

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

Comments:

- a. Currently, the capital allowance ("CA") treatment for a non-commercial electric vehicle ("EV") is provided under Para 2(2) of Sch 3 of the ITA 1967. Similar to the above proposed RM300,000 limit for a tax deduction on rental, the limit for qualifying plant expenditure incurred on a non-commercial EV should be increased to RM300,000 in a corresponding PU Order on capital allowance to encourage usage of low-carbon vehicles and for neutral tax treatment on leased vehicles and purchased vehicles.

Maklum balas MOF:

Cadangan diambil maklum. Walau bagaimanapun, MOF akan menjalankan kajian lanjut mengenai kesan daripada cadangan tersebut.

- b. We appreciate the Government's policy to have incentives for short periods but when it comes to the adoption of non-commercial EVs, three years appears too short a period. It is recommended to have a longer window to provide more certainty for taxpayers who are considering this option.

Maklum balas MOF:

Cadangan diambil maklum. Hasrat memperkenalkan tempoh penyewaan selama 3 tahun adalah untuk menilai penerimaan dan penggunaan mobiliti hijau di kalangan syarikat. Dengan ini, ia akan memberi ruang kepada kerajaan untuk menyemak semula inisiatif ini dan melakukan intervensi/ penambahbaikan jika perlu.

- c. Please confirm the above effective date means that the first rental for the non-commercial EV must be during the period from YA 2023 to YA 2025 and the tax deduction for the entire RM300,000 amount does not necessarily need to be claimed during this period. For example, if the non-commercial EV is rented in 2025 and the company continues to pay for the rental for that same vehicle up to 2027 then the company can claim the tax deduction on the rental up to 2027 as long as the RM300,000 cap is not breached. This same principle should apply to the CA that we are asking for in item (a) above as long as the non-commercial EV is purchased during the period from YA 2023 to YA 2025.

Maklum balas MOF:

Perincian layanan cukai sedang dimuktamadkan.

- d. Appendix 14 states "proposed company". It should actually apply to any person who is carrying on a business.

Maklum balas LHDNM:

Syarikat yang layak bagi insentif ini adalah syarikat sebagaimana ditafsirkan di bawah seksyen 2 ACP 1967.

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2.10 Appendix 16 – Tax incentive for Carbon Capture and Storage

Proposal

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

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

Comments:

- a. In Budget 2023, the Government proposed the introduction of a raft of tax incentives for carbon capture and storage (“CCS”). We believe the Government intends for these tax incentives to be available for a broad range of CCS applications across different industrial subsectors (e.g. oil & gas, concrete, plastics, and etc). Please confirm.

Maklum balas MOF:

Sebagai pengenalan kepada insentif tersebut, kerajaan merancang untuk memberi insentif kepada syarikat/ perniagaan yang mengusahakan aktiviti pemerangkapan CO₂ dan memampatkannya ke dalam bentuk cecair yang kemudiannya akan disimpan melalui kaedah suntikan yang dimasukkan ke takungan geologi (*reservoir*) di dasar laut menggunakan teknologi pemerangkapan & penyimpanan karbon.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

- b. With regard to the proposed tax deduction for allowable pre-commencement expenses incurred by Companies undertaking CCS in-house activity within 5 years from the date of commencement of operation, please clarify the following:
- What are the types of allowable pre-commencement expenses that the Government was envisaging when proposing this?
 - Whether the date of commencement of operation refers to the date of commencement of the operation of such company (i.e. new company) or date of commencement of CCS in-house activity? If the latter, please clarify why this is viewed to be a pre-commencement expense given that the company would already have commenced operation and is already generating income.
 - Please clarify if this is also to be extended to companies undertaking CCS services.

Maklum balas MOF:

Butiran perbelanjaan pra-permulaan yang dibenarkan dan tarikh permulaan operasi akan dikeluarkan secara terperinci di dalam garis panduan yang akan diterbitkan untuk rujukan umum dalam masa terdekat. MOF sedang dalam tindakan memperincikan butiran berkenaan. Pada masa ini, perbelanjaan pra-permulaan hanya untuk syarikat yang menjalankan aktiviti pemerangkapan dan penyimpanan.

- c. With regard to the proposed tax deduction on fees incurred for the use of CCS services, please clarify the following:
- Please confirm this deduction is meant to be a further deduction.
 - Whether this is subject to application received by MOF from 25 February 2023 until 31 December 2027?
 - Whether tax deduction is limited to fees incurred from 25 February 2023 until 31 December 2027?

