

BUDGET 2024



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PERSONAL TAX

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MEDICAL TREATMENT EXPENSES FOR SELF, SPOUSE AND CHILD

LIMIT RM10,000

YA2023

- Serious illness
- Fertility treatment
- Vaccination
- Full medical check-up, mental health examination and covid-19 detection test limit to RM1,000
- Diagnostic and rehabilitation treatment for children with learning disabilities limit to RM4,000

YA2024

- Serious illness
- Fertility treatment
- Vaccination
- Full medical check-up, mental health examination and covid-19 detection test limit to RM1,000
- Diagnostic and rehabilitation treatment for children with learning disabilities limit to RM4,000
- Dental examination and treatment expenses

3

MEDICAL TREATMENT, SPECIAL NEEDS AND CARER EXPENSES FOR PARENT

LIMIT RM8,000

YA2023

- Treatment in clinics and hospitals
- Treatment at nursing homes
- Dental treatment not including cosmetic dental treatment
- Treatment and home care nursing, daycare centres and residential care centres

YA2024

- Treatment in clinics and hospitals
- Treatment at nursing homes
- Dental examination and treatment not including cosmetic dental treatment
- Treatment and home care nursing, daycare centres and residential care centres
- Complete medical examination for parents (limited to RM1,000)

4

LIFESTYLE

LIMIT RM2,500 + RM500 TO RM2,500 + RM1,000

YA2023

- E-book, printed/electronic daily newspapers, personal computers, smartphones or tablets, internet subscriptions, sports equipment and gymnasium membership fees – Limit RM2,500
- Additional relief RM500 – purchasing sports equipment, payment of rental/entry fees to sport facilities, registration fees for participating in sports competitions

YA2024

- E-book, printed/electronic daily newspapers, personal computers, smartphones or tablets, internet subscriptions, ~~sports equipment and gymnasium membership fees~~, fees for self skills enhancement course – Limit RM2,500
- Additional relief **RM1,000** – purchasing sports equipment, payment of rental/entry fees to sport facilities, registration fees for participating in sports competitions, **sports training fees imposed by associates/sports clubs/companies registered with the Sports Commissioner or Companies Commission of Malaysia and carrying out sports activities as listed under the Sports Development Act 1997.**

5

UP-SKILLING AND SELF-ENHANCEMENT COURSERS FEES *LIMIT RM7,000*

YA2023

- Individual income tax relief of up to RM2,000 from the total education fees relief of RM7,000 is given on fees paid for attending up-skilling or self-enhancement courses recognised by the Department of Skills Development, Ministry of Human Resources.

W.e.f YA2022 & YA2023

YA2024

Extended from YA2024 to YA2026

6

ELECTRIC VEHICLE CHARGING FACILITIES

LIMIT RM2,500

YA2023

- Individual income tax relief up to RM2,500 on expenses related to installation, rental, purchasing including hire-purchase equipment or subscription fees for Electric Vehicle (EV) charging facilities

W.e.f YA2022 & YA2023

YA2024

Extended from YA2024 to YA2027

7

CHILD CARE ALLOWANCE UNDER PERQUISITES FROM EMPLOYMENT (AGED 12 AND BELOW)

YA 2023

- Relief up to **RM2400** per year.

YA 2024

- Tax relief from RM2,400 to **RM3,000** per year
- ***effective from YA2024**

COMPANY TAX



9

ESTIMATED TAX PAYABLE (CP204)

2023

- Every company is allowed to revise its estimate of tax payable by submitting a **Form CP204A** in the **6th month and/or the 9th month** of its basis period.

2024

- Effective on year 2024, every company is allowed to revise its estimate of tax payable by submitting a Form CP204A in the 6th month, 9th month and/or the **11th month** of its basis period.

OVERALL AND TAX ADMINISTRATOR

Form CP22 can be submitted through the following methods :

- To the IRBM branch that handles the employer tax file.
- To the nearest IRB office.

