



**2023  
MALAYSIAN  
TAXBIZ COMPANION**

**mazars**

## Introduction

# 2023 Malaysian TaxBiz Companion

Our Prime Minister and Minister of Finance, YAB Dato' Seri Anwar Ibrahim announced the revised Budget 2023 on 24 February 2023 with a total allocation of RM388.1 billion, comprising RM289.1 billion for operating expenditure and RM99 billion for development expenditure which includes RM2 billion as contingency savings.

What is in this revised Budget 2023? Here are the tax proposals you should know.



# Individual Tax

## 1. Review of Resident Individual Income Tax Rates

The B40 lower income group has received various forms of aid while the M40 middle-income group has been struggling to cope with the rising cost of living. To increase the disposable income of the M40 group, it is proposed that 2% reduction in income tax rate of resident individuals be given for chargeable income band between RM35,001 to RM100,000.

To ensure a more progressive tax structure for individual, it is also proposed that resident individuals earning higher income be subject to increase in income tax rate of 0.5% to 2% for chargeable income band between RM100,001 to RM1 million.

The new schedule of income tax rates are as follows:

Chargeable Income (RM)	Calculations (RM)	Current		Proposed		(Tax savings)/ Additional tax (RM)
		Tax Rate (%)	Tax Payable (RM)	Tax Rate (%)	Tax Payable (RM)	
0 - 5,000	On the First 2,500 Next 2,500	0.0% 0.0%	- -	0.0% 0.0%	- -	- -
5,001 - 20,000	On the First 5,000 Next 15,000	1.0%	- 150	0.0% 1.0%	- 150	- -
20,001 - 35,000	On the First 20,000 Next 15,000	3.0%	150 450	1.0% 3.0%	150 450	- -
35,001 - 50,000	On the First 35,000 Next 15,000	8.0%	600 1,200	6.0% ▼ -2.0%	600 900	- (300.00)
50,001 - 70,000	On the First 50,000 Next 20,000	13.0%	1,800 2,600	11.0% ▼ -2.0%	1,500 2,200	(300.00) (400.00)
70,001 - 100,000	On the First 70,000 Next 30,000	21.0%	4,400 6,300	19.0% ▼ -2.0%	3,700 5,700	(700.00) (600.00)
100,001 - 250,000	On the First 100,000 Next 150,000	24.0%	10,700 36,000	25.0% ▲ 1.0%	9,400 37,500	(1,300.00) 1,500.00
250,001 - 400,000	On the First 250,000 Next 150,000	24.5%	46,700 36,750	25.0% ▲ 0.5%	46,900 37,500	200.00 750.00
400,001 - 600,000	On the First 400,000 Next 200,000	25.0%	83,450 50,000	26.0% ▲ 1.0%	84,400 52,000	950.00 2,000.00
600,001 - 1,000,000	On the First 600,000 Next 400,000	26.0%	133,450 104,000	28.0% ▲ 2.0%	136,400 112,000	2,950.00 8,000.00
1,000,001 - 2,000,000	On the First 1,000,000 Next 1,000,000	28.0%	237,450 280,000	28.0%	248,400 280,000	10,950.00 -
Exceeding 2,000,000	On the First 2,000,000 Next ringgit	30.0%	517,450	30.0%	528,400	10,950.00 -

Effective date: From year of assessment 2023.



# Individual Tax

## 2. Extension of Individual Income Tax Relief for Childcare Centre or Kindergarten Fees

To ease parents' financial burden in providing early education for children, it is proposed that tax relief for childcare centre and kindergarten fees of up to RM3,000 be extended for another one (1) year.

**Effective date: For year of assessment 2024.**

## 3. Review of Income Tax Relief for Medical Treatment Expenses

To ease the financial commitment on early intervention for children with learning disabilities, it is proposed that the scope of income tax relief for medical treatment expenses be expanded to include the intervention expenditure for Autism, Attention Deficit Hyperactivity Disorder (ADHD), Global Developmental Delay (GDD), Intellectual Disability, Down Syndrome and Specific Learning Disabilities limited to RM4,000 as below:

- i. diagnostic assessment certified by a medical practitioner registered with the Malaysian Medical Council; and
- ii. early intervention and rehabilitation programmes conducted by health profession practitioners registered under the Allied Health Profession Act 2016.

