



HSS ADVISORY SDN BHD  
(722956-M)



Tax & Business Advisors

# 2024 BUDGET SUMMARY

**“Economic Reforms, Empowering the People”**

Prepared by: HSS Advisory Sdn Bhd



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WHAT YOU THINK

# Budget 2024: A holistic approach to a sustainable economy — Harjit Singh Sidhu



<https://www.malaymail.com/news/what-you-think/2023/10/10/budget-2024-a-holistic-approach-to-a-sustainable-economy-harjit-singh-sidhu/95485>



# *Second Belanjawan MADANI*

- **The Highest Budget to-date amount – RM 393.8 billion**
- The government intends to allocate :-
  - RM 303.80 billion for operating expenditure
  - RM 90 billion for development expenditure; and
  - RM 2 billion for the Contingency savings.



# Direct Cash Assistance and Welfare : Rahmah Cash Contribution (STR) 2024



Household	Cash Aid Amount
Maximum rate of STR	Increased from RM 3,100 to <b>RM 3,700</b>
First Disbursement of Payment	Increased from RM 300 to <b>RM 500</b> (before Ramadan)
Sumbangan Asas Rahmah (SARA) Basic Rahmah Contribution	<b>RM 100</b> per month from 6 months increased to <b>12 months</b>
Youth	Increased from RM 350 to <b>RM 500</b>

Application can be done at this portal <https://bantuantunai.hasil.gov.my/#>

# Direct Cash Assistance and Welfare : Rahmah Cash Contribution (STR) 2023 [ **Current** ]

Household	Cash Aid Amount
Household with $\leq$ RM 2,500 monthly income & $\geq$ 5 children	RM 1,000 – RM 2,500 (depending on the no. of children)
Household income within with RM 2,501 – RM 5,000	RM 500 – RM 1,250 (depending on the no. of children)
Senior citizens without spouses/ Widow/ Widower with no children with monthly income < RM 5,000 with age $\geq$ 60 years old	RM 600 (depending on the income limit)
Singles with income < RM 2,500	RM 350 (depending on the income limit)
Extreme poor household (SARA)	RM 600 (additional)

FAQ: [https://bantuantunai.hasil.gov.my/Download/Faq/SOALAN\\_LAZIM\\_\(FAQ\)\\_SUMBANGAN\\_TUNAI\\_RAHMAH\(STR\).pdf](https://bantuantunai.hasil.gov.my/Download/Faq/SOALAN_LAZIM_(FAQ)_SUMBANGAN_TUNAI_RAHMAH(STR).pdf)  
[https://bantuantunai.hasil.gov.my/Download/Faq/SOALAN\\_LAZIM\\_\(FAQ\)\\_SUMBANGAN\\_ASAS\\_RAHMAH\\_\(SARA\)\\_V2.pdf](https://bantuantunai.hasil.gov.my/Download/Faq/SOALAN_LAZIM_(FAQ)_SUMBANGAN_ASAS_RAHMAH_(SARA)_V2.pdf)



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# **Tax Implication on Individuals**



# Expansion of Personal Relief – Medical Expenses

(Limited to RM10,000)



1. Medical expenses for serious diseases for self, spouse or child;
2. Medical expenses for fertility treatment for self or spouse
3. Vaccination expenses for self, spouse and child. – [ **limited to RM1,000** ]
4. Complete medical check-up, mental health examination and COVID-19 detection test including purchase of self-test kit for self, spouse, child [ **limited to RM1,000** ]
5. Diagnostic and treatment for Autism, Attention Deficit Hyperactivity Disorder, Global Development Delay, Intellectual Disability, Down Syndrome and Specific Learning Disabilities [ **limited to RM 4,000** ]



**(Proposed)**

Expand medical relief to include the dental examination and treatment from dental practitioner registered with Malaysian Dental Council [ restricted to RM 1,000 ]

**With effect from Year 2024**

# Expansion of Personal Relief – Medical Expenses, Special Needs and Care for Parents

**(Limited to RM8,000)**

1. Treatment in clinic and hospital;
2. Treatment at nursing home;
3. Dental treatment excluding cosmetic dental treatment;
4. Treatment and care provided by caregiver at home, day care or home care center.