It is proposed that a new Section 83(4A) of the Income Tax Act 1967 will be introduced. It will be mandatory for every employer to submit the following prescribed form :

Form CP22 – Notification of new employee, Section 83(2) of the Income Tax Act 1967

Form CP22A – Notification of cessation of employment or cessation by reason of death for an employee in private sector

Form CP22B – Notification of cessation of employment or cessation by reason of death for an employee in public sector.

Form CP21 – Notification of employee leaving Malaysia for more than 3 months.

Form E - Employer's return.



SME NEW DEFINITION

YA 2023

- Paid up capital not more than or equal to RM2.5 million.
- Sales turnover not more than RM50 million.

YA 2024

- It is proposed that shares owned **more than 20% by a foreign citizen or companies incorporated outside Malaysia** will falls under NON- SME.
- w.e.f.YA 2024

TAX TREATMENT FOR SME

TAX RATE AT 15%, 17%

- Paid up capital not more than or equal to RM2.5 million.
- Gross income not more than RM50 million.
- Shares owned not more than 20% by a foreign citizen or companies incorporated outside Malaysia.

NO LIMIT ON SMALL VALUE ASSET

- Paid up capital not more than or equal to RM2.5 million.
- Gross income not more than RM50 million.

CAPITAL ALLOWANCE



CAPITAL ALLOWANCE ON INFORMATION AND COMMUNICATION TECHNOLOGY EQUIPMENT AND COMPUTER SOFTWARE

YA 2023

Qualifying Expenditure	Effective Date	Capital Allowance Rates
Purchase of ICT equipment and computer software packages	From the year of assessment 2017	Initial Allowance: 20%
Consultation, licensing and incidental fees related to customised computer software development	From the year of assessment 2018	Annual Allowance: 20%

YA 2024

Qualifying Expenditure	Capital Allowance Rates
Purchase of ICT equipment and computer software packages	Initial Allowance: 40%
Consultation, licensing and incidental fees related to customised computer software development	Annual Allowance: 20%

With the revised rate, the capital allowance claim period be reduced from **4 years to 3 years**.

Effective YA 2024

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INCENTIVE FOR REINVESTMENT UNDER THE NEW INDUSTRIAL MASTER PLAN 2030

YA 2023

- Manufacturing and agricultural companies undertaking expansion, diversification, automation and modernization projects are eligible for Reinvestment Allowance (RA) under Schedule 7A of the Income Tax Act 1967. The companies are eligible to *claim RA of 60% of the capital expenditure incurred and can be set-off against up to 70% of statutory income for 15 consecutive years of assessment.*

YA 2024

- To encourage existing companies that have exhausted their RA eligibility period and to increase capacity and investment in high-value activities under the New Industrial Master Plan 2030, it is proposed tax incentives be given as follows:

Investment Tax Allowance	Tier 1	Tier 2
Qualifying Capital Expenditure	100%	60%
Statutory Income to be Set-Off	100%	70%

The eligible investment tax allowance rate will be determined by outcome-based approach.

Effective 1 January 2024 until 31 December 2028

CAPITAL GAINS TAX



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CAPITAL GAINS TAX

Definition : Gains or profits from disposal of capital asset.

Capital asset : Moveable or immovable property including any rights or interests thereof.

Chargeable person : Company, Limited Liability Partnership, Co-operative Society, Body Trust.

Effective date : 1 January 2024 for foreign capital asset and 1 March 2024 for local shares of unlisted companies.

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CAPITAL GAINS TAX ON DISPOSAL OF UNLISTED SHARES

YA 2024

Shares Acquisition Date	CGT Rate
Before 1 March 2024	The taxpayers may choose: i. 10% on the net gain of the disposal of shares; or ii. 2% on the gross sales value.
From 1 March 2024	10% on the net gain of the disposal of shares

Exemption be given on the disposal of shares related to :

- Initial Public Offering (IPO) approved by Bursa Malaysia
- Restructuring of shares within the same group.

