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Tax News Letter @ 2023

Highlights in the Budget 2024:	
Increment of Service Tax *Applicable to taxable service other than the basic needs, like food and beverage as well as telecommunication*	6% - 8%
Capital Gains Tax – wef March 2024 *Chargeable to disposal/transfer of unquoted shares (eg. Sdn Bhd's share)* Application/Mechanism: i) Acquired on 1 March 2024 or later; disposal on 1 March 2024 ii) Acquired prior to 1 March 2024; dispose on or after 1 March 2024	Tax on: 10% on net gain 10% on net gain, or 2% on gross sales value
Tax Exemption on NGOs – s. 44(6) wef YA 2024 Condition: Limit on the percentage of accumulated fund allowed to be utilised in participation of business activities Threshold of charitable activity expenditure *At least 50%*	YA 2023 – 25% YA 2024 – 35% 50% or 60% depending on the utilisation of accumulated fund
Corporate Tax: i) Tax deduction allowed from YAs 2024 to 2027 for expenses incurred in relation to *ESG reporting, e-Invoicing implementation, transfer pricing documentation & Tax Corporate Government Framework (introduced in 27/7/2022)* ii) Capital allowance – ICT equipment and software (licensed and customised software) – *wef 2024* iii) Tax deduction on lease payments of Electric Vehicle is extended to YA 2027. This is not applied in capital allowance for electric vehicle	Max. RM50,000 Initial allowance : 40% Annual allowance: 20% Max. RM300,000

iv) Tax deduction for entities contributing or sponsoring activities related to tree planting projects or environmental preservation and conservation awareness projects verified by Forest Research Institute of Malaysia. This incentive is applicable only for application received by MoF from 1/1/2024 to 31/12/2026. v) Further tax deduction up for expenses associated with the Development and Measurement, Reporting and Verification of carbon projects. This incentive only for application received by the Malaysia Green Technology and Climate Change Corporation from 1/1/2024 to 31/12/2026	 Max. RM300,000
Indirect Tax: i) Widening for scope of sales tax exemption cost incurred by manufacturer in *manufacturing aids* such as jigs and consumable. ii) Luxury Goods Tax in year 2024	wef. 1/1/2024 increase from 5% to 10%
Personal Tax: i) Relief for dental examination and treatment expenses that is part of the RM10,000 relief for medical expenses ii) Full medical examination for parents – *wef. 2024*. This is part of the RM8,000 relief for parent's medical expenses iii) Relief on lifestyle and sports activities, include self skill enhancement cost. Increase of relief for sports activities – *wef. 2024* iv) Up-skilling and self-enhancement course fee v) Installation, rental, purchasing (incl. hire purchase equipment/subscription fees for electric vehicle)	RM1,000 RM1,000 From RM500 to RM1,000 Up to RM2,000 extended to YA 2026 RM2,500 extended to YA 2027

vi) Tax exemption for employees on childcare allowance – *wef 2024*	RM3,000
vii) 12 month tax exemption given to *women under career comeback programme*	Extended for application received by 31/12/2027
viii) Returning expert programme which offers flat income tax rate of 15% on employment income and excise duty exemption on vehicle (limited to CKD vehicle)	Extended to include application received by Talent Corp by 31/12/2027
ix) Exemption of income tax on income derived from Islamic Securities Selling and Buying	Effective from YA 2024
Stamp duty:	
i) Foreign companies and non-citizen are imposed a flat rate of stamp duty wef 2024	4%
ii) Transfer of property ownership by way of renunciation of rights by an eligible beneficiary (in relation to inheritance) to another eligible beneficiary only a nominal RM10 would be imposed instead of ad valorem duty	*wef.* 1/1/2024

Disclaimer: The content of this Tax News Letter is prepared based on the Budget speech and appendices. The content is selectively prepared to suit the companies and group of person that will be affected with commonly.

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