Maklum balas LHDNM:

Insentif ini akan dijelaskan secara terperinci di dalam garis panduan yang akan diterbitkan untuk rujukan umum dalam masa terdekat. MOF sedang dalam tindakan memperincikan butiran berkenaan.

- d. Investment tax allowance for qualifying capital expenditure:
- Whether MOF or IRB will be issuing a list of CCS technologies that would qualify for the incentive?
 - How will the MOF determine the effective date for a chargeable person to qualify for the incentive?

Maklum balas MOF:

Butiran senarai teknologi CCS dan tarikh kuat kuasa bagi orang yang dikenakan cukai yang layak untuk insentif ini akan dijelaskan secara terperinci di dalam garis panduan yang akan diterbitkan untuk rujukan umum dalam masa terdekat. MOF sedang dalam tindakan memperincikan butiran berkenaan.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

- e. Which will be the qualifying person for the tax exemption? (e.g. Identified companies/operators or entities authorized by relevant approving authority)

Maklum balas LHDNM:

Insentif ini akan dijelaskan secara terperinci di dalam garis panduan yang akan diterbitkan untuk rujukan umum dalam masa terdekat. MOF sedang dalam tindakan memperincikan butiran berkenaan.

- f. If a company undertakes “carbon capture” in-house activity and also subscribed to “carbon storage” services from external parties, would the company be eligible for both CCS incentives under proposal items (i) and also (iii) of Appendix 16 to the Budget Speech?

Maklum balas LHDNM:

Insentif ini akan dijelaskan secara terperinci di dalam garis panduan yang akan diterbitkan untuk rujukan umum dalam masa terdekat. MOF sedang dalam tindakan memperincikan butiran berkenaan.

- g. Please confirm which Government authority will be the governing body for CCS activities.

Maklum balas MOF:

Butiran badan pentadbir untuk aktiviti CCS akan dimuktamadkan dan dijelaskan secara terperinci di dalam garis panduan yang akan diterbitkan untuk rujukan umum dalam masa terdekat. MOF sedang dalam tindakan memperincikan butiran berkenaan.

- h. It was also mentioned in Appendix 16 that tax deduction can be claimed through the Income Tax Return Form (“ITRF”) from YA 2023 until YA 2027. We urge the Authorities to extend the period to YA 2028 to cater for companies that are having a basis period ending on a date other than 31 December.

Maklum balas LHDNM:

Insentif ini akan dijelaskan secara terperinci di dalam garis panduan yang akan diterbitkan untuk rujukan umum dalam masa terdekat. MOF sedang dalam tindakan memperincikan butiran berkenaan.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

2.11 Appendix 19 – Review of Tax Incentives for BioNexus Status Company

Current Position

Tax incentives for BioNexus status companies are given as follows:

- i. a company investing in a BioNexus status subsidiary company engaging in new project is given tax deduction equivalent to the amount of investment made in the basis year the investment is made.
- ii. a company undertaking biotechnology activity 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 10 or 5 years, subject to new or existing business (expansion project);
 - b. concessionary tax rate of 20% on income from qualifying activities for 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.

The tax incentive is for applications received by Malaysian Bioeconomy Development Corporation from 1 January 2021 until 31 December 2022.

Proposal

To attract more biotechnology industry players, it is proposed tax incentives be 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 tax incentives be extended for 2 years.

Effective Date

For applications received by Malaysian Bioeconomy Development Corporation from 1 January 2023 until 31 December 2024.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

Comments:

BioNexus status companies also get an income tax exemption which is equivalent to the allowance based on 100% of qualifying capital expenditure (“QCE”) i.e. Investment Tax Allowance (“ITA”). Please confirm that the proposed 2 years application period extension applies to all tax incentives for BioNexus status companies including the ITA and not just restricted to the items listed in Appendix 19.

Maklum balas MOF:

Ya, lanjutan tempoh permohonan 2 tahun terpakai kepada semua insentif cukai untuk syarikat berstatus BioNexus termasuk Elaun Cukai Pelaburan.

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2.12 Appendix 20 – Review of Accelerated Capital Allowance in Manufacturing, Services and Agriculture Sector

Proposal

To further drive the productivity and improve efficiency through automation, it is proposed 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 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.

Comments:

- a. We propose the mutually exclusive rules to be applied on an asset basis instead of a company basis.

Maklum balas MOF:

Cadangan itu diambil maklum. Kajian lebih lanjut akan dibuat mengenai klausa saling eksklusif untuk memastikan kesesuaian bagi pelaksanaan tersebut.