With the expansion of this scope, it is proposed that the amount of tax relief for medical treatment expenditure be increased from RM8,000 to RM10,000.

**Effective date: From year of assessment 2023.**

## 4. Tax Relief on Voluntary Contribution to Employees Provident Fund (EPF)

To further encourage voluntary savings for retirement, it is proposed that tax relief for life insurance premium or takaful contribution be restructured as follows:

- i. Tax relief for mandatory/voluntary contributions to approved schemes/EPF (not including private retirement scheme) / contribution under any written law of up to RM4,000.
- ii. To expand the scope of tax relief for life insurance premiums or takaful contributions to include voluntary contributions to EPF of up to RM3,000.

The new treatment is applicable to civil servants under the pension scheme.

**Effective date: From year of assessment 2023.**

## 5. Removal of Deduction for Amount Deposited into Skim Simpanan Pendidikan Nasional

It is proposed that personal relief deduction of up to RM8,000 in respect of amount deposited by an individual for his child into the Skim Simpanan Pendidikan Nasional be withdrawn.

**Effective date: Year of assessment 2023.**

# Corporate Tax and Tax Incentives

## 1. Review of Income Tax Rate for Micro, Small and Medium Enterprises (MSMEs)

To increase the competitiveness of MSMEs and promote economic growth, it is proposed that the tax rate on chargeable income be reviewed as follows:

Chargeable Income (RM)	Current Tax Rate (%)	Proposed Tax Rate (%)	
First RM150,000	17%	15%	▼ -2%
RM150,001 to RM600,000	17%	17%	▬ 0%
RM600,001 and above	24%	24%	▬ 0%

**Effective date: From year of assessment 2023.**

\*In addition to the above, it is proposed that effective from the year of assessment 2024, companies or LLPs with more than 20% of its paid-up capital / capital contribution being directly or indirectly owned by companies incorporated outside Malaysia or by non-Malaysian citizen will no longer be eligible for the above MSMEs preferential tax rate.

## 2. Review of Tax Deduction on Cost of Listing in Bursa Malaysia

To further encourage more technology-based companies and MSMEs to expand their business by increasing capital funds through listing in Bursa Malaysia, it is proposed that the treatment on cost of listing be reviewed as follows:

(i) The existing tax deduction of up to RM1.5 million on the cost of listing on the Access, Certainty, Efficiency (“ACE”) and Leading Entrepreneur Accelerator Platform (“LEAP”) Markets be extended for another three (3) years from the year of assessment 2023 to 2025.

(ii) The tax deduction is also expanded to include the cost of listing technology-based companies in Bursa Main Market.

The qualifying expenses are as follows:  
(i) Fees to authorities;  
(ii) Professional fees; and  
(iii) Underwriting, placement and brokerage fees

**Effective date: From year of assessment 2023 to year of assessment 2025.**

## 3. Tax Deduction on Issuance Cost of Sustainable and Responsible Investment Linked (SRI-linked) Sukuk

To provide an innovative Shariah-compliant financing and place Malaysia as a regional hub of SRI-linked Sukuk issuance, it is proposed that tax deduction on the cost of issuing SRI-linked Sukuk that is approved or permitted or deposited with the Securities Commission Malaysia be given for a period of five (5) years.

**Effective date: From year of assessment 2023 to year of assessment 2027.**

# Corporate Tax and Tax Incentives

## 4. Special Tax Deduction for Expenditure on Malaysian-Made Handicraft

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

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

**Effective date: Qualifying handicraft products expenditure incurred from 1 January 2023 until 31 December 2025.**

## 5. Expansion of Scope of Double Deduction for the Employment of Senior Citizens, Ex-Convicts, Parolees, Supervised Persons and Ex-Drug Dependants

In line with Sustainable Development Goals (SDG) 2030 which aimed to provide suitable job opportunities without discriminating certain group, it is proposed that the scope of the double deduction be expanded to include remuneration paid to inmate and ex-inmate of:

- i. Henry Gurney School under the Malaysian Prison Department
- ii. Protection and rehabilitation institution and non-government care centres registered under the Social Welfare Department

**Effective date: From year of assessment 2023 to year of assessment 2025.**

## 6. Tax Deduction for Sponsorship of Smart Artificial Intelligence (AI)-Driven Reverse Vending Machine

To support the recycling of plastic waste ecosystem and to ensure the collected-for-recycling rate be increased through effective and organised plastic waste collection programme, it is proposed that tax deduction under Section 34(6)(h) of the Income Tax Act 1967 be given to companies and other than companies (individuals, partnerships, trusts and cooperatives that have business income) that make donations or sponsorships of AI-Driven Reverse Vending Machine.

