

BUDGET 2024

Stamp Duty

- Stamp duty of RM10 applies when an eligible beneficiary renounces property rights to another under a will / faraid or the Distribution Act 1958, from 1.1.2024.
- 4% stamp duty applies on transfer instruments executed by foreign-owned companies & non-citizen individuals (excluding Malaysian permanent residents) from 1.1.2024.

Commodities Sector

- The commodities sector qualifies for a 100% Accelerated Capital Allowance on qualifying automation equipment expenses.
- Applications must be made to the Ministry of Plantation and Commodities from 14.10.2023 to 31.12.2027.

Global Services Hub

Companies that establish a global services hub in Malaysia will qualify for a 2-tier preferential tax rate of 5% and 10%. The types of income exempted include services and trading income. Conditions are primarily outcome-based, such as ESG compliance, C-Suite employees with a minimum salary of RM35,000, and training programmes that benefit local students. Applications can be submitted to Malaysian Investment Development Authority from 14.10.2023 to 31.12.2027.

Manufacturing - NIMP 2030

Companies that have exhausted their reinvestment allowance are eligible for a 2-tier Investment Tax Allowance (ITA) based on an outcome-based approach:

- Tier 1: 100% of qualifying capital expenditure can be set off against 100% of statutory income; or
- Tier 2: 60% of qualifying capital expenditure can be set off against 70% of statutory income.

Applications must be made from 1.1.2024 to 31.12.2028.

Capital Gains Tax

- Effective from 1.3.2024, a 10% capital gains tax on net gain will apply to share disposals in non-listed local companies.
- Exceptions: disposal of shares for approved Initial Public Offering (IPO) and restructuring of shares within the same group.

ESG

Expenses related to Environmental, Social, and Governance (ESG) qualify for a tax deduction of up to RM50,000 for YA 2024 to YA 2027.

Carbon Project

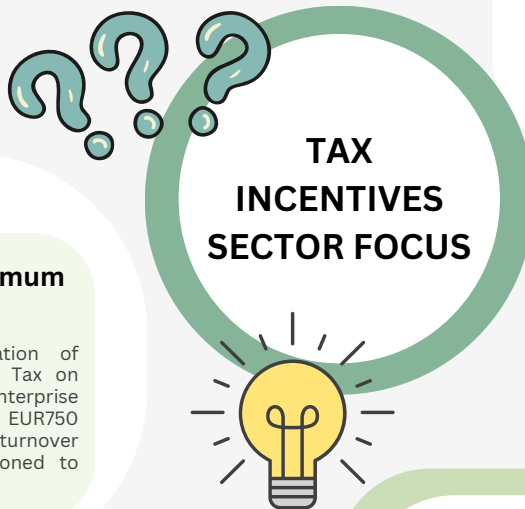
Expenses of Development and Measurement, Reporting, and Verification (MRV) for carbon project development qualifies for a tax deduction of up to RM300,000.

Green Investment Tax Allowance & Exemption

The Green Investment Tax Allowance and Exemption periods are extended. Apply to Malaysian Investment Development Authority between 1.1.2024 and 31.12.2026.

Environment Preservation & Conservation

Entities contributing or sponsoring activities related to tree planting or environmental conservation and preservation projects certified by Forest Research Institute Malaysia qualify for tax deduction under Section 34(6)(h) of the Income Tax Act 1967.



OTHERS

Service Tax

- Service tax rate increases to 8%, except for food & drinks as well as vehicle parking, logistics and telecommunication services.
- Scope of taxable services now includes logistics, brokerage, underwriting and karaoke services.

Global Minimum Tax

The implementation of Global Minimum Tax on multinational enterprise groups with over EUR750 million in group turnover has been postponed to 2025.

Extension: Tax Exemption

Tax exemption periods are extended as follows:

Shariah-compliant fund management: For 4 years (up to YA 2027), with 60% tax exemption.

Income from management fees for managing Sustainable and Responsible Investments: For 4 years (up to YA 2027).

Social Enterprise Income: For 2 years (up to YA 2025). Apply to the Ministry of Finance from 1.1.2024 to 31.12.2025.

E-Invoice

1st phase of implementation of e-invoicing has been deferred from June 2024 to August 2024. The threshold for this phase remains i.e., taxpayers with annual turnover/revenue of more than RM100million.

New Approval Conditions under Section 44(6) of the Income Tax Act 1967

Approved institutions / organizations / funds can:

Use up to 25% of their accumulated funds for business & spend at least 50% of the previous year's income on charitable activities; or

Use between 25% and 35% of their accumulated funds for business & spend at least 60% of the previous year's income on charitable activities.



Other questions?



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