- b. For assets under hire purchase, kindly confirm there is no requirement for the hire purchase instalments to commence and end within the qualifying period from 1 January 2023 until 31 December 2027, to qualify for the accelerated capital allowance (“ACA”) claim. In essence, as long as it is a qualifying asset, the incentive applies to the whole capital expenditure incurred.

Maklum balas LHDNM:

Insentif ACA ini juga terpakai kepada aset yang diperoleh secara sewa beli. Perbelanjaan modal layak bagi ACA aset sewa beli adalah amaun prinsipal yang dilakukan dalam tempoh asas sesuatu tahun taksiran bagi aset yang diperoleh dalam tempoh 1 Januari 2023 sehingga 31 Disember 2027. Oleh itu, bagi bayaran prinsipal yang dilakukan di luar tempoh insentif tidak layak untuk menikmati insentif ini.

- c. ACA on capital expenditure up to RM10 million is welcomed but there should be clarity whether it is a 200% allowance like in the past (i.e. 100% accelerated capital allowance plus 100% automation capital allowance) or just a 100% accelerated capital allowance.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2023 BUDGET SPEECH & FINANCE BILL 2023

Maklum balas LHDNM:

Insentif Elaun Modal Dipercepat (ACA) yang dilanjutkan ini adalah merujuk kepada insentif di bawah ACA (Kelengkapan Automasi). Insentif ini perlu dibaca dan digunakan bersama dengan perintah cukai pendapatan yang memberikan pengecualian bersamaan dengan 100% amaun ACA (Kelengkapan Automasi). Pengecualian ini adalah atas pendapatan berkanun yang diperoleh daripada projek yang layak terhadap kepada 70%. Ciri-ciri insentif adalah sama seperti insentif asal. Perkara ini akan diperjelas dalam perundangan subsidiari berkaitan.

Maklum balas MOF:

Ciri-ciri insentif akan sama seperti insentif asal.

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2.13 Appendix 21 & 22 – Extension of Tax Incentive for Ship Building and Ship Repairing Industry & Aerospace Industry

Proposal for Ship Building and Ship Repairing (“SBSR”) Industry

Proposal

To position Malaysia as a regional hub for SBSR, it is proposed the tax incentive be extended for a period of 5 years.

Effective Date

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

Proposal for Aerospace Industry

Proposal

In line with the 12th Malaysia Plan to transform Malaysia as a key player in the aerospace industry, it is proposed the tax incentive be extended for a period of 3 years.

Effective Date

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

Comments:

a. Kindly confirm that the implementation mechanism is covered under PU(A) 112/2006 and PU(A) 113/2006 as confirmed in the 2022 Budget Dialogue as follows:

8. Review of the existing incentive framework
 - The incentives currently available for the following activities will be extended to 31 December 2022:
 - Maintenance, Repair and Overhaul activities for the aerospace industry
 - Building and repair of ships
 - BioNexus status
 - Economic Corridor activities
 - For applications received from 1 January 2021 to 31 December 2022.

Maklum Balas LHDNM:

Mekanisme pelaksanaan adalah melalui P.U.(A) 112/2006 dan P.U.(A) 113/2006.

Maklum balas LHDNM:

Bagi aktiviti *Ship Building and Ship Repairing*, mekanisma pelaksanaan galakan cukai adalah melalui PU(A)112/2006 atau PU(A)113/2006.

b. If item (a) above is affirmative, kindly confirm that the qualifying company could follow the tax treatment (e.g. losses or capital allowance) mentioned under PU(A) 112/2006 and PU(A) 113/2006, regardless whether the approval letter made reference to the said PU orders.

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Maklum balas LHDNM:

Bagi aktiviti *Ship Building and Ship Repairing*, surat kelulusan akan menyatakan secara khusus peruntukan undang-undang dalam memberi kelulusan galakan cukai dan syarat-syarat kelulusan yang ditetapkan bagi memastikan syarikat yang diluluskan melaksanakan layanan cukai yang sewajarnya dan mematuhi syarat kelulusan yang ditetapkan.

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2.14 Green Investment Tax Allowance (“GITA”) Package and Green Income Tax Exemption (“GITE”)

Measure 3: Touchpoint No. 9

9. Study and enhance the Green Investment Tax Allowance (GITA) Package and Green Income Tax Exemption (GITE)

Comments:

- a. Kindly advise when the government will issue the Income Tax Exemption Order (GITE) so that the taxpayers can claim the tax incentive.

Maklum balas LHDNM:

Draf perintah pengecualian sedang dalam proses pewartaan.