**(Proposed)**

Expand to include a full medical examination expenses for parents, **limited to RM 1,000.**

**With effect from Year 2024**







# Review of Personal Relief – Lifestyle Relief

Purchase of subscription of reading materials (including electronics subscribed materials), personal computers, smartphone or tablet, internet subscription, sports equipment and gym membership fee [restricted to RM 2,500]

Additional Relief [ restricted to RM 500 ]

- Purchase of sports equipment;
- Payment of rental or entrance fees to sports facilities; and
- Payment of registration fee for participating in sports competition approved and licensed by the Commissioner of Sports.



**(Proposed)**

Lifestyle relief of RM 2,500 is restructured to

- **include** fee expensed for self skills enhancement courses;
- the relief for **purchase of sports equipment and gym membership fee will be removed** from the scope of lifestyle relief



**With effect from Year 2024**



## Personal Relief – Specific Tax Relief

- Proposed tax relief for Sports Equipment and Activities as a specific tax relief;
- Amount relief is restricted to RM 1,000;
- Scope of relief covers:
  - i. purchase of sports equipment, rental or entry fees to sports facilities, registration fees for participating in sports competitions and gymnasium membership fees;
  - ii. sports training fees charged by organisation, sports club or company registered with Sports Commissioner or Companies Commission of Malaysia and carries out sports activities listed under Sports Development Act 1997

**With effect from Year 2024**



# Extension of Personal Relief – Up-Skilling and Self-Enhancement Courses Fees

1. Education fee relief expanded to include up-skilling and self-enhancement course fees, [**limited to RM 2,000**].
2. Effective for YA 2022 to YA 2023.



**(Proposed)**

Extended for another 3 years from YA 2024 to YA 2026.

**With effect from Year 2024**



# Extension of Personal Relief – Expenses Related to Electric Vehicle [EV]

1. **Tax relief restricted to RM 2,500** for :-
  - Installation;
  - Purchase including hire-purchase;
  - Rental; **or**
  - Subscription for own use of EV charging facility.
2. Effective for YA 2022 to YA 2023



**(Proposed)**

Extended for another 4 years from YA 2024 to YA 2027

**With effect from Year 2024**





# Personal Relief – Increase of Income Tax Exemption for Child Care Allowance

Child care allowance received by an employee or paid directly by the employer to the child care center is **exempted from individual income tax up to RM2,400** per year of assessment.



**(Proposed)**

The income tax exemption will be increased to RM 3,000 per year of assessment.

**With effect from Year 2024**





# Extension of Period of Tax Incentive for Women Returning to Work After Career Break

- Income tax exemption on employment income for a maximum of 12 consecutive months received by women who return to work after a career break of at least 2 years.
- Applicable to income received in YA 2018 to YA 2024



The respective tax incentive will be extended for another 4 years from YA 2025 until YA 2028. The application for tax exemption has to be made to Talent Corporation Malaysia Bhd by the eligible women within the period from 1st January 2024 to 31st December 2027.

**With effect from Year 2024**





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# **Tax Implication on Businesses**

# Capital Gains Tax on Disposal of Unlisted Shares

The rate for Capital Gains Tax (CGT) on the disposal of unlisted shares by companies are:-

Acquisition Date of Unlisted Shares	CGT Rate
Before 1 <sup>st</sup> March 2024	<ul style="list-style-type: none"><li>• 10% on the net gain of the disposal of shares; <b>or</b></li><li>• 2% on the gross sales value.</li></ul>
From 1 <sup>st</sup> March 2024	10% on the net gain of the disposal of shares;



# Capital Allowance on Information and Communication Technology (ICT) Equipment and Computer Software

Revision of capital allowance rates for ICT Equipment and Computer Software :

	Existing Rate	Proposal Rate
Initial Allowance	20%	40%
Annual Allowance	20%	20%

**With effect from Year of Assessment 2024**



## e-Invoicing

Implementation of e-Invoicing by taxpayers with an annual turnover or revenue of more than RM 100 million will be deferred as below:



Taxpayers in other income categories (revenue below than RM 100 million) will be required to comply in phases with comprehensive implementation target by **1st July 2025** (Further clarification is required from the authorities).

# