



1

SQL Account is No.1 accounting software in South East Asia (SME Market).

2

SQL Account & SQL Payroll are used by more than 210,000 Companies in South East Asia.

3

Our Client represent virtually every type of business from public-listed companies to single proprietors.

4

SQL is most popular SST/VAT solution software in South East Asia.

5

We have conducted hundreds of SST/VAT seminars, workshops and training for accountants, business owners and account administrators.



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SQL
Account Payroll

E Stream Software Sdn Bhd (611016-M)

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Number 1 Accounting Software, trusted by more than 210,000 companies

Accounting Software survey in JobStreet.com based on brand name keyword search as at 10/10/2019



SQL Payroll



EMPLOYEE

- Employee Dashboard
- Easy Leave & Claim Status Checking
- Unlimited Years Salary Records
- Detail Payslip Info
- EA Form Report



EMPLOYER

- Easy Approval
- Apply Leave & Claim on Behalf
- Employee Leave & Claim Application
- Manager Dashboard



QUICK & EASY PAYROLL PROCESS

Enjoy speed payroll processing & view each earning breakdown with an intuitive screen display.



FLEXIBLE AMENDMENT

Edit payroll processes anytime with permission based. Experience accurate, real time recalculations of statutory contributions.



STATUTORY COMPLIANCE

Fast update to comply with latest EA, Borang E, CP8D, Borang A, 8A, CP39, EIS and others government regulatory changes.



E Leave & E Claim

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- Unlimited Employee Records
- Approval & Notification
- Simplified Interface
- Sync to SQL Payroll



BANK GIRO WITH ALL BANK

Make salary payments via electronic submissions. More than 25 banks can be used to perform bank giro on SQL Payroll.



COMPREHENSIVE HR & GOVERNMENT REPORT

Appointment letter, confirmation letter, increment letter, assessment letter, termination letter and etc

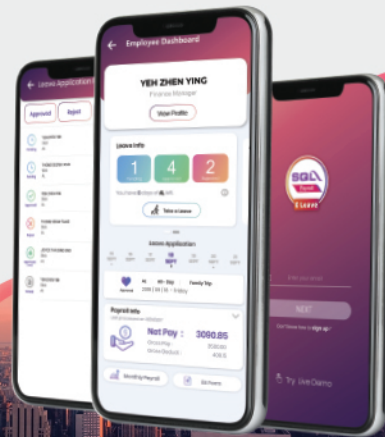


LINKING WITH SQL ACCOUNT

Post SQL Payroll transaction into SQL Account in simple clicks.



INTEGRATION SEAMLESSLY WITH TIME MANAGEMENT SYSTEM calculates OT, Leaves, and allowances without any mistakes and minimal external interference.



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About Us

SQL Account and SQL Payroll are used by more than 210,000 companies in Malaysia, we empower more than 600,000 accounting professional and business owner use SQL Account & SQL Payroll for their daily operations. We consistently improving its products to ensure the highest level of quality. A dedicated research and development team is involved in researching the latest products and technology to be used in its products. Our company also ensures quality support for its products. With more than 400 channel partners are carefully selected throughout Malaysia to deliver the highest level of service quality and value for money for its range of products.

SQL is powered by a dynamic team of employees who are qualified and dedicated in their work. Every employee is hand-picked and internally trained by SQL. Hence, each employee is well versed in the technology behind every product along with the rules and requirements of processing taxes in Malaysia. A team that is armed with the right knowledge will be able to give customers the best support that they require. SQL takes pride in their customer services and goes the extra mile to make sure that no one is left behind by actively conducting training, nationwide seminars, and on-site visitations.

It's no secret that SQL Account is the most popular accounting software and business solution across Malaysia. Go online to SQL.com.my to learn more about how SQL Account can help you leverage your business, today!



SQL Account



SQL Payroll



SQL Connect



SQL POS



E leave & E Claim



Stock Take



www.SQL.com.my



SQL PAYROLL

Easy compliance ,secure your job

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1

SQL ACCOUNT & INVENTORY

SQL Account is the number 1 accounting software in Malaysia use by more than 180,000 companies. Customize your SQL Account to suit your workflow. Enhance your business logic with DIY fields & DIY script to propel your business beyond the competition.

5

SQL LIVE MOBILE APP

The future of user experience in mobility, receive notification, Camera OCR Scanning, Map Route planner integrated with waze and google map, voice data entry, advance GPS security tracking, run on both IOS and Android, access anytime and anywhere.

4

SQL POS

Prompt Inventory synchronization, Multiple forms of payment, support multiple warehouse, serial number, batch expiry date control, unlimited multiple pricing, direct price update to scale weighting machine, linkable to price checker device.

2

SQL SPECIAL INDUSTRIES

- Accountant Set
- Fast entry, recurring bills
- Shipping and Forwarding
- Property Management
- Construction
- Project Accounting with BQ Management
- Distributor; Wholesaler
- Map Route Planner
- Motor Vehicle System
- Hire Purchase
- Transportation
- Formula Calculation
- Photocopier Meter Reading

3

Saya
SST
Ready

Integrated
Business
Software

SQL MANUFACTURING

Job Order can help your production material planning, accurate production cost calculation based on real time costing method, landing cost allocation method, managing work-in-progress for finished product and stock batch expiry control.

6

INTERBANK GIRO FUNCTIONS FOR ALL BANKS



An aerial photograph of the Kuala Lumpur skyline at sunset. The Petronas Twin Towers are the most prominent feature on the right side of the image. The sky is filled with vibrant orange and red clouds. In the foreground, there are various urban structures, including a large construction site with cranes and a building with a distinctive green dome. The overall scene is a mix of modern architecture and ongoing development.

Budget 2020 Tax & Business Conference

SQL Budget 2020 Tax & Business Conference

is a yearly seminar that you **must attend** to **keep yourself equipped with the ultimate business knowledge and tax updates.**

2020 Budget focuses on supporting **Malaysian SME** as well as **attracting foreign investment** into Malaysia. It themed "Driving Growth and Equitable Outcomes Towards Share Prosperity". It aims to build a dynamic economy by embracing the **Digital Era.**

Traditional businesses such as **Food and Beverage** and **retail face an ultimate challenge** as consumers are **moving towards e-wallets**, online shopping and food delivery. In order to ease businesses to this **digital transformation**, government initiated different grants and opportunities to grab, the question is :

Do You Know How to Grab Them?

In this much-anticipated yearly seminar, we will talk about these **new opportunities** various industries can grab, including **tax incentives and grants.** Most importantly, we will also talk about **income tax, employment act and SST updates for Budget 2020.**



Song Liew

Licensed Tax Agent | MIA | CTIM |
ACCA | ASEAN CPA | HRDF
Founder of ANC Group | TH Liew & Co

PERSONAL PROFILE



Song Liew
SST Consultant
Tax Agent

Song Liew is the Executive Director of ANC Group Sdn Bhd. He is a tax agent licensed by the Ministry of finance, member of MIA, CTIM, ACCA, ASEAN CPA and an approved HRDF trainer. Song provides tax compliance services and tax advisory for both domestic and cross border transactions. He is a trainer/facilitator for tax workshops organised by MIA, Malaysian Employer Federation (MEF), SQL Accounting Software and in-house training for corporations. He has made his appearance in local newspapers, radio station and has conducted more than one hundred trainings with largest audiences of 2,400. He authored Implementation to SST 2.0 and Employer Obligation and Tax Planning Year 2018. He is currently a member of MIA Young Professionals Committee's Engagement Working Group.

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BELANJAWAN 2020



Driving Growth and Equitable Outcomes Towards Shared Prosperity



Driving Economic Growth in the New Economy and Digital Era



**Investing in Malaysians :
Levelling Up Human Capital**



**Creating a United, Inclusive and
Equitable Society**



**Revitalisation of Public Institutions
and Finances**



Changes to Affecting Individual Tax

Changes Affecting Individuals

1. Review of Income Tax Rate for Individual

To ensure more progressive income tax structure, it is proposed that chargeable income band exceeding RM2,000,000 be introduced and tax at 30%, instead of 28%.

Impact

The increase will affect approximately 2,000 top income earners in Malaysia. Most significantly, it will affect non-resident or expatriate taxes.

Example

A non-resident expatriate earning RM100,000 per year now have to pay RM30,000 instead of RM28,000.

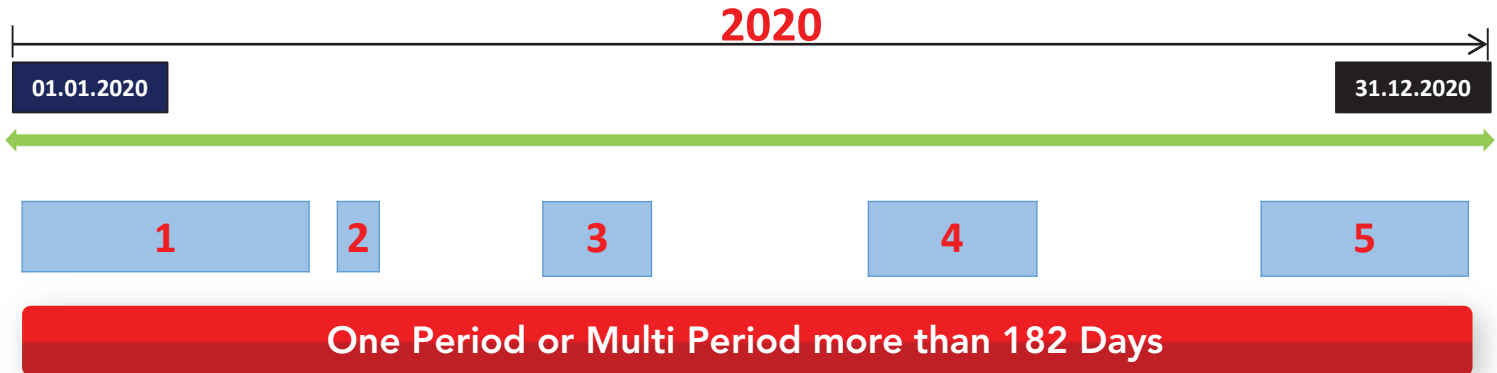
It makes satisfying residence status more crucial than ever. Residence tax amount only at approximately RM8,800.

Effective Year of Assessment 2020.

| Chargeable Income (RM) | Current Tax Rate (%) | New Tax Rate (%) |
|------------------------|----------------------|------------------|
| 0 – 5,000 | 0 | 0 |
| 5,001 – 20,000 | 1 | 1 |
| 20,001 – 35,000 | 3 | 3 |
| 35,001 – 50,000 | 8 | 8 |
| 50,001 – 70,000 | 14 | 14 |
| 70,001 – 100,000 | 21 | 21 |
| 100,001 – 250,000 | 24 | 24 |
| 250,001 – 400,000 | 24.5 | 24.5 |
| 400,001 – 600,000 | 25 | 25 |
| 600,001 – 1,000,000 | 26 | 26 |
| 1,000,001 – 2,000,000 | 28 | 28 |
| Exceeding 2,000,000 | 28 | 30 |

Changes Affecting Individual

2. Explanation to Section 7(1)(a) of Income Tax Act 1967



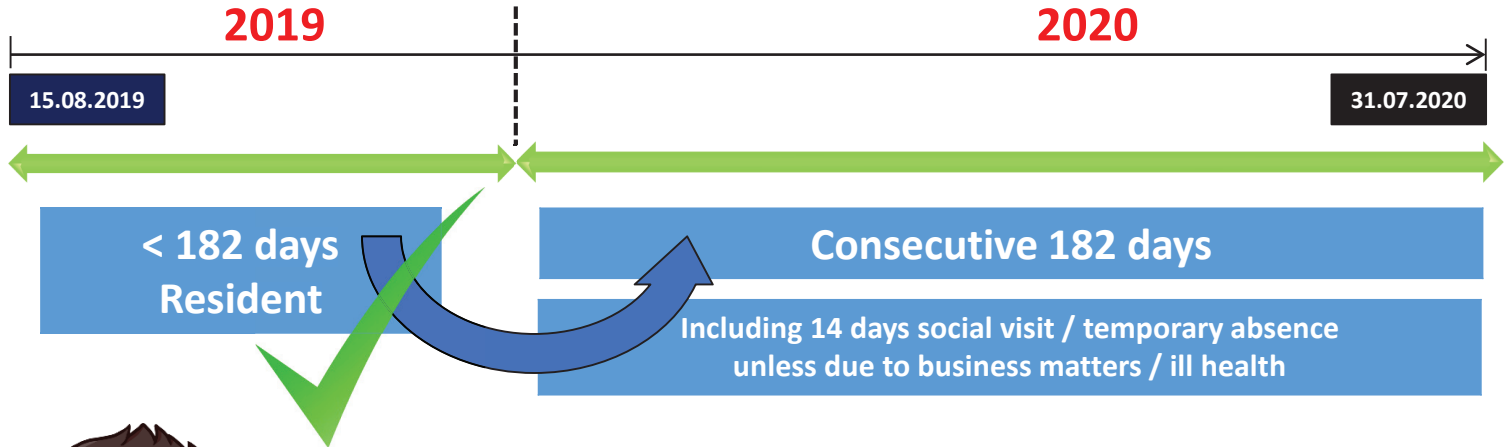
Section 7(1)(a) of the Income Tax Act 1967

“An individual must be physically present in that calendar year, amounting to a minimum of 182 days. The 182 days can be made up of one period or multiple periods during that particular calendar year”.

If you arrived new to Malaysia in July / August, you are a non-resident for this calendar year.

Changes Affecting Individual

3. Explanation to Section 7(1)(b) of Income Tax Act 1967



Section 7(1)(b) of the Income Tax Act 1967

The individual is in Malaysia less than 182 days (2019) and that period is linked to a period of 182 days or more consecutive days (2020) (relevant to staff new to Malaysia); or

The individual is in Malaysia less than 182 days (2020) and that period is linked by a period of 182 days or more consecutive days (2019) (becomes applicable when you leave Malaysia).

Changes Affecting Individual

4. Personal Relief & Rebates YA 2019 & 2020

| Tax Deduction | Description | YA 2019 | YA 2020 (Proposed) |
|-----------------|--|---------|-----------------------|
| Individual | Personal relief | 9,000 | 9,000 |
| Spouse | Non-working spouse (updated 01.01.2017 – working overseas not eligible) <i>**House Expenses not eligible. Husband's responsibility</i> | 4,000 | 4,000 |
| Child | Child below the age of 18 | 2,000 | 2,000 |
| | Disabled child (unmarried) | 6,000 | 6,000 |
| | Child above the age of 18 receiving full time education at diploma and degree onwards (including disable child) <i>**Courses and universities recognised by Government, refer : http://www.jpa.gov.my/</i> | 8,000 | 8,000 |
| Disabled person | Additional personal deduction | 6,000 | 6,000 |
| Disable Spouse | Additional spouse deduction | 3,500 | 3,500 |

Changes Affecting Individual

4. Personal Relief & Rebates YA 2019 & 2020

| Tax Deduction | Description | YA 2019 | YA 2020 (Proposed) |
|-------------------|--|---------|-----------------------|
| Alimony | Alimony to former wife (mutually exclusive with spouse relief) | 4,000 | 4,000 |
| Annuity | Annuity Scheme Premium / Private Retirement Scheme (PRS) | 3,000 | 3,000 |
| Medical | Complete medical examination for self / child | 500 | 500 |
| Education | Education fee for technical skills / qualifications at tertiary level or post graduate | 7,000 | 7,000 |
| Medical Insurance | Insurance premium for education or medical benefits for self or child | 3,000 | 3,000 |
| EPF | EPF | 4,000 | 4,000 |
| Life Insurance | Life insurance and Takaful | 3,000 | 3,000 |
| Parent Medical | <p>Medical expenses for parent</p> <p>Include expenses to care for parents, i.e. through carer, for parents who suffer from diseases, physical or mental disabilities and need regular treatment certified by qualified medical practitioner. Include treatment and care at home, day care centres or home care centres.</p> | 5,000 | 5,000 |

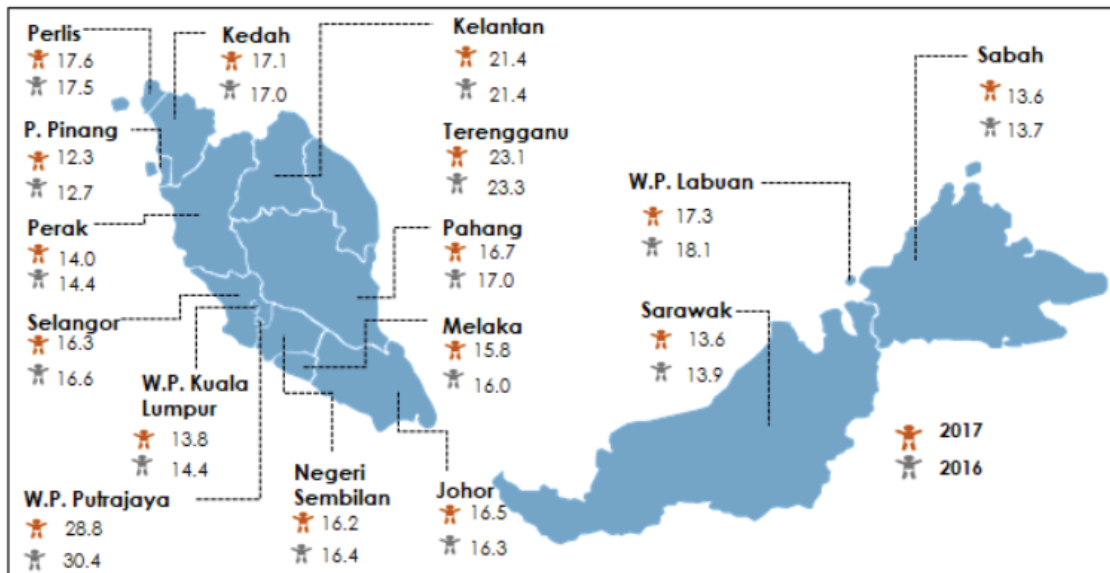
Changes Affecting Individual

4. Personal Relief & Rebates YA 2019 & 2020

| Tax Deduction | Description | YA 2019 | YA 2020 (Proposed) |
|------------------------|---|---------|-----------------------|
| Self Medical | <p>Medical expenses for self / spouse and children on serious diseases (include medical examination RM500)</p> <p><i>Serious Diseases :</i></p> <p><u>Medical expenses</u> on serious diseases includes the treatment of acquired immune deficiency syndrome (AIDS), Parkinson's disease, cancer, renal failure, leukaemia and other similar diseases such as heart attack, pulmonary hypertension, chronic liver disease, fulminant viral hepatitis, head trauma with neurological deficit, brain tumour or vascular malformation, major burns, major organ transplant and major amputation of limbs. Amount expended on own self, husband / wife or child is deductible up to a maximum of RM6,000 but total relief allowable for both items, F6 and F7 is restricted to RM6,000.</p> <p>It is proposed that the scope of income tax relief on medical treatment expenses be expanded to cover the cost of fertility treatment. [s.46]</p> | 6,000 | 6,000 |
| Child Education Saving | Net Deposit in National Education Savings Scheme (SSPN) for child [up to RM12,000 with Life Insurance (i-SSPN)] | 8,000 | 8,000 |

Total fertility rate (TFR) has been declining for the past 38 years.

Exhibit 1: Crude birth rate by state, Malaysia, 2016 and 2017



The TFR per woman aged 15–49 years has been declining from 4.9 babies in 1970 to 1.9 babies in 2017.

TFR for Malaysia has reached below replacement level of 2.1 since 2013 which indicates that the average number of babies born per woman throughout her reproductive life has been insufficient to replace herself and her partner.

Reference : Statistics from dosm.gov.my

Changes Affecting Individual Deduction for Fertility Treatment

It is proposed that the scope of income tax relief on medical treatment expenses be expanded to cover the cost of fertility treatment. [s.46]. The claim must be evidenced by:-

- a) Receipt and certification issued by a medical practitioner registered with the Malaysian Medical Council; and
- b) Subject to RM6,000.

The individual must be married and undergo fertility treatment which includes intrauterine insemination or in vitro fertilization treatment or any other fertility treatment.

| Case Study 1 | Treatment | |
|---|--------------------|--------------|
| | Husband Claim | Wife Claim |
| Husband & Wife undergone IVF and incurred RM10,000 for the treatment. The receipt was issued under Husband's name. | 6,000 (Limited) | Not eligible |
| Husband paid for Wife's fertility treatment of RM3,000. At the same time he also spent RM6,000 for his own medication for serious illness. | 6,000 (Limited) | Not eligible |
| Tax Planning ? | | |

Changes Affecting Individual

4. Personal Relief & Rebates YA 2019 & 2020

| Tax Deduction | Description | YA 2019 | YA 2020 (Proposed) |
|---------------|---|----------|-----------------------|
| Father | Parental Care (Father) (YA2016 – YA 2020) <ul style="list-style-type: none"> ○ Taxpayer does not claim relief on medical expenses for parents ○ Legitimate natural parents and foster parents in accordance to respective law (max 2) ○ Parents aged 60 and above ○ Parents are resident in Malaysia ○ Parents annual income not exceeding RM24,000 <i>**can share among siblings.</i> | 1,500 | 1,500 |
| Mother | Parental Care (Mother) (YA2016 – YA 2020) <i>Conditions same as above.</i> | 1,500 | 1,500 |
| Supporting | Necessary basic supporting equipment for disable self / spouse / child / parent | 6,000 | 6,000 |
| SOCSSO | Social Security Organisation Scheme (SOCSSO) | 250 | 250 |
| Zakat | Obligatory payment under Islamic law | No limit | No limit |

Changes Affecting Individual

4. Personal Relief & Rebates YA 2019 & 2020

| Tax Deduction | Description | YA 2019 | YA 2020 (Proposed) |
|--|---|---------|-----------------------|
| Lifestyle | Purchase of:- <ul style="list-style-type: none"> Books, journals, magazines and printed daily newspapers Sport equipment (refer Sports Development Act 1997) Computer, smartphone and tablet Subscription of broadband internet / internet subscription Gymnasium membership | 2,500 | 2,500 |
| Breastfeeding equipment | Purchase of breastfeeding equipment. Applicable to working women with child aged up to 2 years (every 2 years) | 1,000 | 1,000 |
| Fees paid to childcare centres and kindergartens | Individuals who enrol children up to 6 years of age, in child care centres or kindergartens registered with the Department of Social Welfare or Ministry of Education [s.46(1)(r)] | 1,000 | 2,000 |

Changes Affecting Individual

Impact on Tax Computation for Individual

| EXAMPLE | Non - Resident YA 2019 (RM) | Resident YA 2019 (RM) | Non - Resident YA 2020 (RM) | Resident YA 2020 (RM) |
|--|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| Gross income | 100,000 | 100,000 | 100,000 | 100,000 |
| Less : Personal Relief | - | (9,000) | - | (9,000) |
| | 100,000 | 91,000 | 100,000 | 91,000 |
| Less : Other relief (childcare relief) | - | (1,000) | - | (2,000) |
| | 100,000 | 90,000 | 100,000 | 89,000 |
| Tax @ 28% / 30% | 28,000 | - | 30,000 | - |
| First 70,000 | - | 4,600 | - | 4,600 |
| Remaining 20,000 @ 21% | - | 4,200 | - | 3,990 |
| Tax Payable | 28,000 | 8,800 | 30,000 | 8,590 |

Changes Affecting Individual

5. Auto Allocation of Tax Identification Number

An aerial photograph of a fisherman in a small wooden boat on a deep blue-green sea. The fisherman is pulling a large, circular net that has been cast into the water, creating a white wake. The sun is reflecting off the water's surface, creating a shimmering effect on the left side of the image.

**Malaysian
above 18**

Retrospective or Prospective?

Changes Affecting Individual

6. Review of Tax Treatment on Donation for Charitable and Sports Activities and Projects for National Interest [sub(s) 44(6), 11B and 11C] } [Sch 6]

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|--|
| <p>Tax deduction of up to 7% of aggregate income for taxpayers other than company is given on cash donation or cost of contribution in kind made to:-</p> <ul style="list-style-type: none"> i. Institutions or organisations approved under s.44(6) of ITA; ii. Sports activity under s.44(11B) of ITA; and/or iii. Projects of national interest approved under s.44(11C) of ITA. | <p>Tax deduction of up to 10% of aggregate income for companies and taxpayers other than company on cash donation or cost of contribution in kind made to:-</p> <ul style="list-style-type: none"> i. Institutions or organisations approved under s.44(6) of ITA; ii. Sports activity under s.44(11B) of ITA; iii. Projects of national interest approved under s.44(11C) of ITA; iv. Cash wakaf contribution to state religious authority or body established by the state religious authority to administer wakaf; v. cash wakaf contribution to public university approved by the state religious authority to receive wakaf; and/or vi. Cash endowment contribution to public university. <p>Effective YA 2020.</p> |

Changes Affecting Individual

7. Rates for Unit Trust Holders (Other than Resident Company)

[Para 6(1)(i), sub(s) 109D(2), Part X of Schedule 1]

| Current Position : | Proposed |
|--|---|
| <p>Income tax shall be charged for a YA on the income of a unit holder which is resident individual, non-resident individual, local and foreign institutional investor consisting of income distributed to the unit holder in s.109D which is derived from Malaysia at the rate of 10% gross.</p> <p>Effective YA 2016 – YA 2019</p> | <p>It was proposed that the tax rates will be extended for another 6 years starting from YA 2020 – YA 2025.</p> |

Changes Affecting Individual

8. Private Retirement Scheme

[s.109G & Part XVI of Schedule 1]

| Current Position : | Proposed |
|--|---|
| <p>If an individual makes a withdrawal from a deferred annuity or a private retirement scheme where such withdrawal is made before that individual reaches the age of 55, he will be taxable at 8%.</p> <p>Concession is given unless:-</p> <ul style="list-style-type: none"> (a) Permanent total disablement (b) serious disease (c) Mental disability (d) Death (e) Permanently leaving Malaysia | <p>The concession is expanded to include:-</p> <ul style="list-style-type: none"> (a) Permanent total disablement (b) serious disease (c) Mental disability (d) Death (e) Permanently leaving Malaysia (f) Healthcare (g) Housing (to comply Securities Commission guidelines) |

Changes Affecting Individual

9. Tax Rebate for Departure Levy for Umrah & Other Religious Pilgrimage [s.6A of ITA]

Tax Rebate for Departure Levy

A rebate shall be granted for a year of assessment in respect of departure levy which is charged and levied under Departure Levy Act 2019 on any person who leaves Malaysia for the purpose of performing *umrah* or other religious pilgrimage.

The rebate shall be:

- (a) Not more than 2 times
- (b) Not be granted in respect of departure levy paid for purpose of performing hajj.

Conditions:

Umrah : a copy of the visa issued by embassy of the Kingdom of Saudi Arabia; or

Religious Pilgrimage : written verification by a religious body recognised by the Committee for the Promotion of Inter Religious Understanding and Harmony Among Adherents, Prime Minister's Department.

| | Economy Class | Non-Economy Class |
|---------------------|---------------|-------------------|
| ASEAN Countries | RM8 | RM50 |
| Non-ASEAN Countries | RM20 | RM150 |

Changes Affecting Individual

10. 2019 Budget and Updates

Tax Deduction for Contribution made to Social Enterprise

Contribution in cash to social enterprise are allowed income tax deduction against the aggregate income. A social enterprise is referred to as an organization with social causes as its primary objective where profits earned is used to benefit the population in need.

Criteria to fall under contributions to projects of national interest:

- Established and conducts business in Malaysia
- Registered under Malaysia written law
- Objective is actively provide social impact / positive environment and be financially stable
- Obtained accreditation from Ministry of Entrepreneur Development
- Recipients of social benefits are Malaysian; and
- Must have operation for at least 2 years

The social enterprise needs to apply to Ministry of Finance for approval under s44(11C) of ITA. Social Enterprise under s44(6) will not qualify for application. Additional requirements include:-

- Maintain separate accounts for all donations received and submit such accounts to MoF annually
- File tax return to IRB
- Fulfilling the relevant social objectives
- Maintain list of donors and donation receipts

Review of EPF Relief & Life Insurance

EPF Relief reduced from RM6,000 to RM4,000.

Impact to PCB Calculation.

Life Insurance reduced to RM3,000

Review of SSPN Relief

Net savings into SSPN increased to RM8,000.

Total SSPN including i-SSPN reduced from RM12,000 to RM11,000.

Changes Affecting Businesses



Changes Affecting Businesses

1. SSM Update of Business Registration Number to 12 Digit

Companies Commission of Malaysia (SSM) had officially announced that starting from 11 October 2019, all the business entities will be using a new format of registration containing 12 digit characters for company, business and Limited Liability Partnership.

You may obtain your new registration number format from SSM's Portal as below for free from 11th October 2019.

- (a) SSM e-Search; or
- (b) SSM e-info; or
- (c) MyData SSM; or
- (d) Consult from your company secretary.

| Current format | New format |
|--|--|
| Company Name: AMS Setia Jaya Sdn. Bhd. | Company Name: AMS Setia Jaya Sdn. Bhd. |
| Registration No: 1312525-A | Registration No: 201901000005 (1312525-A) |

How about my Existing Company ?

For those business entities registered before 11th October 2019, you may still use your existing registration number on your official letters, invoices, signboards and other printed documents until further official notice issued by SSM on the official date to replace your existing registration number with the new registration format number.

However, business entities are encouraged to use the New Registration Number Format from 11th October 2019 onward. As this new registration number format will appear in all SSM's corporate information supplied to customers and will replace the existing registration number. Please take note that throughout the transition period, the existing registration number may be displayed along with the new format.

| Year of Incorporation | Entity Code | Sequence Number (000001-999999) |
|-----------------------|-------------|---------------------------------|
| 2 0 1 9 | 0 1 | 0 0 0 0 0 1 |

Entity Code

- 01 Local Companies
- 02 Foreign Companies
- 03 Business (ROB)
- 04 Local Limited Liability Partnership
- 05 Foreign Limited Liability Partnership
- 06 Limited Liability Partnership for Professional Practice

Changes Affecting Businesses

2. Redefinition of SME

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|---|
| <p>A company or Limited Liability Partnership (LLP) with total contribution of capital up to RM2.5 million are categorised as Small Medium Enterprises (SME) and will enjoy the a preferential tax rate in respect of:</p> <p>1st RM500,000 Chargeable Income tax at 17%; and Remaining chargeable income is taxed at 24%.</p> | <p>A company or Limited Liability Partnership (LLP) with total contribution of capital up to RM2.5 million and annual sales of not more than RM50 million are eligible to be categorised as Small Medium Enterprises (SME) and will enjoy the a preferential tax rate in respect of:</p> <p>1st RM600,000 Chargeable Income tax at 17%; and Remaining chargeable income is taxed at 24%.</p> |

| EXAMPLE | SME YA 2019 | EXAMPLE | SME YA 2020 |
|----------------------------|-------------|----------------------------|-------------|
| Chargeable Income | 1,000,000 | Chargeable Income | 1,000,000 |
| 1 st 500k @ 17% | 85,000 | 1 st 600k @ 17% | 102,000 |
| Remaining 500,000 @ 24% | 120,000 | Remaining 400,000 @ 21% | 96,000 |
| Tax Payable | 205,000 | Tax Payable | 198,000 |

Effective Tax Saving of RM7,000

Changes Affecting Businesses

3. Review of Capital Allowance on Small Value Assets

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|--|
| Capital Allowance on Small Value Assets (SVA) of value not exceeding RM1,300 each is eligible to be fully claimed for each YA. | Capital Allowance on Small Value Assets (SVA) of value not exceeding RM2,000 each is eligible to be fully claimed for each YA. |
| <ol style="list-style-type: none"> 1. SME : Eligible to fully claim SVA without any limit. 2. Non SME : Eligible to claim SVA up to RM13,000. | <ol style="list-style-type: none"> 1. SME : Eligible to fully claim SVA without any limit. 2. Non SME : Eligible to claim SVA up to RM20,000. |

Example : Company A acquired a furniture cost RM1,800

| SME YA 2019 (RM) | | | |
|-------------------------|--------------|--------------------------------|--------------|
| Adjusted Income | 10,000 | Chargeable Income | 10,000 |
| Less : | | Less : | |
| Initial Allowance @ 20% | (360) | Special Allowance (SVA) @ 100% | (1,800) |
| Annual Allowance @ 10% | (180) | | |
| Statutory Income | <u>9,460</u> | Statutory Income | <u>8,200</u> |
| Tax Payable @ 17% | 1,608.20 | Tax Payable @ 17% | 1,394.00 |

Changes Affecting Businesses

4. Redefinition of SME for Capital Allowance on Small Value Assets [Para 21, Schedule 3 of ITA]

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|---|
| SME (company with paid up capital RM2.5 million and less) is eligible to claim SVA without any limit. | SME (company with paid up capital RM2.5 million and less; and annual gross income from business not more than RM50 million) is eligible to claim SVA without any limit. |

Changes Affecting Businesses

5. Review of Expenses on Secretarial Fee and Tax Filing Fee

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|--|
| <p>Expenses incurred on secretarial and tax filing fees by taxpayers are allowed tax deduction as follows:</p> <ul style="list-style-type: none"> i) Secretarial fee up to RM5,000; and ii) Tax filing fee up to RM10,000. | <p>To enhance tax compliance to ensure good governance, it is proposed that expenses incurred on secretarial and tax filing fees by taxpayers are allowed tax deduction of a combined limit of RM15,000:</p> <ul style="list-style-type: none"> i) Secretarial fee; or ii) Tax filing fee. |

Example : Company B incurred Tax Filing Fee of RM12,000 and Secretarial Fee of RM1,800 annually.

| | SME YA 2019 (RM) | | SME YA 2020 (RM) |
|------------------------------|---------------------|------------------------------|---------------------|
| Gross Income | 50,000 | Gross Income | 50,000 |
| Less : Allowable Expenses | (13,800) | Less : Allowable Expenses | (13,800) |
| Net Profit | 36,200 | Net Profit | 36,200 |
| Add Disallowable Expenses | 2,000 | Add Disallowable Expenses | - |
| Statutory / Aggregate Income | 38,200 | Statutory / Aggregate Income | 36,200 |
| Tax Payable @ 17% | 6,494.00 | Tax Payable @ 17% | 6,154.00 |

Changes Affecting Businesses

6. Donation Reporting Threshold for Approved Charitable Organisation under s.44(6) of ITA

Effective 5 September 2019, the Government has updated its guidelines to increase donation reporting threshold from RM5,000 to RM10,000.

The will subsequently be increased to RM20,000 beginning 2020. Charitable organisation will expect an update on the application guidelines.

7. Tax Deduction of Listing in Bursa Malaysia

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|---|
| Expenses incurred for listing of a company in Primary Market (Main Board), Access, Certainty, Efficiency (ACE) Market and Leading Entrepreneur Accelerator Platform (LEAP) Market in Bursa Malaysia is not eligible for tax deduction (capital in nature). | <p>In order to encourage technology-based companies and SME to grow their businesses by raising additional capital through listing in ACE Market or LEAP Market, tax deduction of up to RM1.5 million be give on the following listing costs:</p> <ul style="list-style-type: none"> i. Fees to authorities; ii. Professional Fees; and iii. Underwriting, placement and brokerage fees. <p>Effective YA 2020 to 2022.</p> |

Changes Affecting Businesses

8. Income Tax Exemption to Religions Institution or Organisation registered as a Company Limited by Guarantee

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|---|
| <p>Income tax exemption is given on all income received by religious institution or organisation established for the purpose of religious worship and advancement of religion and registered under Registrar of Societies Malaysia or under any written law governing institution or organisation only.</p> <p>Institution or organization registered with SSM is not eligible.</p> | <p>It is proposed that this income tax exemption be extended to religious institution or organization registered as Company Limited by Guarantee (CLBG) (<i>Syarikat Berhad Menurut Jaminan</i>) with SSM.</p> <p>This exemption is subject to income and profit received, and real property acquired is used solely in achieving objective of the establishment for the purpose of religious worship and advancement of religion not being operated primarily for the purpose of profit.</p> <p>CLBG is required to submit tax return annually to IRBM and comply requirements set by IRBM.</p> <p>Effective YA 2020</p> |

Changes Affecting Businesses

9. Review of Tax Treatment on Donation for Charitable and Sports Activities and Projects for National Interest

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|---|
| <p>Tax deduction of up to 10% of aggregate income for companies is given on cash donation or cost of contribution in kind made to:-</p> <ul style="list-style-type: none"> i. Institutions or organisations approved under s.44(6) of ITA; ii. Sports activity under s.44(11B) of ITA; and/or iii. Projects of national interest approved under s.44(11C) of ITA. | <p>Tax deduction of up to 10% of aggregate income for companies is given on cash donation or cost of contribution in kind made to:-</p> <ul style="list-style-type: none"> i. Institutions or organisations approved under s.44(6) of ITA; ii. Sports activity under s.44(11B) of ITA; iii. Projects of national interest approved under s.44(11C) of ITA; iv. Cash wakaf contribution to state religious authority or body established by the state religious authority to administer wakaf; v. cash wakaf contribution to public university approved by the state religious authority to receive wakaf; and/or vi. Cash endowment contribution to public university. <p>Effective YA 2020.</p> |

Changes Affecting Businesses

10. 2019 Budget and Updates

Capital Allowance incurred on Development of Customised Software

Effective YA 2018, expenditure incurred on the development of customised software comprising of consultation fee, licensing fee and incidental fee related to software development incurred:

1. By a resident in Malaysia in the basis period of 2018 onwards; and
2. Use for business

Shall qualifies capital allowance as follows:-

| Initial Allowance | Annual Allowance |
|-------------------|------------------|
| 20% | 20% |

These rules shall not apply to a person who has incurred development cost where that basis period the person is eligible and has claimed:-

- (a) Any incentive under Promotion of Investment Act 1986;
- (b) Any deduction under s.33 of Income Tax Act (ITA);
- (c) Any deduction under s.34 of ITA;
- (d) Reinvestment Allowance under Schedule 7A of the ITA;
- (e) Investment allowance for Service Sector under Schedule 7B of the ITA;
- (f) Accelerated capital allowance under any rules made under s.154 of the ITA; or
- (g) Tax exemption under s. 127(3)(b) or s.127(3A) of the ITA.

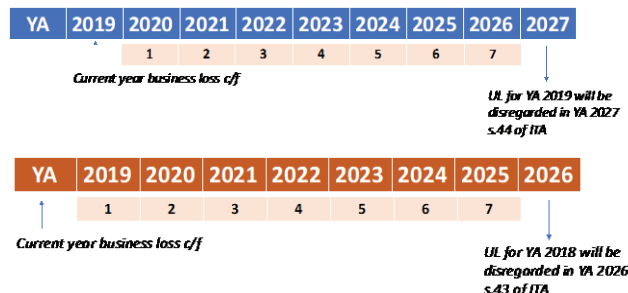
Review of Tax Treatment on Unabsorbed Business Losses and Unutilised Capital Allowances

Finance Bill 2018

It was proposed that unabsorbed business losses and **unabsorbed capital allowances can only be carried forward for 7 years.**

Finance Act 2018

It was proposed that unabsorbed business losses can only be carried forward for 7 years. **Unabsorbed capital allowances can carry forward indefinitely.**



Changes Affecting Businesses

11. Earning Stripping Rules (ESR)

Budget 2018 replaced Thin Capitalisation Rules (TCR) with ESR. s140A(4) has been deleted following the gazette of Finance Act 2017 (Act 801). ESR was introduced under s.140C of the ITA to restrict *interest deduction* from the gross income of a person for any *financial assistance* in a *controlled transaction* in respect of business income for the basis period of a YA.

Applicable to:

- (a) To a person who has been granted any financial assistance in a controlled transaction and total amount of any interest expense for all such financial assistance exceeds RM500,000 for a basis period for a YA; and
- (b) In respect of the basis period beginning on or after 1 July 2019 and subsequent basis period.

Not applicable to:

- (a) Individual
- (b) Banks, reinsurers, insurers, retakaful operators and development financial institution (including Labuan)
- (c) Construction contractor
- (d) Property developer
- (e) Person granted exemption under s.127(3)(b) / s.127(3A) of ITA

Changes Affecting Businesses

11. Earning Stripping Rules (ESR)

Interest expenses means all forms of debt or payments economically equivalent to interest (excluding expenses incurred in connection with the raising of finance)

Financial Assistance includes loan, interest bearing trade, credit advances, debt or the provision of any security or guarantee.

Controlled transaction shall be construed as financial assistance:—

- (a) Between persons one of whom has control over the other ;or
- (b) Between persons both of whom are controlled by same other person.

Restriction of Maximum Interest

s.140C restrict interest deduction to 20% of tax-EBITDA

| EBITDA = A + B + C | |
|--------------------|--|
| A | Amount of adjusted income of the person from his sources consisting of a business for the basis period for a YA before any restriction un ESR |
| B | Total amount of qualifying deduction (include double deduction, further deduction, exemption and special deduction under s.154(1)(b)) allowed in ascertaining the amount of the adjusted income in A |
| C | Total amount of interest expense incurred in relation to the gross income of the person for any financial assistance in a control transaction from his sources consisting of a business for the basis period of a YA |

Changes Affecting Businesses

12. Mutual Agreement Procedure (MAP)

The Article on MAP in Malaysia's Tax Treaties allows the Malaysian Competent Authority (CA) to interact with CAs of Treaty Partners with the intent to resolve taxation not in accordance with the provisions of the tax treaty.

This includes international tax disputes involving double taxation and inconsistencies in the interpretation or application of the tax treaty on a mutually-agreed basis.

MAP also allows the Malaysian CA to negotiate Bilateral Advance Pricing Arrangement (BAPA) and Multilateral Advance Pricing Arrangement (MAPA) with CA of Treaty Partners.

| | Description | Time Bar |
|---------|-------------------------------------|----------|
| s.91(1) | Assessment or Additional Assessment | 5 Years |
| s.91(5) | Transfer Pricing Cases | 7 Years |
| s.91(7) | MAP Cases | No Limit |



TOURISM

Tourism

1. Tax Deduction on Expenditure incurred for Maintenance of Historical Building [s.34(6)(h)]

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|---|
| <p>At present, special deduction applicable under s.34(6)(h) includes expenditure incurred on contribution to a charity or community project – education, health, housing, conservation of environment, enhancement of income of poor, infrastructure and information and communication technology, approved by Minister.</p> <p>The amount eligible for deduction in respect of expenditure incurred for sponsoring those activities shall not in aggregate exceed RM700,000; of which includes limit for sponsoring foreign arts, cultural and heritage activities of RM300,000</p> | <p>It is proposed that the scope is extended to include:-</p> <p>(h) Environmental preservation and conservation projects including forest, island, beach and national park; and</p> <p>Maintenance and conservation projects for heritage buildings designated by National Heritage Department under the National Heritage 2005.</p> <p>The limit eligible for deduction is to be increased from RM700,000 to RM1,000,000. The limit for sponsoring foreign arts, cultural and heritage activities remain at RM300,000</p> <p>Effective from YA 2020</p> |

Tourism

2. Tax Incentive for Purchase of Tourism Vehicles

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|---|
| At present, excise duty exemption of 50% is given to tour operators on the purchase of locally assembled four wheels drive (4WD). | <p>To support Malaysia Year 2020, it is proposed that licensed tour operators be given:-</p> <ol style="list-style-type: none"> 1) Accelerated Capital Allowance (ACA) on expenses incurred on the purchase of new locally assembled excursion bus within initial allowance of 20% and annual allowance of 40% to be fully claimed within 2 year <p>Effective from YA 2020 to YA 2021</p> <ol style="list-style-type: none"> 2) Excise duty exemption of 50% on the purchase of new locally assembled vehicles used as tourism vehicle <p>Application received by Ministry of Finance from 1 January 2020 until 31 December 2021.</p> |

Tourism

3. Tax Incentive for Organising Conferences in Malaysia

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|--|
| Companies, associations or organisation in Malaysia whose main activities are promoting and organising conferences are eligible for income tax exemption of 100% of statutory income subject to the organiser bringing in at least 500 foreign participants annually. | <p>It is proposed that the income tax exemption of 100% of statutory income be expanded to any entities.</p> <p>Effective YA 2020 to YA 2025</p> |

Tourism

4. Tax Incentive for Organising Arts, Cultural, Sports and Recreational Activities in Malaysia

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|--|
| At present, no incentive is provided for organizing arts, cultural, sports and recreational activities in Malaysia. | <p>To encourage organising of arts and cultural activities as well as international sports and recreational competitions, especially to attract foreign tourists in conjunction with Visit Malaysia 2020, it is proposed that the income tax exemption of 50% be given on statutory income of company that organize:-</p> <ol style="list-style-type: none"> 1) Arts and cultural activities approved by Ministry of Tourism, Arts and Culture; and 2) International sports and recreational competitions approved by Ministry of Youth and Sports. <p>Effective YA 2020 to YA 2022.</p> |