- b. We note that the existing GITA incentive on qualifying assets and projects have yet been gazetted. Kindly advise when we could expect the PU Orders to be gazetted.

Extracts from 2022 Budget Dialogue

4. Extension of list of qualifying assets from nine assets to forty assets in the MyHIJAU directory for green investment tax allowance (“GITA”).

Comments:

It is noted that the [Guidelines on GITA Assets](#) in the MyHIJAU website (www.myhijau.my) has a list of forty qualifying assets. Please indicate when the gazette order for the above-mentioned GITA will be issued.

Maklum Balas MOF:

Draf perintah pengecualian sedang dimuktamadkan oleh pihak MOF dan LHDNM.

3. Green Investment Tax Allowance (“GITA”)

- Extension of 100% Investment Tax Allowance to the YA 2023 on qualifying capital expenditure incurred for green technology activities.

Maklum Balas LHDNM:

Draf PCP sedang dalam tindakan LHDNM untuk dikemaskini berdasarkan Garis Panduan MIDA.

Maklum balas LHDNM:

Draf Perintah pengecualian sedang dalam proses pewartaan dengan AGC.

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2.15 Base Erosion and Profit Shifting (“BEPS”) 2.0 Pillar Two

Notwithstanding that the implementation of BEPS 2.0 Pillar Two was not mentioned in the 2023 Budget Speech and its Appendices, we noted that based on the Ministry of Finance’s Touchpoints released on 24 February 2023, Global Minimum Tax and Qualified Domestic Minimum Top-up Tax (“QDMTT”) under the Global Anti-Base Erosion (“GloBE”) Rules will be implemented.

Measure 1: Touchpoint No. 4

- Introduce the global minimum effective tax rate under Pillar 2 of the BEPS Action Plan 1 Tax Challenges Arising from Digitalisation and implement the Qualified Domestic Minimum Top-up Tax (QDMTT)

Comments:

- a. Given the retabled Budget 2023 does not outline the framework for introduction of BEPS Pillar Two, we appreciate inputs from MOF and IRB on the implementation date of the following under the GloBE Rules in Malaysia for:
- i. Income Inclusion Rules;
 - ii. Undertaxed Payments Rule; and
 - iii. QDMTT.

Maklum balas MOF:

Peraturan GloBE (IIR) dan QDMTT akan dilaksanakan pada 2024.

- b. Given the significance of the matter, we also appreciate it if indicative dates can be provided for:
- i. Release of the consultation paper on draft legislation and draft guidelines.
 - ii. Expected date of legislation of the relevant law and publication of any guidelines.

These information are vital for businesses to plan their preparation time to put in place the necessary processes and systems before the ‘go live’ date. We need to be fully prepared and everyone needs to be on board and have the relevant mechanisms in place. Hence, we are requesting a timeline which will be an industry-friendly timeline that will allow easy compliance.

Maklum balas MOF:

Peraturan GloBE merupakan sumber rujukan utama dalam merangka undang-undang bagi memastikan perundangan ini dianggap sebagai "layak" semasa sesi *Peer Review*. Kertas Konsultasi mengenai Peraturan GloBE telah diterbitkan pada Ogos 2022. Oleh itu, industri sepatutnya mengambil peluang ini untuk membangkitkan sebarang pertanyaan/penjelasan pada masa tersebut.

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c. We would also emphasise on the need for consultation on the draft legislation. There should be a minimum period of 9 to 12 months from the time the draft legislations and guidelines are released for consultation to the 'go live' date as time is needed for industry players to digest the draft legislation, to collate feedback, for authorities to work on amendments, for industry players to digest the final legislation and to put in place the necessary systems and mechanism to comply. For example, if the Rules are to be implemented in mid-2024 then the draft legislations and guidelines need to be released for consultation by June 2023.

Maklum balas MOF:

Maklum balas sama seperti di perenggan b.

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C. Tax Incentives included in Budget 2023 on 7 October 2022, and not included in Budget 2023 (Retabled) on 24 February 2023

The following tax incentives included in Budget 2023 tabled in Parliament on 7 October 2022 were not included in Budget 2023 (Retabled) on 24 February 2023. We would like to seek clarification from MOF as to whether these tax incentives have been dropped or whether they would be pursued via other channels.

We look forward to MOF's written response on the status of the tax incentives so that we can update our members and also provide certainty in the tax treatment for investors.

No.	Tax Incentives not included in Budget 2023 (Retabled) on 24 February 2023	References in 2023 Budget Speech & Appendices dated 7 October 2022	Maklum balas MOF:
1.	Expansion of scope on Covid-19 detection test method	Appendix 6	Cadangan tidak dibentangkan semula. Ini disebabkan ianya tidak lagi relevan kerana negara sedang menuju ke fasa endemik dan ujian sendiri digalakkan bagi mereka yang mengalami gejala.
2.	Introduction of new schedule for reinvestment of hotel and selected tourism projects under Income Tax Act 1967	Appendix 13	Insentif masih dalam kajian.
3.	Review of tax incentive for women career break	Appendix 19	Tempoh insentif akan tamat pada Disember 2023.
4.	Extension of tax incentive for medical tourism	Appendix 14	Tidak disambung/ Dihentikan
5.	Review of tax incentive for tour operators	Appendix 16	Tidak disambung/ Dihentikan
6.	Extension of tax incentive for export of private healthcare services	Appendix 17	Tidak disambung/ Dihentikan
7.	Review of green technology tax incentives	Appendix 21	Insentif akan disemak semasa Bajet 2024
	Note:		

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No.	Tax Incentives not included in Budget 2023 (Retabled) on 24 February 2023	References in 2023 Budget Speech & Appendices dated 7 October 2022	Maklum balas MOF:
	Appendix I Touchpoints Budget 2023 dated 24 February 2023 > Measure 3: Facing Disasters > 9. <i>Study and enhance the Green Investment Tax Allowance (GITA) Package and Green Income Tax Exemption (GITE)</i>		
8.	Extension of tax incentive for intellectual property development	Appendix 28	MOF sedang menyemak <i>off-budget</i>
9.	Extension of tax incentive for pharmaceutical companies	Appendix 30	Tidak berkenaan
10.	Review of tax incentive for equity crowdfunding	Appendix 31	MOF sedang menyemak <i>off-budget</i>
11.	Extension of tax incentive for angel investor	Appendix 32	MOF sedang menyemak <i>off-budget</i>
12.	Extension of tax incentive for Principal Hub 3.0	Appendix 33	<i>Off-budget</i>
13.	Extension of tax incentive for Global Trading Centre	Appendix 34	<i>Off-budget</i>
14.	Excise duty exemption on tourism vehicles	Appendix 40	Tidak disambung/ Dihentikan
15.	Extension of sales tax exemption for the purchase of locally assembled bus	Appendix 41	<i>Off-budget</i>
16.	Service tax exemption on digital services related to banking/financial services	Appendix 43	Pengecualian cukai perkhidmatan ke atas perkhidmatan digital yang berkaitan dengan perkhidmatan perbankan/kewangan telah diperluaskan kepada penyedia perkhidmatan tempatan bukan bank yang menyediakan perkhidmatan pembayaran digital untuk tempoh antara 1 Ogos 2022 hingga 31 Julai 2025 sahaja. Pembekal perkhidmatan tempatan digital bukan bank adalah seperti di bawah:

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No.	Tax Incentives not included in Budget 2023 (Retabled) on 24 February 2023	References in 2023 Budget Speech & Appendices dated 7 October 2022	Maklum balas MOF:
			<p>i) Pengeluar instrumen pembayaran tempatan bukan bank;</p> <p>ii) Pemeroleh peniaga tempatan bukan bank; dan</p> <p>iii) Pengendali sistem pembayaran tempatan bukan bank</p> <p>Kelulusan ini telah diterbitkan dalam laman web Jabatan Kastam Diraja Malaysia (JKDM) pada 1 Ogos 2022</p>
17.	<p>Private sector issues raised through PEMUDAH on the following:</p> <ul style="list-style-type: none"> • First: Allow companies in sectors with long gestation periods such as forest plantations and hydroelectric projects to carry forward unabsorbed losses up to a maximum of 20 years; • Second: Allow intangible assets such as software to be included in the definition of plant under Sch 3, Income Tax Act 1967; 	Para 256 of Budget 2023 Speech	<p>Tempoh matang yang panjang - Kelulusan MOF akan diberikan berdasarkan sesuatu kes (<i>case to case basis</i>).</p> <p>Definisi loji - Pengecualian Aset Tidak Ketara (IA) dikeluarkan melalui Rang Undang-undang Kewangan 2023. MOF akan memutuskan sama ada untuk mengadakan senarai positif/ negatif melalui perundangan subsidiari berdasarkan sesi libat urus dengan pihak berkaitan.</p>
18.	To boost the growth of the economic corridors, the existing tax incentive package which will expire this year will be improved and extended for another two years.	Para 307 of Budget 2023 Speech	MOF sedang menyemak <i>off budget</i> .