E-INVOICING



E – INVOICING

- Digital representation of a transaction between a supplier and a buyer.
 - Replaces paper or electronic documents such as invoices, credit note and debit note.
 - Contains the same essential information as a traditional invoice.
 - Applicable for both local and international transactions.
-
- Taxpayers with an annual turnover or revenue of more than RM100 million are required for e-invoicing on **1 August 2024**.
 - Taxpayers with an annual turnover or revenue of more than RM25 million and up to RM100 million are required for e-invoicing on **1 January 2025**.
 - All taxpayers are required for e-invoicing on **1 July 2025**.

STAMP DUTY



22

STAMP DUTY FOR TRANSFER OF PROPERTY OWNERSHIP BY RENUNCIATION OF RIGHTS

YA 2023

- Transfer of property ownership involving inheritance property is subject to a fixed duty of RM10 under Item 32(i) Stamp Act 1949 if the ownership is transferred from the administrator to an eligible beneficiary in accordance with a will/faraid or the Distribution Act 1958.
- If eligible beneficiary renounces his/her right to another eligible beneficiary or non-beneficiary, ad valorem duty is charged under Item 66(c) of the First Schedule, Stamp Act 1949.

YA 2024

- Subjected to a **fixed duty of RM10**.
- For the instrument of property ownership transfer executed from 1 January 2024.

23

STAMP DUTY FOR PROPERTY OWNERSHIP BY NON-CITIZEN

YA 2023

Foreign-owned companies and non-citizen individuals are allowed to own properties in Malaysia and subject to the same ad valorem stamp duty rate on instrument of transfer as imposed on Malaysian citizens as follows :

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

YA 2024

- A **flat rate stamp duty of 4%** be imposed on the instrument of transfer executed by foreign-owned companies and non-citizen individuals (except Malaysian permanent residents)
- For instrument of property ownership transfer executed from 1 January 2024.

SALES AND SERVICE TAX



EXPANSION OF TAXABLE SERVICE SCOPE AND CHANGES ON THE SERVICE TAX RATE

YA 2023

Group	Taxable Services	Tax Rate
A	Accommodation	6%
B	Food and Beverage	
C	Nightclubs, Dance Halls, Cabarets, Health and Wellness Centres, Massage Parlours, Public Houses and Beer Houses	
D	Private Club	
E	Golf Club and Golf Driving Range	
F	Betting and Gaming	
G	Professionals	
H	Credit Card and Charge Card	RM25 per annum
I	Other Service Providers	6%

YA 2024

- Changes on the Service Tax Rate Service tax rate **is increased from 6% to 8%** on all taxable services except for the following taxable services which are subject to service tax at the rate of 6%:
 - i. Group B: Food and beverage
 - ii. Group I: Telecommunication services
 - iii. Group I: Vehicle parking space services
 - iv. Group I: Logistic services
- Effective from **1 March 2024**.

TAX INCENTIVE



TAX INCENTIVE FOR GLOBAL SERVICES HUB

YA 2023

- The incentive given is income tax at a rate of 0%, 5% and 10% subject to certain condition such as incur minimum annual business expenditure and provide full-time high value employment.

YA 2024

- It is proposed Global Services Hub tax incentive based on outcome-based approach be introduced as follows:

	New Company		Existing Company	
	Tier 1	Tier 2	Tier 1	Tier 2
Exemption Years	5 + 5		5	
Tax Incentive	Tax Rate 5%	Tax Rate 10%	Tax Rate at 5% on the value-added income	Tax Rate at 10% on the value-added income
Types of Income Exempted	i. Services income; or ii. Services and trading income.			

In addition, it is proposed **income tax rate of 15%** be given for **a period of 3 consecutive years** of assessment.