**Effective date: Contribution/sponsorship and application received by Ministry of Finance from 1 April 2023 until 31 December 2024.**

## 7. Tax Incentive for Company Renting Non-Commercial Electric Vehicle (EV)

To encourage the use of low-carbon vehicles, it is proposed that companies that rent non-commercial EV be given tax deduction on the rental amount up to RM300,000 (currently, tax deduction is given up to RM50,000 or RM100,000 depending on the cost of the EV).

**Effective date: From year of assessment 2023 to year of assessment 2025.**

# Corporate Tax and Tax Incentives

## 8. Tax Incentives for Manufacturer of EV Charging Equipment

To further complement the ecosystem for EV and to attract immediate high-value investment in the manufacturing of EV charging equipment, it is proposed that tax incentives be given as follows:

Tax Incentives	Incentive Period
100% income tax exemption on statutory business income	Maximum ten (10) years from the year assessment 2023 to 2032
100% investment tax allowance on qualifying capital expenditure to be set-off against up to 100% of the statutory business income	Five (5) years

**Effective date: Applications received by the Malaysian Investment Development Authority from 25 February 2023 until 31 December 2025.**

## 9. Tax Incentives for Carbon Capture and Storage (CCS)

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

Tax Incentive	Companies under taking in-house CCS activity	Companies undertaking CCS services	Companies engaging CCS services
100% investment tax allowance on qualifying capital expenditure for a period of ten (10) years to be off-set against up to 100% of statutory business income	√	√	X
Tax deduction for allowable pre-commencement expenses within five (5) years from the date of commencement of operation	√	X	X
70% income tax exemption on statutory business income for a period of ten (10) years	X	√	X
Tax deduction on fee incurred for use of CCS services	X	X	√

**Effective date:**

- i. Application received by the Ministry of Finance from 25 February 2023 to 31 December 2027.
- ii. Tax deduction can be claimed from the year of assessment 2023 to the year of assessment 2027.

# Corporate Tax and Tax Incentives

## 10. Tax Incentives for Chicken Rearing in Closed House System

To encourage more chicken rearers to adopt environmental-friendly closed house system and to increase productivity, it is proposed that tax incentives be given as follows:

- i. 100% accelerated capital allowance on qualifying capital expenditure
- ii. 100% income tax exemption equivalent to the qualifying capital expenditure

Both tax incentives are given on the same qualifying capital expenditure incurred from the year of assessment 2023 until the year of assessment 2025. Thus, qualifying capital expenditure that can be claimed amounting to 200% within a year.

**Effective date: From year of assessment 2023 to year of assessment 2025.**

## 11. Review of Tax Incentives for Food Production Project

- i. An investor company that undertakes investment in a subsidiary company engaging in new food production project is given tax deduction equivalent to the amount of investment made in the basis year the investment is made
- ii. A company engaging in food production project:
  - a. A new project is given 100% income tax exemption on statutory income for ten (10) years of assessment.
  - b. An expansion project for existing company is given 100% income tax exemption on statutory income for five (5) years of assessment.

To further promote participation of industry players in agriculture sector and to ensure the security of domestic food supply, it is proposed that tax incentives be reviewed as follows:

- i. Scope of tax incentive to be expanded to include agricultural projects based on Controlled Environment Agriculture (CEA)
- ii. Application period for tax incentives to be extended for three (3) years

**Effective date: Applications received by the Ministry of Agriculture and Food Security from 1 January 2023 to 31 December 2025.**

## 12. Review of Tax Incentives for BioNexus Status Company

To attract more biotechnology industry players, it is proposed that tax incentives be reviewed as follows:

- i. Income tax exemption rate on statutory income be increased from 70% to 100%
- ii. Application period for tax incentives be extended for two (2) years

**Effective date: Applications received by Malaysian Bioeconomy Development Corporation from 1 January 2023 to 31 December 2024.**



# Corporate Tax and Tax Incentives

## 13. Review of Accelerated Capital Allowance in Manufacturing, Services and Agriculture Sector

Category 1	Category 2
Labour-intensive industry (rubber, plastics, wood and textile products)	Industries other than Category 1 including services sector
100% accelerated capital allowance for automation equipment on the first RM4 million of qualifying capital expenditure incurred	100% accelerated capital allowance for automation equipment on the first RM2 million of qualifying capital expenditure incurred
100% income tax exemption on the qualifying capital expenditure incurred for automation equipment	

Thus, qualifying capital expenditure that can be claimed amounting to 200% within a year.