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Maklum balas MOF:

MOF melalui *task force* yang dibentuk sedang mencadangkan suatu struktur baharu insentif cukai yang memfokuskan kepada pendekatan *outcome-based*. Cadangan struktur baharu ini akan mengambil kira insentif cukai sedia ada dan juga baharu yang akan ditambahbaik supaya selari dengan dasar jangka panjang Kerajaan dan turut mematuhi keperluan percukaian antarabangsa.

D. Outstanding Gazette Orders – 2014 to 2022 Budgets

The Institutes note with concern that several gazette orders pertaining to proposals announced in the 2014 to 2022 Budgets are still outstanding to date. We would request for your urgent attention and update on the status of the relevant gazette orders.

As professional bodies, the Institutes would urge the tax authorities to ensure that all gazette orders / guidelines in respect of Budget proposals be issued in a timely manner, preferably within the first quarter following the Budget announcement, so that taxpayers are able to apply specific incentives and it creates certainty for investors.

It would be appreciated if future gazette orders could be issued and published on a timely basis. Otherwise, the incentives may not fulfil their objective of incentivising businesses or investment planning decisions.

2014 Budget

1. Investment tax allowance for purchase of green technology equipment and tax exemption on the use of green technology system be granted.

Comments (29 November 2021):

Please provide an update on the status of the gazette order for investment tax allowance on green technology assets.

Maklum Balas MOF (18 April 2022):

Draf perintah pengecualian sedang dimuktamadkan oleh pihak MOF dan LHDNM.

Comments:

Please provide an update on the status of the above.

Maklum balas LHDNM:

Suatu perbincangan telah diadakan pada 18 April 2023 antara MOF, AGC dan LHDNM bagi membincangkan isu dan pertanyaan yang dibangkitkan oleh AGC bagi draf GITA Asset. Draf perintah pengecualian sedang dalam proses pewartaan dengan AGC.

Maklum balas MOF:

Draf perintah pengecualian kini sedang disemak oleh pelbagai pihak teknikal dan undang-undang, iaitu MOF, AGC, LHDNM, MGTC.

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2019 Budget

1. Extension of list of qualifying assets from nine assets to forty assets in the MyHIJAU directory for green investment tax allowance ("GITA").

Comments (29 November 2021):

It is noted that the [Guidelines on GITA Assets](http://www.myhijau.my) in the MyHIJAU website (www.myhijau.my) has a list of forty qualifying assets. Please indicate when the gazette order for the above-mentioned GITA will be issued.

Maklum Balas MOF (18 April 2022):

Draf perintah pengecualian sedang dimuktamadkan oleh pihak MOF dan LHDNM.

Comments:

Please provide an update on the status of the above.

Maklum balas LHDNM:

Suatu perbincangan telah diadakan pada 18 April 2023 antara MOF, AGC dan LHDNM bagi membincangkan isu dan pertanyaan yang dibangkitkan oleh AGC bagi draf GITA Asset. Draf perintah pengecualian sedang dalam proses pewartaan dengan AGC.

Maklum balas MOF:

Draf perintah pengecualian kini sedang disemak oleh pelbagai pihak teknikal dan undang-undang iaitu MOF, AGC, LHDNM dan MGTC.

2020 Budget

1. Tax deduction on expenses incurred by companies for contributions towards Digital Social Responsibility (DSR) initiatives.

Maklum Balas MOF (18 April 2022):

MOF sedang mendapatkan pengesahan MDEC sama ada insentif ini masih diteruskan atau digugurkan.

Comments:

Please provide an update on the status of the above.

Maklum balas MOF:

MDEC akan mengemukakan pengesahan mengenai inisiatif ini memandangkan cadangan polisi terperinci masih di peringkat agensi berkenaan untuk penilaian dan pertimbangan MOF.

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2. Tax exemption of 100% up to 10 years on qualifying intellectual property income derived from patent and copyright software of qualifying activities.

Maklum Balas LHDNM (18 April 2022):

Draf PCP sedang dalam tindakan LHDNM untuk dikemaskini berdasarkan maklum balas daripada MyIPO pada 28 Januari 2022.

Comments:

Please provide an update on the status of the above.

Maklum balas LHDNM:

Pihak LHDNM, MOF, MIDA, MDEC dan Bioeconomy Corporation sedang menyemak semula draf perundangan subsidiari agar selaras dengan surat polisi bertarikh 20 Februari 2023 dan 23 Februari 2023.