Effective 14 October 2023 until 31 December 2027

28 TAX INCENTIVE FOR AUTOMATION IN MANUFACTURING, SERVICES AND AGRICULTURE SECTORS

YA 2023

- Manufacturing, services and agricultural companies that incurred capital expenditure for automation equipment including the adaptation of Industry 4.0 elements are given 100% Accelerated Capital Allowance (ACA) on the first RM10 million of the qualifying capital expenditure and can be fully absorbed within 1 year. Companies are also eligible for income tax exemption equivalent to 100% on the same capital expenditure.

YA 2024

- To increase agricultural productivity and minimise dependency on foreign labour, it is proposed the scope of ACA be expanded to **include the commodity sector under the Ministry of Plantation and Commodities (KPK)**.
- For applications received by KPK from **14 October 2023 until 31 December 2027**

TAX INCENTIVE FOR WOMEN CAREER COMEBACK PROGRAMME

YA 2023

- Women in career break and return to work are eligible for income tax exemption on employment income received for **a maximum period of 12** consecutive months. The eligibility criteria set are as follows:
- i. Women returned to work after a career break **of at least 2 years before or up to 27 October 2017**
- ii. Employment income received in the year of assessment **2018 until the year of assessment 2024.**

YA 2024

- Women Career Comeback Programme tax incentive be enhanced as follows:
- i. Women returning to work after a career break at **least 2 years before the date of application received** by the Talent Corporation Malaysia Berhad
- ii. Employment income received from the year of assessment **2025 until the year of assessment 2028.**

Effective from 1 January 2024 until 31 December 2027

TAX INCENTIVES FOR RETURNING EXPERT PROGRAMME

YA 2023

- Income tax at a fixed rate of 15% on employment income for 5 consecutive years of assessment.
- Import and excise duties exemption for the purchase of a Completely Built-Up (CBU) vehicle or excise duty exemption for the purchase of a Completely Knocked-Down (CKD) vehicle, subject to an exemption amount of up to RM100,000.
- 1 January 2021 until 31 December 2023.

YA 2024

- Income tax at a fixed rate of 15% on employment income received by an individual for 5 consecutive years of assessment.
- Exemption on excise duty for the purchase of a CKD vehicle subject to an exemption amount of up to RM100,000.
- 1 January 2024 until 31 December 2027.

TAX INCENTIVE FOR EQUITY CROWDFUNDING

YA 2023

- Individual investors who invest in equity crowdfunding (ECF) are eligible for tax exemption on aggregate income equivalent to 50% of the amount invested subject to the following conditions:
- i. The eligible amount for tax exemption is limited to RM50,000 for each year of assessment;
- ii. The deductible amount is limited to 10% of the aggregate income for that year of assessment. The excess amount which is not deductible will be disregarded;
- iii. The investor, investee company and amount of investment must be verified by the Securities Commission Malaysia.

YA 2024

- It is proposed the tax incentive be expanded to investment made by individual investor through Limited Liability Partnership nominee company and be **extended for a period of 3 years.**
- For investment made from 1 January 2024 until 31 December 2026

TAX INCENTIVE FOR ANGEL INVESTOR

YA 2023

- An angel investor investing in a tech start-up company in the form of ordinary shares is eligible for tax exemption at the aggregate income level. The amount of aggregate income exempted is equivalent to the amount of investment made in a tech start-up company.

YA 2024

- It is proposed the tax incentive **be extended for a period of 3 years.**
- **Effective 1 January 2024 until 31 December 2026**

GREEN TECHNOLOGY TAX INCENTIVE

YA 2023

- i. Green Investment Tax Allowance (GITA) Investment Tax Allowance of 100% on capital expenditure for qualifying green activities for a period of 3 years. The allowance can be set-off against up to 70% of statutory income.
- ii. Green Income Tax Exemption (GITE) a. Income tax exemption of 70% of statutory income on qualifying green services activities for a period of 3 years of assessment; and b. Income tax exemption of 70% of statutory income for a period of up to 10 years of assessment on solar leasing activity.