To further drive the productivity and improve efficiency through automation, it is proposed that the accelerated capital allowance 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
- iii. Capital expenditure threshold for categories 1, 2 and agriculture be aligned and increased up to RM10 million.

**Effective date: Applications received by the Malaysian Investment Development Authority and the Ministry of Agriculture and Food Security from 1 January 2023 to 31 December 2027.**



# Corporate Tax and Tax Incentives

## 14. Extension of Tax Incentive for Ship Building and Ship Repairing (SBSR) Industry

	Tax Incentive	Incentive Period
New Company	70% income tax exemption on statutory business income	Five (5) Years
Existing Company	60% investment tax allowance on qualifying capital expenditure to be set-off against up to 70% of statutory business income	Five (5) Years

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

**Effective date: Applications received by the Malaysian Investment Development Authority from 1 January 2023 until 31 December 2027.**

## 15. Extension of Tax Incentive for Aerospace Industry

	Tax Incentive	Incentive Period
New Company	70% to 100% income tax exemption on statutory business income	Five (5) to ten (10) years
Existing Company	60% investment tax allowance on qualifying capital expenditure to be set-off against up to 70% of the business statutory income for each year of assessment	Five (5) years

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

**Effective date: Applications received by the Malaysian Investment Development Authority from 1 January 2023 until 31 December 2025.**

# Corporate Tax and Tax Incentives

## 16. Extension of Tax Incentive for Manufacturing Companies Relocating Operations to Malaysia and Special Tax Rate for C-Suite in the Electrical & Electronic (E&E) Sector

To attract companies to relocate their operations to Malaysia, it is proposed that the tax incentives be extended as follows:

	Tax Incentive	Incentive Period
New Company	0% income tax rate for ten (10) years for capital investment in manufacturing sector between RM300 million to RM500 million	Extended for two (2) years - Applications received by the Malaysian Industrial Development Authority from 1 January 2023 to 31 December 2024
	0% income tax rate for fifteen (15) years for capital investment in manufacturing sector above RM500 million	
Existing Company	100% investment tax allowance for capital investment in manufacturing sector above RM300 million for five (5) years to be set-off against 100% statutory business income	
Non-Malaysian citizen holding C-Suite or key position in relocated company	15% income tax rate for five (5) consecutive years	

**Effective date: Applications received by the Malaysian Investment Development Authority from 1 January 2023 until 31 December 2025.**

## 17. Definition of “plant”

It is proposed that the definition of “plant” under Schedule 3 of the Income Tax Act 1967 which explicitly exclude an “intangible asset” be amended to remove such exclusion but at the same time, the Ministry of Finance be empowered to prescribe the exclusion of any other assets from the definition of “plant” as it deems appropriate. This means that an intangible asset may qualify as plant for claiming capital allowance if the functional test and other conditions are satisfied.

**Effective date: Year of assessment 2023.**

# Tax Administration

## 1. Mandatory Submission of Tax Return via Electronic Transmission

It is proposed that the submission of income tax return, amended income tax return and employer tax return in the prescribed form on an electronic medium or by way of electronic transmission be made mandatory in respect of below:

- All types of income tax returns by all categories of taxpayers (individual, trust body, co-operative society and partnership)
- Amended income tax return by company, limited liability partnership, trust body and co-operative society.
- Employer tax return by limited liability partnership, trust body and co-operative society.

**Effective date: Year of assessment 2024.**

## 2. Application for Settlement of Tax via Tax Instalments

It is proposed that the Director General of Inland Revenue Board be allowed to grant instalments payment for the settlement of tax or additional tax due and payable together with 10% increment on unpaid amount regardless of whether the amount is assessed under a formal notice of assessment (as currently allowed) or a deemed assessment upon submission of income tax returns or amended income tax returns.