3. Green Investment Tax Allowance (“GITA”)
 - Extension of 100% Investment Tax Allowance to the YA 2023 on qualifying capital expenditure incurred for green technology activities.

Maklum Balas LHDNM (18 April 2022):

Draf PCP sedang dalam tindakan LHDNM untuk dikemaskini berdasarkan Garis Panduan MIDA.

Comments:

Please provide an update on the status of the above.

Maklum balas LHDNM:

Draf perintah pengecualian kini sedang disemak oleh pelbagai pihak teknikal dan undang-undang, iaitu MOF, AGC, LHDNM, MGTC, MIDA.

Suatu perbincangan telah diadakan pada 18 April 2023 antara MOF, AGC dan LHDNM bagi membincangkan isu dan pertanyaan yang dibangkitkan oleh AGC bagi draf GITA Asset. Draf *GITA Asset*, *GITA Project* dan *GITA Green Building* kini dalam proses pewartaan dengan AGC.

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4. Green Income Tax Exemption (“GITE”)

- Extension of income tax exemption of 70% of statutory income for qualifying green technology services to the YA 2023; and

Maklum Balas MOF (18 April 2022):

Draf perintah pengecualian sedang dimuktamadkan oleh pihak MOF dan LHDNM.

Comments:

Please provide an update on the status of the above.

Maklum balas LHDNM:

Draf perintah pengecualian kini dalam proses pewartaan dengan AGC.

- Income tax exemption of 70% of statutory income up to 10 years of assessment for solar leasing companies certified by the Sustainable Energy Development Authority (“SEDA”).

Maklum Balas LHDNM (18 April 2022):

Draf perintah pengecualian sedang dimuktamadkan oleh pihak MOF dan LHDNM.

Comments:

Please provide an update on the status of the above.

Maklum balas LHDNM:

Draf perintah pengecualian kini dalam proses pewartaan dengan AGC.

5. Expansion of tax incentives for tourism projects.

Maklum Balas MOF (18 April 2022):

MOF sedang mempertimbangkan untuk mengkaji semula insentif ini.

Comments:

Please provide an update on the status of the above.

Maklum balas LHDNM:

Mekanisma pelaksanaan perluasan insentif cukai bagi projek pelancongan menggunakan peruntukan sedia ada di bawah P.U.(A) 112/2006 atau P.U.(A) 113/2006.

- ### 6. Expansion of the scope of tax incentives for automation equipment for Category 2: Other Industries to the services sector for applications received by MIDA between 1 January 2020 and 31 December 2023.

Maklum Balas MOF (18 April 2022):

Dalam semakan Bahagian Undang-undang MOF.

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Comments:

Please provide an update on the status of the above.

Maklum balas MOF:

Dalam semakan pihak AGC.

2021 Budget

1. Special income tax rate treatment for non-resident individuals holding key positions in companies investing in new strategic investments
 - In addition to the existing tax incentive offered to companies relocating their operations to Malaysia individual income tax at a flat rate of 15% will be given to non-residents holding key positions/C-Suite positions for a period of 5 consecutive years subject to conditions. This tax incentive is limited to 5 non-resident individuals employed in each company that has been granted relocation tax incentive under PENJANA initiative.
 - For applications received by the MIDA from 7 November 2020 until 31 December 2021.

Maklum Balas MOF (18 April 2022):

Draf sedang dalam semakan AGC.

Comments:

Please provide an update on the status of the above.

Maklum balas MOF:

Draf perundangan subsidiari sedang dalam semakan AGC.

2. Tax incentives for companies relocating their operations to Malaysia and undertaking new investments
 - The application period for the tax incentives will be extended for a further year (i.e. until 31 December 2022). For the manufacturing sector, applications for the incentives must be made to MIDA between 1 July 2020 to 31 December 2022.

Maklum Balas MOF (18 April 2022):

Dalam tindakan LHDNM untuk menjawab maklum balas daripada AGC.

Comments:

Please provide an update on the status of the above.

Maklum balas MOF:

Draf perundangan subsidiari sedang dalam semakan AGC.

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2022 Budget

1. Extension of preferential income tax rate for non-citizen individuals holding key positions in companies investing in new strategic investments. The period for the application for this incentive to be received by MIDA is extended to 31 December 2022.

Maklum balas MOF:

Draf perundangan subsidiari sedang dalam semakan AGC.

2. Income tax exemption for prize money from recognised E-Sports tournaments.

Maklum balas MOF:

Hadiah wang tunai daripada kejohanan e-sukan yang diiktiraf diberi pengecualian cukai melalui perintah pengecualian sedia ada kerana e-sukan telah disenaraikan untuk pindaan di bawah Jadual 1 Akta Pembangunan Sukan 1997.