Tourism

5. Expansion of Scope of Tax Incentives for Tourism Projects

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|--|
| <p>A Company that undertakes new investment as well as reinvestment on expansion and modernization of tourism project including theme park, holiday camp, recreational project and convention centre is eligible for tax incentive as follows:-</p> <ol style="list-style-type: none"> 1. Pioneer Status with tax exemption of 70% of statutory income for a period of 5 years; or 2. Investment Tax Allowance (ITA) of 60% on the qualifying capital expenditure incurred within 5 years. This allowance can be set-off against up to 70% of statutory income for each year of assessment. | <p>It is proposed that the scope of current tax incentives be expanded to include integrated tourism and sports tourism project.</p> <p>In addition, it is proposed that new investment for international theme park be given tax incentive as follows:-</p> <ol style="list-style-type: none"> 1. Pioneer Status with tax exemption of 100% of statutory income for 5 years; or 2. ITA of 100% on the qualifying capital expenditure incurred within 5 years. This allowance can be set-off against to 70% of statutory income <p>For applications received by Malaysia Investment Development Authority from 1 January 2020.</p> |

Tourism

6. Exemption of Entertainments Duty for Stage Performance

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|--|
| <p>Full exemption on entertainments duty is given for:</p> <ol style="list-style-type: none"> Stage show and performance for charity purposes Stage show and performance by foreign artistes of international standing and certified by Ministry of Communications and Multimedia Malaysia [<i>Kementerian Komunikasi dan Multimedia Malaysia (KKMM)</i>] International performance, exhibition, fair and sports competition held at the National Sports Complex, Istana Budaya, Balai Seni Lukis Negara and Petronas Philharmonic Hall; Performance by local artistes held at the Bukit Jalil National Sports Complex and Bukit Kiara Sports Complex; Stage performance by theatre groups held at the Federal Territory of Kuala Lumpur, Labuan and Putrajaya; and Cultural and arts performance by local artistes held at the Federal Territory of Kuala Lumpur, Labuan and Putrajaya. <p>Entertainment duty at the rate of 5% is imposed on stage performance held by local and international artistes that have not been certified by KKMM. This 5% rate is given through the 20% entertainments duty exemption provided under Entertainments Duty (Exemption)(No.24) Order 2006.</p> | <p>It is proposed that full entertainments duty exemption be given on admission tickets for stage performances that include concerts, singing, music, dances and theatres including cultural and artistic performance by local and international assets held at any venue in the Federal Territory of Kuala Lumpur, Labuan and Putrajaya subject to approval by the relevant local authorities.</p> <p>Effective from 1 January 2020 until 31 December 2020.</p> |



Manufacturing & Sales Tax

Manufacturing

1. Review of Tax Incentives for Automation

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|---|
| <p>Manufacturing company which incurs qualifying capital expenditure on automation equipment is given tax incentive as follows :-</p> <p>i) Category 1 : Labour-intensive Industry (rubber, plastic, wood and textile products) Accelerated Capital Allowance (ACA) for automation equipment of 100% on the first RM4 million for qualifying capital expenditure incurred from YA 2015 to YA 2020 and can be utilized within 1 year.</p> <p>ii) Category 2 : Industries other than Category 1 ACA for automation equipment of 100% for 1st RM2 million for qualifying capital expenditure incurred from YA 2015 to YA 2020 and can be utilized within 1 year.</p> <p>Companies in both categories are also eligible for income tax exemption equivalent to 100% of ACA on automation equipment.</p> <p>Application must be submitted to MIDA from 1 January 2015 to 31 December 2020.</p> | <p>It is proposed that:-</p> <p>i) The incentive period for Category 1 and Category 2 be extended for 3 years until YA 2023; and</p> <p>ii) The scope of incentive for Category 2 be expanded to services sector.</p> <p>Effective Date :</p> <p>i) Application received by MIDA until 31 December 2023</p> <p>ii) Application received by MIDA from 1 January 2020 until 31 December 2023.</p> |

Manufacturing

2. Special Investment Incentive for Electrical and Electronic Sector

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|---|
| <p>Electrical and electronic (E&E) companies engaged in manufacturing activities are eligible for:</p> <ul style="list-style-type: none"> a) tax incentives under Promotion of Investment Act 1986; and b) entitled for Reinvestment Allowance (RA) for 15 consecutive YA for qualifying capital expenditure incurred on modernization, expansion and diversification. | <p>It is proposed that:-</p> <ul style="list-style-type: none"> a) E&E companies that have exhausted the eligibility period of 15 consecutive years to claim RA, be eligible to claim ITA of 50% on qualifying capital expenditure incurred within a period of 5 years. <p>This allowance can be set-off against 50% of statutory income for each YA.</p> <p>For applications received by MIDA from 1 January 2020 until 31 December 2021.</p> |



What are the Sales Tax Exemptions available for Export?

Sales Tax

3. Introduction of Approved Major Exporter Scheme under Sales Tax Act 2018

In order to improve existing sales tax drawback and exemption facility, and to maintain the competitiveness of export-oriented companies in Malaysia, it is proposed that Approved Major Exporter Scheme be introduced under the Sales Tax Act 2018. Through this scheme. The approved traders and manufacturers of exempted goods are:-

- i. Eligible for full sales tax exemption on the importation and purchase of goods or raw materials, components and packaging materials; and
- ii. Not required to determine the quantity of goods to be exported at the time of importation or purchase of goods.

Sales tax shall be paid for:-

- i. the portion of trading goods or manufactured exempted goods that are not exported or sold in local market, based on the prescribed formula; and
- ii. Waste or refuse of raw materials, components and packaging materials used for the manufacturing of exempted goods that are disposed or sold in the local market.

Trader or manufacturers of exempted goods are eligible to apply for the scheme subject to an export of not less than 80% of their annual sales.

Effective 1 July 2020.

A black and white photograph of a woman with dark, curly hair, smiling and looking upwards while holding a mobile phone to her ear. She is wearing a light-colored blazer over a dark top. The background is a blurred cityscape.

Service Tax

Service Tax

1. Improvement on Group Relief Facility

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|--|
| <p>Group relief facility is provided under 1st Schedule, Service Tax Regulations 2018.</p> <p>It is provided that taxable service under professional group (Group G, except for employment services and security services) that is provided by a company to another company within the group is not subject to service tax.</p> <p>The relief has been further extended to the importation of taxable services under professional group from a company within the same group of company outside Malaysia.</p> <p>Relief will be nullified if the company provides the taxable services to a third party who is not within the group of company.</p> | <p>Concession is given whereby if the value of service provided to a third party does not exceed 5% of the total value of services within 12 months, the relief can still be applicable.</p> |

Service Tax

2. Service Tax Exemption on Provision of Training and Coaching Services for Disable Person

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|---|
| <p>Effective 1 January 2019, training and coaching services have been categorized as a tax able service under Item 7, Group G. Concession was further given for the effective date to be extended to 1 March 2019.</p> <p>Training and coaching services are subject to 6%, except for:</p> <ol style="list-style-type: none"> Research and development company as well as contract research and development company under s.2, Promotion of Investment Act 1986 Approved research institutes under s.34B, Income Tax Act 1967; or Federal or State Government, local authorities or statutory bodies. | <p>Service tax exemption be given on the training and coaching services to disable persons with hearing, visual, physical, speech, mental, and learning disabilities provided by the service providers as follows:-</p> <ol style="list-style-type: none"> Training and coaching centres registered with Ministry of Health Malaysia or Department of Social Welfare; or Training and coaching centres endorsed by any national association for disable persons registered with Registrar of Societies Malaysia. <p>Effective 1 January 2020.</p> |

A person wearing a white long-sleeved shirt is seated at a wooden desk, writing on a notepad with a red pen. The notepad contains a hand-drawn diagram with various boxes and lines. To the left, a laptop is open, and a tablet is positioned in front of it. Several pens and pencils are scattered on the desk. A dark blue banner with the word "Administration" in white text is overlaid at the bottom of the image.

Administration

Other Administrative

1. Extension of Time for Appeal

[s.100(1)]

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|---|
| <p>Taxpayer aggrieved by an assessment or additional assessment made on him may appeal to Special Commissioners of Income Tax against the assessment by giving a written notice of appeal (Form Q). The taxpayer must submit Form Q within 30 days from the notice.</p> <p>After the expiration of 30 days, taxpayer can apply for extension of time by submitting Form N for Director General's approval, to enable him to file Form Q. At present, there is not time limit to Form N.</p> | <p>It is proposed that Form N must be filed to Director. General within 7 years after expiration of the stipulated date to file Form Q.</p> <p>Effective YA 2020.</p> |

Other Administrative

2. Increase of Unpaid Tax and Balance of Unpaid Tax [s.103(1A), 103(4), 103(6) & 103(8)]

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|--|
| <p>At present, any tax due and payable has not been paid by its due date, the amount unpaid will attract a penalty of 10%.</p> <p>After 60 days, if the amount remain unpaid, a further 5% is imposed.</p> | <p>It is proposed the unpaid amount will be increased by a single rate of 10%. The additional tax increase of 5% will be removed.</p> <p>Effective 1 January 2020.</p> |

Other Administrative

2. Increase of Unpaid Tax and Balance of Unpaid Tax

[s.103(1A), 103(4), 103(6) & 103(8)]

| Case Study 1 | Case Study 2 |
|--|---|
| <p>ANC Group Sdn Bhd's accounting year end is 31 December</p> <p>Payment due date 31.07.2020</p> <hr/> <p>01.08.2020 Penalty of 10% impose No further increase will be imposed</p> | <p>An additional assessment was raised on 15 August 2020. Notice of Assessment was served on 31 August 2020.</p> <p>Assessment raised 15.08.2020</p> <p>Notice served 31.08.2020</p> <hr/> <p>30 Days</p> <p>01.10.2020 Penalty of 10% impose No further increase will be imposed</p> |

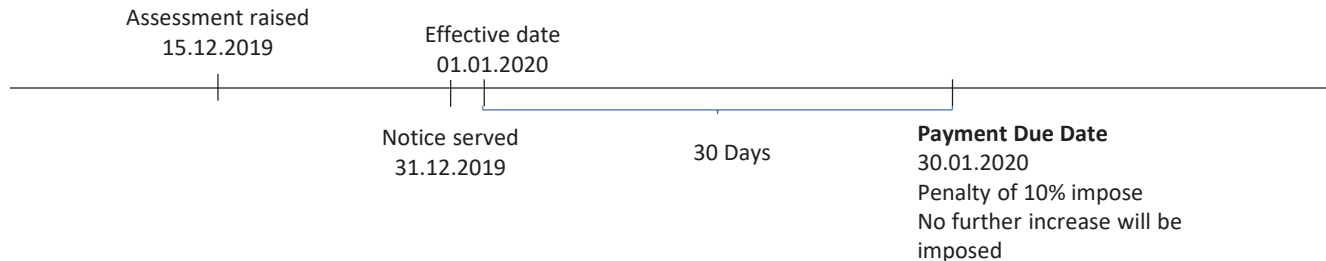
Other Administrative

2. Increase of Unpaid Tax and Balance of Unpaid Tax

[s.103(1A), 103(4), 103(6) & 103(8)]

Case Study 3

Assessment raised and payment due date falls after effective date



Other Administrative

3. Amount of Increase in Tax Charged upon Submission of Amended Return [s.77B(4)]

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|--|
| <p>The tax or additional tax payable is subject to an increase in tax under s.77B(4)(a) and 77B(4)(b) of ITA.</p> <p>If the amended return form is furnished:</p> <ol style="list-style-type: none"> Within 60 days after the date specified in s.77(1) of ITA, the amount of increase is 10% After period of 60 days but not later than 6 months, the amount of increase in tax shall be determined according to: $B + [(A + B)] \times 5\%$ <p>Where A = amount of such tax payable / additional tax payable B = A x 10%</p> | <p>It is proposed that once amended return is furnished within 6 months, the amount of increase in tax will be 10%.</p> <p>No further increase is to be charged.</p> |

Other Administrative

4. Recovery from Persons Leaving Malaysia

[s.104(1)(b)]

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|--|
| <p>The Director General, where he is of the opinion that any person is about or likely to leave Malaysia without paying his outstanding tax, he may issue to any Commissioner of Police or Director of Immigration a certificate containing particulars of the tax, sums and debts so payable with a request for the person to be prevented from leaving Malaysia (Stoppage Order).</p> | <p>It is proposed that in addition to the stoppage order, the IRB will impose a 10% increment amount / penalty under s.107C(10A) of the ITA.</p> |

Other Administrative

5. Power to approve application for Tax Agents

[s.153]

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|---|
| <p>At present, in respect of licenced tax agents'</p> <ol style="list-style-type: none"> 1. Approval of application of licence 2. Approval of renewal of licence 3. Determination of fee to be charged for application of licence 4. Revocation of licence 5. Appeal <p>Are handled by Ministry of Finance</p> | <p>It is proposed that the Director General is empowered for:-</p> <ol style="list-style-type: none"> 1. Approval of application of licence 2. Approval of renewal of licence 3. Determination of fee to be charged for application of licence 4. Revocation of licence |

A woman in a white shirt and dark trousers stands next to a flipchart, pointing at it with a pen. A man in a blue blazer sits at a round table with a laptop, looking at the woman. The office has large windows, modern decor, and indoor plants. The flipchart has some handwritten numbers: 150, 300, and 450.

Changes Affecting Employer

Changes Affecting Employer

1. Review of Employment Contract

Government's strive to continuously modernise the Labour Market and enhance the employment conditions of workers. In this respect, the Government is will review the Employment Act. Some salient points which are proposed in the Budget 2020 includes:-

- a) Maternity leave from 60 days to 90 days;
- b) Extend the eligibility to overtime from those earning less than RM2,000 to those earning less than RM4,000 per month;
- c) Improve protection and procedures for handling sexual harassment complaints; and
- d) Introduce new provisions on the prohibition of discrimination on religion, ethnicity, and gender.

Changes Affecting Employer

2. Minimum Wages

The Government proposes to increase the minimum wage of RM1,100 to RM1,200 per month in major cities.

3. Extension of Scope of EPF

EPF will extend to cover contract workers, for those under Contract for Services and Professionals.

As a start, this will be a voluntary scheme for workers in the arts and entertainment industry via collaboration between EPF and the National Film Development Corporation Malaysia (FINAS).

4. Expansion of SOCSO

SOCSSO will be expanded to enable contributions by other self employed groups across 18 key sectors, such as fishermen, farmers, sole proprietors and partnerships.

Changes Affecting Employer

5. Expansion of Tax Incentive for Structured Internship Programme (SIP)

Outgoings and Expenses incurred by a resident person for conducting aa SIP with a minimum period of 10 weeks in Malaysia as approved by Talent Corporation Malaysia Berhad is given double deductions. The participating student must be Malaysian citizens pursuing full-time degrees or equivalent courses in higher educational institutions, who completed such SIP before end of the final semester.

Outgoings and Expenses are:-

1. Internship monthly allowance of at least RM500 for each student;
2. Expenditure incurred for the provision of training to the students;
3. Expenditure incurred on meal, travelling and accommodation for the students during the internship programme; and
4. Fees paid to a person who has been appointed to conduct an approved internship programme.

Total amount of deduction allowed under 2, 3 and 4 for each student shall not exceed RM5,000 for a YA. For the purpose for deduction under these rules, the person claiming for deduction shall produce a letter from Talent Corporation Malaysia Berhad confirming that the internship programme conducted is an approved internship programme.

Changes Affecting Employer

5. Expansion of Tax Incentive for Structured Internship Programme (SIP)

| Current Position | Proposed |
|---|---|
| <p>YA 2012 – 2016 Bachelor's Degree or equivalent</p> <p>Budget 2015 Incentive expanded to include students pursuing courses at diploma and vocational levels [Diploma Kemahiran Malaysia (DKM) Levels 4 and 5]. Extended to YA 2015 and YA 2016</p> <p>Budget 2017 Incentive expanded to include students pursuing courses at vocational level [Sijil Kemahiran Malaysia (SKM) Level 3]. Extended to YA 2017, 2018 and 2019.</p> <p>Budget 2019 Incentive expanded to include students pursuing courses at degree, diploma and vocational levels (minimum SKM level 3) in the fields of engineering and technology only. Extended to YA 2019 until YA 2021.</p> <p><i>The above budgets have yet to be gazetted.</i></p> | <p>Budget 2020</p> <p>Incentive expanded to include Bachelor's Degree, Diploma, Vocational (DKM Levels 4 and 5, and SKM Level 3) students in all academic fields.</p> <p>Effective YA 2020 and 2021.</p> |

Changes Affecting Employer

6. Extension of Period of Tax Incentive for Company Participating in National Dual Training Scheme

| Current Position | Proposed wef YA 2020 |
|--|---|
| <p>Double Deduction is given on expenses incurred by companies participating in National Dual Training Scheme for Industry4WRD programmes approved by Ministry of Human Resources (MOHR).</p> <p>This incentive is for programmes approved from 1 January 2019 until 31 December 2019.</p> | <p>It is proposed that the existing tax incentive be extended for a period of 2 years.</p> <p>For programmes approved by MOHR from 1 January 2020 until 31 December 2021.</p> |

Changes Affecting Employer

7. Extension of Period of Income Tax Deduction on Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) Loan Amount Paid by Employers on behalf of Employee

| Current Position | Proposed wef YA 2020 |
|---|--|
| <p>Repayment of PTPTN loan made by employers from 1 January 2019 until 31 December 2019 on behalf of their employees who are employed on full time basis are eligible for tax deduction.</p> <p>The loan repayment amount made by employer is considered as part of the employee income¹² (perquisite) and is exempted from personal income tax.</p> | <p>It is proposed that the income tax incentive be extended for a period of 2 years.</p> <p>For repayment made from 1 January 2020 until 31 December 2021.</p> |

Changes Affecting Employer

8. Extension of Period of Tax Incentive for Women Returning to Work after Career Break

| Current Position | Proposed wef YA 2020 |
|--|---|
| <p>Income tax exemption is given on employment income for a maximum of 12 consecutive months to women who return to work after a career break.</p> <p>Effective YA 2018 to YA 2020</p> <p>For application received by Talent Corp from 1 January 2018 to 31 December 2019.</p> | <p>It is proposed that the tax exemption be extended to YA 2023.</p> <p>For application received by Talent Corp from 1 January 2020 until 31 December 2023.</p> |

Graduates @ Work

9. Graduates @ Work is designed specifically for the hiring of graduates who have been unemployed for more than 12 months. The graduates who secure work will receive a wage incentive of RM500 per month for a duration of 2 years.

Employers will receive a hiring incentive up to RM300 per month for each new hire, for 2 years.

Women @ Work

10. Women @ Work seeks to create 33,000 job opportunities per year for women who have stopped working for a year or more, and are between 30 – 50 years old. The wage incentive for returning women workers is RM500 per month for two years

For employer, corresponding hiring incentive for employers up to RM300 per month for 2 years.

Locals @ Work

11. Locals @ Work is a hiring cost equalisation programme, aimed at incentivizing the shift away from low-skilled foreign workers dependency. Wage incentive for Malaysians who are hired to replace foreign workers is at RM350 or RM500 per month, depending on sector for a duration of 2 years.

Corresponding hiring incentive for employers up to RM250 per month for 2 years.

Apprentice @ Work

11. Apprentice @ Work is a Technical and Vocational Education Training (TVET) incentive programme, aimed at encouraging more youth to enter TVET courses, in the form of additional RM100 per month on existing allowance for trainees on apprenticeships.



Real Property Gain Tax

Real Property Gain Tax

1. Acquisition Price for RPGT

[Para 2A, Sch 2]

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|---|
| <p>Effective 1 January 2019, in the case of disposal of real property acquired prior to 1 January 2000, acquisition price for determining the chargeable gain shall be the market value of the property as at 1 January 2000.</p> <p>Only applicable to Malaysian citizen or permanent resident.</p> | <p>It is proposed that, the determination of market value be amended to 1 January 2013 as the acquisition price.</p> <p>Market value is to determined by reference to Jabatan Penilaian dan Perkhidmatan Harta Malaysia (JPPH) or independent valuer.</p> |

| EXAMPLE | RPGT (Old) | EXAMPLE | RPGT (New) |
|------------------------------------|---------------|------------------------------------|---------------|
| Sales Proceeds | 1,000,000 | Sales Proceeds | 1,000,000 |
| Less : Incidental costs | (10,000) | Less : Incidental costs | (10,000) |
| | <hr/> 990,000 | | <hr/> 990,000 |
| Acquisition Price @ 1 January 2000 | (RM500,000) | Acquisition Price @ 1 January 2013 | (RM700,000) |
| Chargeable Gain | <hr/> 490,000 | Chargeable Gain | <hr/> 290,000 |
| RM490,000 @ 5% | <hr/> 24,500 | RM490,000 @ 5% | <hr/> 14,500 |

Real Property Gain Tax

2. Tax Rate for Company not incorporated in Malaysia [Sch 5]

| Present | | | |
|--|--|---------|---|
| Disposal | RPGT Rates | | |
| | Part I | Part II | Part III |
| | Individuals – Citizens & Permanent Residents | Company | Individuals – Non Citizens and Non- Permanent Residents |
| Within 3 rd year | 30% | 30% | 30% |
| Within 4 th year | 20% | 20% | 30% |
| Within 5 th year | 15% | 15% | 30% |
| In the 6 th and subsequent Years | 5% | 10% | 10% |

Real Property Gain Tax

2. Tax Rate for Company not incorporated in Malaysia [Sch 5]

| Proposed | | | |
|--|--|--|--|
| Disposal | RPGT Rates | | |
| | Part I | Part II | Part III |
| | Individuals – Citizens & Permanent Residents | <i>Company incorporated in Malaysia & Trustee of a Trust</i> | Individuals – Non Citizens and Non- Permanent Residents <i>Companies not incorporated in Malaysia</i> |
| Within 3 rd year | 30% | 30% | 30% |
| Within 4 th year | 20% | 20% | 30% |
| Within 5 th year | 15% | 15% | 30% |
| In the 6 th and subsequent Years | 5% | 10% | 10% |

Property Market

3. Reduction of overhang properties through foreign ownership

| Current Position : | Proposed wef YA 2020 |
|--|--|
| Foreigners are only allowed to acquire property priced from RM1 million and above. | In order to reduce supply overhang of condominiums and apartments amount to RM8.3 billion in the 2 nd quarter of 2019, the government decided to lower the threshold on high rise property prices from RM1million to RM600,000. |

4. Youth Housing Scheme

To encourage youth in purchasing their first home, the Government will extend the Youth Housing Scheme administered by Bank Simpanan Nasional from 1 January 2020 until 31 December 2021. Scheme also offers 10% guarantee through Cagamas to enable borrowers to full financing and RM200 monthly installment assistance for 1st 2 years limited to 10,000 homes.

Real Property Gain Tax

5. Stamp Duty Exemption on Rent-To-Own Scheme

Rent-to-Own (RTO) is an alternative financing scheme to assist home ownership where financial institution will initially rent out the house and the tenant is given the option to purchase the house.