YA 2024

GITA Project

Qualifying Activities	% GITA	% of Statutory Income to be Set-Off	Incentive Period
Tier 1			
i. Green hydrogen	100%	100% or 70%	up to 10 years (5+5)
Tier 2			
i. Integrated waste management	100%	100%	5 years
ii. Electric Vehicle charging station			
Tier 3			
i. Biomass	100%	70%	5 years
ii. Biogas			
iii. Mini hydro			
iv. Geo thermal			
v. Solar			
vi. Wind energy			

GITE Solar Leasing

Tier	Tax Exemption on Statutory Income	Incentive Period
>3MW - ≤10MW	70%	5 years
>10MW - ≤30MW		10 years

GITA Asset

Qualifying Activities	% GITA	% of Statutory Income to be Set-Off	Incentive Period
Tier 1			
i. List of qualifying assets approved by Minister of Finance	100%	70%	Qualifying capital expenditure incurred from 1 January 2024 to 31 December 2026
ii. Battery Energy Storage System			
iii. Green building			
Tier 2			
i. List of qualifying assets approved by Minister of Finance	60%	70%	
ii. Renewable Energy System			
iii. Energy efficiency			

Effective 1 January to 31 December 2026

TAX INCENTIVE FOR RENTAL OF ELECTRIC VEHICLE

YA 2023

- Companies that rent non-commercial electric vehicles (EV) are given tax deduction up to RM300,000.
- Effective from the year of assessment 2023 until the year of assessment 2025.

YA 2024

- It is proposed tax deduction on EV rental cost be **extended for a period of 2 years.**
- Until the year of assessment 2027.

INCOME TAX EXEMPTION FOR SOCIAL ENTERPRISE

YA 2023

- Income tax exemption is given on all income of Social Enterprise up to 3 years of assessment.
- The exemption is for applications received by the Ministry of Finance from 1 January 2022 until 31 December 2023.

YA 2024

- It is proposed the application period for tax exemption on all income of Social Enterprise be extended for 2 years.
- 1 January 2024 until 31 December 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RELATED EXPENDITURES

It is proposed that tax deduction up to RM 50,000 for each YA on the following ESG related expenditure :

ESG Related Expenditure	Description
Enhance Sustainability Reporting Framework	ESG reporting by companies listed on the Bursa Malaysia stock exchange
Climate Risk Management and Scenario Analysis	ESG reporting by financial institutions regulated by the Bank Negara Malaysia
Tax Corporate Governance Framework (TCGF) of Lembaga Hasil Dalam Negeri Malaysia (LHDNM)	Preparation of reports related to TCGF by companies
Transfer Pricing Documentation	Preparation of transfer pricing documentation by companies
E-Invoicing implementation	Consultation fee for implementing e-invoicing incurred by Micro, Small and Medium Enterprises (MSME)
Any reporting requirement related to ESG	ESG reporting by companies to approved regulator by the Minister of Finance

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TAX EXEMPTION ON MANAGEMENT FEES INCOME FOR SUSTAINABLE AND RESPONSIBLE INVESTMENT FUNDS

SRI = Sustainable and Responsible Investments

- Tax exemption on management fees income for managing SRI funds.
- It proposed this income tax exemption be extended for a period of 4 years from YA2024 until YA 2027

EXTENSION OF TAX DEDUCTION ON ISSUANCE OF SRI SUKUK

YA 2023

- Tax deduction is given on the issuance cost of SRI sukuk that is approved by, or lodged with Securities Commission Malaysia until YA 2023.

YA 2024

- Deduction is extended for another 4 years.