3. Tax deduction for employers on costs related to self-funded COVID-19 booster vaccines provided to employees.

Maklum balas MOF:

Kos pembelian vaksin yang dilakukan oleh majikan bagi tujuan pencegahan dan perlindungan pekerja daripada penyakit Koronavirus (COVID-19) boleh dituntut di bawah peruntukan sedia ada, iaitu PU(A) 269/2021: Kaedah-Kaedah Cukai Pendapatan (Potongan Bagi Perbelanjaan Berhubung Dengan Kos Peralatan Perlindungan Diri.

4. Income tax exemption for social enterprise for up to 3 years of assessment subject to the validity period of Social Enterprise Accreditation. To establish a Joint Committee on Accreditation comprising Yayasan Hasanah and the Ministry of Entrepreneur Development and Cooperatives to review the accreditation received by social enterprises.

Maklum balas MOF:

Pengecualian cukai pendapatan diberikan sehingga 3 tahun taksiran ke atas semua pendapatan yang tertakluk kepada Akreditasi Perusahaan Sosial oleh Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP). MOF telah mengeluarkan garis panduan untuk permohonan pengecualian cukai pendapatan di bawah seksyen 127(3A) ACP. Permohonan boleh dibuat kepada Bahagian Cukai, MOF sehingga 31 Disember 2023. Garis panduan tersebut telah diterbitkan di laman web MOF dan KUSKOP.

5. Rainwater Harvesting Systems (“RHS”) be included within the scope of qualifying green services and green assets. Where RHS projects are approved by the Malaysian Green Technology Corporation, the following incentives will now be available:
 - GITA of 100% on capital expenditure for qualifying RHS activities — the allowance will be available to be set off against 70% of statutory income

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- GITE which will provide tax exemption on 70% of statutory income from qualifying RHS activities.

Maklum balas MOF:

Draf perintah pengecualian kini sedang disemak di peringkat akhir oleh AGC.

6. Extension of incentive for structured internship programme (SIP) for a further 4 years and that the scope of the incentive be expanded to include students with Master's Degrees, Professional Certificates and those who have completed Skim Kemahiran Malaysia (SKM) Level 1 and 2.

Maklum balas MOF:

MOF telah memuktamadkan polisi baharu berdasarkan permintaan TalentCorp dan akan memuktamadkan perintah pengecualian secepat mungkin.

7. Tax incentives for the Digital Ecosystem Acceleration Scheme (DEAS)

- Digital Technology Provider (DTP)

Where the DTP is a new company, an income tax rate of 0% to 10% will be given for a period of up to 10 years. For an existing company that diversifies into new services segments/activities, an income tax rate of 10% will be given for up to 10 years.

Maklum balas MOF:

Pelaksanaan insentif sedang dimuktamadkan oleh MOF dan MIDA.

- Digital Infrastructure Provider (DIP)

A 100% investment tax allowance will be given for up to 10 years to be set off against 100% of statutory income.

Maklum balas MOF:

Pelaksanaan insentif sedang dimuktamadkan oleh MOF dan MIDA.

E. Tax Measures proposed under Economic Stimulus Packages 2020 to 2021 which have not been gazetted

We request for an update on the status of the relevant gazette orders in respect of the following tax measures proposed under the Economic Stimulus Packages 2020 to 2021: -

Economic Stimulus Packages 2020

1. Tax Incentives for Manufacturing Sector (as announced during PENJANA)

- Tax incentives for company relocating to Malaysia
 - 0% tax rate for 10 years for new investment in manufacturing sectors with capital investment between RM300 – RM500 million
 - 0% tax rate for 15 years for new investment in manufacturing sectors with capital investment above RM500 million
- Tax incentive for Malaysian companies
 - 100% investment tax allowance for 5 years for existing company in Malaysia relocation overseas facilities into Malaysia with capital investment above RM300 million.

Maklum Balas LHDNM (18 April 2022):

Draf Kaedah-Kaedah Cukai Pendapatan dan Perintah Cukai Pendapatan (Pengecualian) di peringkat semakan LHDNM iaitu dalam penyediaan maklumbalas bagi persoalan-persoalan yang dibangkitkan oleh Jabatan Peguam Negara pada 17.1.2022

Comments:

Please provide an update on the status of the above.

Maklum balas MOF:

Draf perundangan subsidiari sedang dalam semakan AGC.