Financial institution will buy the house that has been identified by the tenant from the housing developer



Financial Institution will sign the Sales and Purchase Agreement (SPA) with housing developer and execute instrument of transfer (Form KTN14A)



The tenant will sign a rental agreement with the financial institution for a maximum term of 5 years.



After a one-year rental period, the tenant is given the option to purchase the house based on the price set out in the rental agreement



The tenant who opts to buy the house will sign the SP with the financial institution and execute instrument of transfer (Form KTN14A).

Real Property Gain Tax

5. Stamp Duty Exemption on Rent-To-Own Scheme

Stamp duty at ad valorem rate is imposed on these instrument of transfer :-

- (a) Transfer of residential home from housing developer to financial institution; and
- (b) Transfer of residential home from financial institution to buyer.

Proposal

To assist Malaysians in obtaining financing facilities from financial institutions for the purpose of first home ownership under RTO scheme managed by the National Housing Department (NHD), Ministry of Housing and Local Government (Kementerian Perumahan dan Kerajaan Tempatan) (KPKT), it is proposed that full stamp duty exemption given on instrument of transfer of first residential home priced up to RM500,000.

Stamp duty exemption is subject to :

- (a) RTO scheme must obtain approval from BNM; and
- (b) Housing developers collaborating with financial institutions that provide RTO scheme must be registered with NHD and KPKT.

Effective:

SPA and rental agreement executed from 1 January 2020 to 31 December 2022.

Real Property Gain Tax

6. Transfer of Property by Way of Love and Affection

Stamp duty rate on the instrument of real property transfer effective from 1 January is as follows:

| Price/Market Value of Real Property Bands (whichever is higher) | Stamp Duty Rate |
|---|-----------------|
| First RM100,000 | 1% |
| RM100,001 to RM500,000 | 2% |
| RM500,001 to RM1,000,000 | 3% |
| RM1000,001 and above | 4% |

| Current Position : YA 2019 | Proposed |
|--|---|
| For transfer of real property from parents to children and vice versa by way of love and affection, stamp duty is remitted at 50%. The remission is given to Malaysia citizen and non citizen. | Stamp duty remission of 50% only applicable to Malaysian citizen only. Effective : Real property transfer executed from 1 January 2020 |

Real Property Gain Tax

7. RPGT Exemptions Available

RPGT Exemptions available

- 1 An individual will be given an exemption equal to RM10,000 or 10% of chargeable gain, whichever greater.
- 2 An individual who is a Malaysian citizen or a permanent resident will be given a once-in-a-lifetime exemption on any chargeable gain arising from the disposal of his/her private residence if he/she elects to
- 3 No gain no loss (Para 3 Sch 2 of RPGT Act)
 - (a) Devolution of a deceased's assets to his trustee
 - (b) Transfer between spouses, provided disposer is citizen
 - (c) Transfer of assets owned by an individual to a company controlled by the individual, for a consideration substantially (more than 75%) of shares in that company, provided that the disposers are citizens
 - (d) Gift to government, local authority or charity exempt from income tax
 - (e) Disposal due to compulsory acquisition
 - (f) Disposal of chargeable assets pursuant to an approved financing scheme which is in accordance with *Syariah* principles.
- 4 Gifts (Para 12 Sche 2 of RPGT Act)
Gifts between husband and wife, parent and child or grandparent and grandchild are deemed no gain no loss, provided donor is a citizen of Malaysia.
- 5 Disposal of chargeable assets by Malaysian citizens from 1 January 2019 onwards on the condition that the disposal is in the 6th year after acquisition date or any period thereafter and condition does not exceed RM200,000.

Real Property Gain Tax

8. Debt Service Coverage Ratio (DSCR)

DSCR is a measurement of the cash flow available to pay current debt obligations. The ratio states net operating income as multiple of debt obligations due within one year, including interest, principal, sinking fund and lease payments.

$$\text{DSCR} = \frac{\text{Net Operating Income}}{\text{Total Debt Service*}}$$

$$\text{* TDS} = (\text{Interest} \times (1 - \text{Tax Rate})) + \text{Principal Amount}$$

Total Debt service on the other hand refers to current debt obligations, meaning any interest, principal, sinking fund and lease payments that are due in the coming year. This will include short-term debt and current portion of long term debt.

Bank will routinely assess a borrower's DSCR before making a loan. A DSCR of less than 1 means negative cash flow, which represents borrow will not be able to cover or pay current debt obligations without drawing on outside sources. On a flip side, if the individual has operating income of RM1,000,000 per year and debt service of 200,000 per year, the DSCR can be calculated as 5x which can cover five times over given his operating income.

$$\text{DSCR} = \frac{1,000,000}{200,000} = 5x$$

Real Property Gain Tax

8. Debt Service Coverage Ratio (DSCR)

How Much Loan I can Borrow?

| Factors to take into account | | |
|--|-------------------|-------------|
| Age | Employment Status | Income type |
| CP500 or PCB | Investment income | Dividends |
| Commitments (PTPTN, Car, Home, Personal) | | |



Other Incentives

Extension of Period of Tax Incentive for Angel Investor

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|--|
| <p>Angel investor who invests in investee company in the form of ordinary shares is eligible for tax exemption equivalent to the amount of investment made. The eligible criteria are as follows:-</p> <ol style="list-style-type: none"> 1) Angel Investors <ol style="list-style-type: none"> (a) must be an individual who is a resident in Malaysia and whose source of income is not derived solely from business; (b) must not have family relationship with investee company; (c) whose investment shall not be more than 30% of the total paid-up share capital of the investee company; and (d) whose investment is for the sole purpose of financing the activities of the investee company as approved by Minister of Finance. 2) Investee Company <ol style="list-style-type: none"> (a) incorporated under the Companies Act and a resident in Malaysia; (b) at least 51% of the Company's ordinary share capital is owned by a Malaysian citizen; and (c) carry out activities approved by Minister of Finance. <p>This incentive is eligible for applications received by MoF from 1 January 2018 until 31 December 2020.</p> | <p>It is proposed that the tax incentive application period for angel investors be extended for a period of 3 years.</p> <p>For applications received by MoF until 31 December 2023.</p> |

Extension of Period of Tax Incentive for Venture Capital

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|--|
| <p>The enhanced tax incentives for venture capital effective from year 2018:-</p> <ol style="list-style-type: none"> Venture Capital Management Corporation (VCMC) Exemption of income tax in respect of statutory income derived from share of profit made by VCC, management fees and performance fees. Venture Capital Company (VCC) Exemption of income tax on statutory income from all sources of income (exclude interest income from savings, fixed deposits or shariah-compliant deposits). Exemption is given for a period of 5 YA from the date from the date first confirmation by Securities Commission (SC) for investment in VC. VCC must be registered with the SC and needs to invest at least 50% of its funds in the early stage, seed and start-up. Remaining 50% is allowed to be invested at other stages of investment. VCC and VC are not related companies. Investment in VCC Companies or individual with business income investing into VCC created by VCMC are given tax deduction equivalent to the amount of investment made in VCC, limited to a maximum of RM20 million a year. Investment in VC Companies or individuals with business income investing in VC are given tax deduction equivalent to the amount of investment in VC. The incentive is effective for applications received by SC from 1 January 2019 to 31 December 2019. Qualifying investment period is until YA 2023. | <p>It is proposed that the existing tax incentives be extended for a period of 4 years where the qualifying investment period is extended until 31 December 2026.</p> <p>For applications received by SC until 31 December 2023.</p> |

Extension of Period of Tax Incentive for Issuance of Sukuk Wakalah

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|--|
| <p>Expenses incurred in issuing <i>Sukuk</i> under the principles of leasing <i>Ijarah</i> and agency <i>Wakalah</i> approved by Securities Commission or Labuan Financial Services Authority are eligible for income tax deduction. A further deduction is eligible to be claimed on additional costs incurred on the issuance of <i>Sukuk</i> under the principles of <i>Ijarah</i> and <i>Wakalah</i> as follows:-</p> <ul style="list-style-type: none"> i. Professional fees relating to due diligence, drafting and preparation of prospectus; ii. Securities Commission of Malaysia prospectus registration fee; iii. Bursa Malaysia processing fee and initial listing fee; iv. Bursa Malaysia new issue crediting fee; v. Primary distribution fee; vi. Printing costs of prospectus; and vii. Advertisement cost of prospectus. <p>This tax incentive is effective from YA 2019 until YA 2020.</p> | <p>To further promote the issuance of <i>Sukuk</i> under the principle of <i>Wakalah</i>, it is proposed that the existing tax incentives be extended for a period of 5 years until YA 2025 as follows:</p> <ul style="list-style-type: none"> i. Tax deduction for issuance cost of Sukuk under principle of <i>Wakalah</i>; and ii. Further deduction on additional issuance cost of Sukuk under the principle of <i>Wakalah</i> <p>Tax deduction for issuance cost and further deduction on additional issuance cost of Sukuk under the principle of <i>Ijarah</i> principle are remained under YA 2020.</p> <p>Effective YA 2021 until YA 2025</p> |

Extension of Tax Exemption on Income Derived from Managing SRI fund

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|--|
| <p>At present, local companies that derive income from the provision of fund management services for Sustainable and Responsible Investment (SRI) Fund in Malaysia are exempted from tax .</p> <p>SRI Fund shall fulfill the requirements set out in the guidelines relating to the SRI Fund issued by the Securities Commission Malaysia.</p> <p>Effective YA 2018 to YA 2020.</p> | <p>It is proposed that the existing income tax exemption be extended for a period of 3 years to YA 2023.</p> |

Extension of Tax Exemption on Management Fee Income for Shariah-Compliant Fund

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|--|
| <p>At present, local companies managing funds under Syariah principles and certified by Securities Commission are given tax exemption on the following income:-</p> <ul style="list-style-type: none"> (a) Statutory income derived from business of providing fund management services to foreign investors in Malaysia from YA 2007 to YA 2020; (b) Statutory income derived from business of providing fund management services to local investors in Malaysia from YA 2008 to 2020; and (c) Statutory income derived from business of providing fund management services to business trusts or REIT in Malaysia. From YA 2014 to YA 2020. | <p>It is proposed that the existing income tax exemption be extended for a period of 3 years to YA 2023.</p> <p>Effective YA 2021 until YA 2023.</p> |

Review of Stamp Duty on Foreign Currency Loan Agreement

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|--|
| At present, conventional and Shariah-compliant loan agreements in foreign currency are subject to stamp duty at an ad valorem rate of RM5 every RM1,000 of the loan amount, however maximum amount of stamp duty imposed on each loan agreement is RM500. | <p>It is proposed that the maximum amount of stamp duty on foreign currency loan agreements be increased from RM500 to RM2,000.</p> <p>For loan agreements executed from 1 January 2020.</p> |

An aerial photograph of a dense urban landscape, likely New York City, showing a variety of high-rise buildings and skyscrapers. The buildings are packed closely together, with some featuring distinctive architectural styles like rounded tops or brick facades. The image is taken from a high angle, looking down on the city. A semi-transparent blue banner is overlaid across the middle of the image, containing the text "Real Estate Investment Trust (REIT)".