SCOPE OF INCOME TAX EXEMPTION ON THE SUSTAINABLE AND RESPONSIBLE INVESTMENTS SUKUK GRANT AND BOND GRANT SCHEME

YA 2023

- Capital Market Development Fund (CMDf) has provided Green Sustainable and Responsible Investments (SRI) Sukuk Grant amounting to RM6 million.
- Each Green SRI sukuk issuer needs to apply the grant to the Securities Commission Malaysia (SC) to finance the external review expenses up to RM300,000.
- The grant is then renamed to SRI Sukuk Grant and Bond Grant Scheme.
- The income tax exemption on the grant is given from 1 January 2018 until 31 December 2025.

YA 2024

- It is proposed the income tax exemption be expanded to include SRI-Linked Sukuk Grants and bonds issued under the ASEAN Sustainability-Linked Bond Standards (ASEAN SLBS) approved by SC.
- 1 January 2024 until 31 December 2025.

INCOME TAX EXEMPTIONS ON SHARIAH-COMPLIANT FUND MANAGEMENT SERVICES

Shariah-Compliant and management services companies approved by Securities Commission Malaysia are given 100% income tax exemption on statutory income from fund management services as follows :

Investor Categories	Years of Assessment
Foreign investors in Malaysia	2007 – 2023
Local investors	2008 - 2023
Business Trust investors or Real Estate Investment Trusts (REITs) investors in Malaysia	2014 - 2023

Budget 2024 : This tax exemption be extended for 4 years with 60% tax exemption.

- ➡ Effective date YA 2024 to YA 2027
- ➡ Effective date YA 2024 to YA 2027
- ➡ Effective date YA 2024 to YA 2027

ISLAMIC FINANCIAL ACTIVITIES UNDER LABUAN IBFC

YA 2023

- Trading activities such as banking, insurance and trust companies are taxed at *fixed rate of 3% on audited net profits*
- Non trading activities such as equity holding are taxed at a *fixed rate of 0% on audited net profits*.

YA 2024

- Full income tax exemption for a period of 5 years be given to Labuan entity that undertakes Islamic financial related trading activities such as Islamic digital banking, Islamic digital bourses, ummah related companies and Islamic digital token issuers.
- **w.e.f YA 2024 to YA 2028**

TAX DEDUCTION FOR VOLUNTARY CARBON MARKET

YA 2023

- In 2022, Bursa Malaysia launched a voluntary carbon market (VCM) initiative known as the Bursa Carbon Exchange (BCX). This initiative acts as a voluntary platform for carbon credit trading between carbon development project owners with any entity that aims to shift to low carbon practices

Expenditure related to development of carbon projects incurred by carbon credit trading companies is allowed for tax deduction under subsection 33(1) Income Tax Act 1967.

YA 2024

- It is proposed **further tax deduction up to RM300,000** be given to companies for costs incurred on the Development and Measurement, Reporting and Verification (MRV) related to the development of carbon projects. The further tax deduction is **deductible from the carbon credits income traded on BCX.**

INSTITUTION/FUNDS/ ORGANISATION



CONDITIONS FOR INSTITUTIONS/ORGANISATIONS/FUNDS

YA 2023

- Income tax exemption as an incentive to institutions/organisations/funds that carry out charitable activities and operated not solely for profit.
- At least 50% of the income earned in the previous year must be spent in the following year for activities to achieve the objectives.
- Utilise not more than 25% of the accumulated funds on the first day of the assessment year.
- Meanwhile, donors are eligible for a tax deduction restricted to 10% of the aggregate income.
- In the event any of the conditions are breached, DGIR may withdraw the approval under subsection 44(6) of the ITA 1967.

YA 2024

- The accumulated funds utilisation limit of not more than 25% for participation in business activities **be increased up to 35%** to ensure the income of the approved institutions/organisations/funds continues to be sustainable.

Option	Utilisation of Accumulated Funds	Threshold of Charitable Activity Expenditure
1	Up to 25%	At least 50%
2	Over 25% and up to 35%	At least 60%

- In the event any of the conditions are breached, the approval status is upheld to ensure that donors remain eligible for tax deductions on contributions made to institutions/organisations/funds throughout the approval period.