**Effective date: Year of assessment 2023.**

## 3. Submission of Variation on Estimated Tax

It is proposed that a person other than a company, limited liability partnership, trust body or co-operative society be allowed to apply for a variation to the amount of estimated tax to be paid by instalments once not later than 30 June or once not later than 31 October or both.

**Effective date: Year of assessment 2023.**



# Indirect Tax

## 1. Import Duty and Sales Tax Exemption on Studio and Filming Production Equipment

In order to boost the level of creativity of industry players in creating high value creative content in the domestic and international markets as well as attracting foreign film producers to carry out filming activities in Malaysia, it is proposed that import duty and sales tax exemption on studio and filming production equipment be given to providers of studio equipment, production and post-production services for a period of three (3) years.

**Effective date: Applications received by the Ministry of Finance from 1 April 2023 until 31 March 2026.**

## 2. Review of Excise Duty and Sales Tax Exemption on the Sale or Transfer of Individually Owned Taxis and Hired Cars

To assist individual taxi owners affected by the COVID-19 pandemic, it is proposed the excise duty and sales tax exemption on sale/transfer/private use/disposal of individually owned taxis and hired cars be expanded to include other taxis and hired cars based on the licenses and services as follows:

- i. Taxis (budget taxis, executive taxis and TEKS1M);
- ii. Airport taxis (budget and family); and
- iii. Hired cars.

The vehicle age condition is relaxed to at least five (5) years from the date of registration.

**Effective date: Applications received by the Royal Malaysian Customs Department from 1 March 2023.**

## 3. Import Duty and Sales Tax Exemption on Nicotine Replacement Therapy (NRT)

To support the mQuit Programme and encourage the use of NRT as an option for smoking cessation, it is proposed that import duty and sales tax exemption be given to below NRT products for a period of three (3) years.

Product	Tariff Code	Import Duty	Sales Tax
Nicotine Gum	2404.91.1000	15%	5%
Nicotine Patch	2404.92.1000	0%	10%

**Exempted**

**Effective date: Applications received by the Ministry of Finance from 1 April 2023 until 31 March 2026.**



# Indirect Tax

## 4. Import Duty and Sales Tax Exemption on Equipment Used for Carbon Capture and Storage (CCS) Technology

It is proposed that full import duty and sales tax exemption be given on equipment used for CCS technology for companies undertaking in-house CCS activity or CCS services commencing on 1 January 2023 until 31 December 2027.

**Effective date: Applications received by the Ministry of Finance from 25 February 2023 to 31 December 2027.**

## 5. Extension of Import Duty, Excise Duty and Sales Tax Exemption to Support the Development of EV Industry

To spur domestic demand and encourage the growth of locally assembled EV activity, it is proposed import duty, excise duty and sales tax exemption for EV be extended as follows:

	Tax Measures	Incentive Period	Incentive Period Extension
1.	Full import duty exemption on components for locally assembled EV	Until 31.12.2025	Until 31.12.2027
2.	Full excise duty and sales tax exemption on locally assembled Completely-Knocked-Down ("CKD") EV		
3.	Full import duty and excise duty exemption on imported Completely-Built-Up ("CBU") EV	Until 31.12.2023	Until 31.12.2025

## 6. Imposition of Excise Duty on e-Cigarettes and Vaping Product

In line with public health principles and the World Health Organization Framework Convention on Tobacco Control (WHO FCTC) Taxation and Price Measures, it is proposed that excise duty be imposed on liquid or gel products containing nicotine used for e-cigarettes and vaping products.

**Effective date: Further details to be announced in due course.**

## 7. Imposition of Luxury Goods Tax on Branded Items

To broaden the tax base by taking more progressive approach, it is proposed that luxury tax be imposed on certain branded items with a certain threshold according to the type of items including luxury watches and fashion items in the year 2023.

**Effective date: Further details to be announced in due course.**

# Real Property Gains Tax

## 1. No Gain No Loss Treatment for Transfer of Real Property between Former Spouses

It is proposed that no gain no loss treatment in which disposal price of a real property is deemed equal to its acquisition price for the transfer of real property between spouses be expanded to include the transfer between former spouses pursuant to an order of any court in consequence of the dissolution or annulment of their marriage.