Real Estate Investment Trust (REIT)

Extension of Tax Treatment for Real Estate Investment Trusts (REIT)

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|--|
| <p>Investors in REIR are subject to the following tax treatment</p> <ul style="list-style-type: none"> i) Resident corporate investors receiving profit distribution from REITs listed on Bursa Malaysia are subject to current corporate tax rate; ii) Non-resident corporate investors receiving profit distribution from REITs listed on Bursa Malaysia are subject to a final withholding tax at the current corporate tax rate; iii) Foreign institutional investors, particularly pension funds and collective investment funds receiving profit distribution from REITs listed on Bursa Malaysia subject to a final 10% withholding tax from the YA 2009 until YA 2019; and iv) Non-corporate investors including resident and non-resident individuals and other local entities receiving profit distribution from REITs listed on Bursa Malaysia are subject to a final 10% withholding tax from the YA 2009 until YA 2019. | <p>It is proposed that the existing tax treatment be extended for a period of 6 years.</p> <p>Effective YA 2020 until YA 2025.</p> |

An aerial photograph of a winding asphalt road that snakes through a dense, green forest. The road features several sharp, hairpin turns. A small, dark-colored car is visible on one of the straight sections of the road. A semi-transparent dark blue rectangular box is overlaid across the middle of the image, containing the text "Indirect Tax" in white. To the right of the road, a long, straight metal pipeline or railway track runs parallel to the forest edge.

Indirect Tax

Review of Export Duty Rate on Crude Palm Oil (CPO)

Effective 1 January 2020, export duty rate on CPO after taking into consideration of partial export duty exemption be reviewed as follows:-

| CPO Market Price (FOB RM/tonne) | Current Export Duty Rate (%) | New Export Duty Rate (%) |
|------------------------------------|------------------------------|--------------------------|
| < 2,250 | NIL | NIL |
| 2,250 – 2,400 | 4.5 | 3.0 |
| 2,401 – 2,550 | 5.0 | 4.5 |
| 2,551 – 2,700 | 5.5 | 5.0 |
| 2,701 – 2,850 | 6.0 | 5.5 |
| 2,851 – 3,000 | 6.5 | 6.0 |
| 3,001 – 3,150 | 7.0 | 6.5 |
| 3,151 – 3,300 | 7.5 | 7.0 |
| 3,301 – 3,450 | 8.0 | 7.5 |
| > 3,450 | 8.5 | 8.0 |

The background is a dark blue gradient with a grid pattern. It features several concentric circles and arcs, some of which are composed of binary code (0s and 1s). There are also some abstract, rounded rectangular shapes in a lighter blue color scattered across the background.

Digital Economy

Building Digital Economy



1. RM 25 million - Contestable Matching Grant Fund

An allocation of RM25 million will be given to set up a Contestable Matching Grant Fund to spur more pilot projects on digital applications such as drone delivery, autonomous vehicle, blockchain technology, and other products and services that leverage no government's investments in fibre optics and 5G infrastructure.

2. RM 20 million - Malaysian Digital Economy Corporation (MDEC)

Global video gaming industry has revenue upward of USD 150 billion, higher than both music and movie industries combined. Therefore, government allocate RM20 million to MDEC to grow local champions in creating digital content, especially in e-Games, animation and digital arts.

Building Digital Economy

3. RM 500 million (RM 5,000 per company) - SME Digitalisation Matching Grants

SME needs to adopt digitalization measures for their business operations, including:-

- a) Electronic Point of Sale Systems (e-POS)
- b) Enterprise Resource Planning (ERP)
- c) Electronic *SQL* Payroll System

The government provide 50% matching grant up to RM5,000 per company for the subscription of the above services.

This matching grant worth RM500 million over 5 years, limited to 100,000 SMEs applying to upgrade their systems.

4. RM 550 million (RM 2 million per company) - Smart Automation Matching Grants

Government will allocate RM550 million to provide Smart Automation Matching Grants to 1,000 manufacturing and 1,000 services companies to automate their business processes. This grant will be given on a matching basis up to RM 2 million per company.

Building Digital Economy



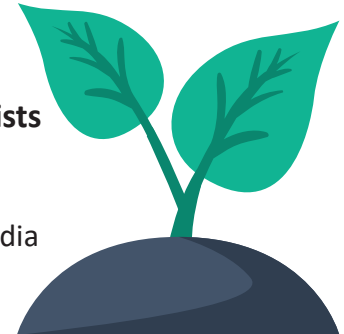
5. RM 20 million - High Cradle Fund

Coach and Grow Programme (CGP) by Cradle Fund for high impact technology entrepreneurs involving 469 companies to date generated RM2.3 billion in revenues including RM300 million in exports.

As part of continuous commitment to promote early stage innovations, RM20 million will be provided to Cradle Fund for provision of training and grants to seed companies.

6. RM 10 million - Training Micro-Digital Entrepreneurs and Technologists

Government will provide funds of RM10 million to MDEC to train micro-digital entrepreneurs and technologists to leverage on e-Marketplaces and social media platforms to sell their products.



Building Digital Economy



7. RM50 million - 5G Ecosystem Development Grant

National Fiberisation & Connectivity Plan (NFCP) is the key in bringing 5G technology and services to the Malaysian public. To seed technological developments by Malaysian companies to ride 5G wave, 5G Ecosystem Development Grant worth RM50 million will be introduced.

8. RM 30 Digital Stimulus

Mobile payment transactions increased 20x from 2 million transactions (2017) to 34 million transactions (2018). However, overall e-wallet remains low at 8%.

In order to encourage users to go in e-wallets, government offers one-time RM30 digital stimulus to qualified Malaysian aged 18 and above with annual income less than RM100,000. The one time digital stimulus per person can be redeemed and used for a two-month period commencing 1 January 2020 and expiring on 29 February 2020.

RM450 million allocated to Khazanah Nasional.



Building Digital Economy



7. Skim Jaminan Pinjamin Perniagaan (SJPP)

For Bumiputera SMEs, export-oriented SMEs and SMEs investing in automation and digitalisation, Government guarantee will be increased from 70% to 80%. In addition, guarantee fee is only 0.75%.

8. SJPP for Women Entrepreneurs

A new SJPP allocation of RM500 million in guarantee facility will be launched, earmarked for women entrepreneurs.



Review of Green Technology Incentive

| Current Position : YA 2019 | Proposed wef YA 2020 |
|---|---|
| <p>Effective 2014, tax incentives for green technology are provided as follows:-</p> <ul style="list-style-type: none"> i. Green Investment Tax Allowance (GITA) ITA of 100% on capital expenditure for qualifying green activity for the period until 31 December 2020. This allowance can be set-off against up to 70% of statutory income. ii. Green Income Tax Exemption (GITE) Income tax exemption of 100% of statutory income for qualifying green services activity for a period until YA 2020. | <p>To further increase investment in renewable energy, It is proposed that:-</p> <ul style="list-style-type: none"> i. GITA The ITA be extended to YA 2023. Applications received by MIDA until 31 December 2023. ii. GITE <ul style="list-style-type: none"> a) Income tax exemption of 70% of statutory income for qualifying green services activities be extended to YA 2023; and b) New tax incentive for solar leasing activities be introduced with income tax exemption of 70% of statutory income for a period of up to 10 YA for solar leasing companies certified by Sustainable Energy Development Authority (SEDA). Applications received by MIDA from 1 January 2020 until 31 December 2023. |

Tax Incentive for Development of Intellectual Property

| Current Position : YA 2019 | Proposed wef YA 2020 |
|--|---|
| <p>Tax incentives provided for R&D activities are as follows:-</p> <ul style="list-style-type: none"> (i) Double deduction on in-house R&D expenditure approved by the IRBM; (ii) Double deduction on R&D contributions to approved research institutions or expenditures for R&D services obtained from approved institutions or research companies; (iii) Tax deduction for cost of acquisition of proprietary rights; (iv) Income tax exemption for companies that commercialise resource based and non-resource based R&D findings; and (v) Income tax exemption for R&D contract companies that provide R&D services | <p>To encourage intellectual property development activities in Malaysia, it is proposed that income tax exemption of 100% up to 10 years be given on qualifying intellectual property income derived from patent and copyright software of qualifying activities.</p> <p>For the purpose of computation of income tax exemption, Modified Nexus Approach of Action 5 of the Action Plan on Base Erosion and Profit Shifting (BEPS) released by Organisation for Economic Co-operation and Development (OECD) will be adopted to ensure that only income derived from intellectual property developed in Malaysia is eligible for this incentive.</p> <p>Applications received by MIDA from 1 January 2020 until December 2022.</p> |

Digital Social Responsibilities

Digital Social Responsibilities (DSR) is a new concept introduced by the government. DSR is the commitment by businesses, to contribute to digital economic development while improving the digital skills of the future workforce with initiatives such as technology scholarships, training and upskilling for digital skills for communities in need.

It is proposed that expenses incurred for contributions towards DSR by the companies will be given tax deduction.



Grants & Subsidised Funds

Financing for Businesses

1. RM200 million - SME Fund for Women Entrepreneurs

A total of RM 200 million fund will be allocated to SME Bank fund whereby the Government will provide an annual interest subsidy of 2% to reduce borrowing costs. This fund is specifically for women entrepreneurs, offering loans of up to RM1 million per SME.

2. RM300 million – Bumiputera SME Fund

A total of RM300 million fund to support Bumiputera SMEs with the potential to become regional champions, with priority given to producers of halal product and manufacturers with high local content.

Bumiputera Entrepreneurial Development

To support Bumiputera entrepreneurial development, grants amounting to RM445 million will be provided in terms of access to financing, provision of business premises and entrepreneur training:

1. RM150 million

RM150 million allocated for overall entrepreneurship development and upskilling by Perbadanan Usahawan Nasional Berhad (PUNB)

2. RM75 million

RM75 million by SME Corp for capacity building and export focus for Bumiputera SMEs which include enhancing marketing, packaging and financial literacy

3. RM170 million

RM170 million in total for access of financing via TEKUN, SME Bank and Pelaburan Hartanah Berhad

4. RM50 million

RM50 million for entrepreneurship under Unit Peneraju Agenda Bumiputera, Ministry of Economic Affairs.

Financing Programmes for Strategic Projects

The Government continue to support strategic projects through financing programmes under Bank Pembangunan Malaysia Berhad offering a 2% interest subsidy per annum via:

1. Sustainable Development Financing Fund of RM2 billion;
2. Maritime & Logistics Fund of RM1 billion; and
3. Industry Digitalisation Transformation Fund of RM 2 billion to support implementation of connectivity projects.

Program Pembiayaan Usahawan Perusahaan Kecil Komuniti Cina

RM 100 million Small Business Loans is introduced to Chinese SME via Bank Simpanan Nasional with more than 380 branches throughout the country, at an interest rate of 4%.

TEKUN Nasional's Skim Pembangunan Usahawan Masyarakat India (SPUMI)

RM 20 million Small Business Loans is introduced to Indian SME via SPUMI, at an interest rate of 4%.

Palm Oil Sector

RM550 million palm oil replanting loan fund for smallholders collateral-free at an interest rate of 2% per annum, with a tenure of 12 years including a 4 year moratorium and repayment. The replanting will be undertaken using the latest seedlings and also in compliance with Malaysian Sustainable Palm Oil (MSPO) standards to ensure better productivity and marketability.

Bantuan Musim Tengkujuh

RM200 million will be allocated for Bantuan Musim Tengkujuh to eligible rubber smallholders under RISDA and Lembaga Industry Getah Sabah (LIGS).

Rubber Production Incentive

RM100 million will be provided for Rubber Production Incentive in 2020 to enhance income of smallholders faced with low rubber prices.

Conservation and Biodiversity Initiatives

In order to preserve forests and natural biodiversity, RM10 million is allocated as a matching grant against private sector contributions towards conservation and biodiversity initiatives. These efforts include supporting the Central Forest Spine and Heart of Borneo Initiatives, in addition to rehabilitate and restore degraded forests.