**Effective date: Upon coming into operation of the Finance Act 2023.**

## 2. No Gain No Loss Treatment for Transfer of Real Property to A Company Controlled by Individual Transferor

It is proposed that no gain no loss treatment involving the transfer of chargeable assets by an “individual transferor” to a company controlled by the transferor for a consideration consisting of shares or substantially of shares in the company be restricted to those transfer where the transferee company is a company incorporated in Malaysia. The “individual transferor” here refers to an individual, the wife of the individual, an individual jointly with his wife or a connected person, a nominee for the individual/wife/both or a trustee for the individual/wife/both.

**Effective date: Upon coming into operation of the Finance Act 2023.**



# Stamp Duty

## 1. Stamp Duty Treatment for transfer of Property by Way of Love and Affection

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 that stamp duty 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% exemption on the stamp duty imposed. This stamp duty treatment applies to the recipients who are Malaysian citizens.

**Effective date: Instrument of transfer of property executed from 1 April 2023.**

## 2. Stamp Duty Treatment for Educational Loan / Scholarship Agreement

To streamline stamp duty treatment for all levels of education, it is proposed that the imposition of a fixed duty of RM10 be expanded to include educational loan/scholarship agreement to pursue education at all levels including certificate (education/skills/professionals) in any educational and training institutions.

**Effective date: Educational loan / scholarship agreement executed from 1 June 2023.**

## 3. Stamp Duty on Instrument Relating to Discounting Invoices and Factoring Agreement

It is proposed that the imposition of a fixed duty of RM10 be expanded to include a charge, a mortgage on or an assignment by way of security of account receivables pursuant to a discounting invoices agreement as well as the absolute sale of any account receivables or book debts pursuant to a factoring agreement that is entered into with any statutory body, agency of the Government or of the State Government, or any company in which the Government or the State Government has interest, which provides financing to a small and medium enterprise.

**Effective date: Upon coming into operation of the Finance Act 2023.**

## 4. Extension of Stamp Duty Exemption on Restructuring or Rescheduling of Loan / Financing Agreement

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 two (2) years.

**Effective date: Restructuring or rescheduling of loan / financing agreement executed from 1 January 2023 to 31 December 2024.**

## 5. Extension of Stamp Duty Exemption for First-Time Home Ownership

To further encourage home ownership, it is proposed that stamp duty exemption for first-time home ownership be continued, 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.

**Effective date: Further details to be announced in due course.**





# Others

## 1. Reintroduction of Special Voluntary Disclosure Programme (SVDP)

It is proposed that SVDP be reintroduced by the Inland Revenue Board (IRB) and the Royal Malaysian Customs Department to allow 100% waiver of penalties for voluntary disclosures from 1 June 2023 to 31 May 2024.

## 2. Tax Deduction relating to Sports Development

It is proposed that tax deduction of up to 10% of aggregate income be given to individuals or companies that contribute to non-profit organizations that implement sports development programme at the grassroots level. It is also proposed that employers who hire former national athletes be given a tax deduction.

## 3. Contribution to the film industry

It is proposed that tax deductions be given for contributions made to the Tabung Komuniti Filem and Pembangunan Filem Kenegaraan under National Film Development Corporation Malaysia (FINAS).

## 4. Capital Gains Tax on Unquoted Shares

In line with international best practices, it is proposed that capital gains tax for the disposal of unlisted shares by companies be examined for targeted implementation at a low rate from the beginning of year 2024.

## 5. Withholding Tax on Payments to Resident Agents, Dealers or Distributors (ADDs)

It is proposed that the due date for remittance of withholding tax to the IRB be amended to the end of the following month instead of 30 days after payment made to resident ADDs. To streamline the treatment with other withholding taxes, the relief under Section 97A and 131A would also be expanded to cover payments made to resident ADDs. These proposals would be effective from 1 January 2023.

## 6. Tax Exemption for Charitable Hospital and Tax Deduction for Donors

It is proposed that charitable hospitals registered as Companies Limited by Guarantee be given income tax exemption equivalent to the expenses incurred for charity purposes.

Donors who donate to the charitable hospitals would be given a tax deduction up to 10% of aggregate income under Section 44(11C) of the Income Tax Act 1967.



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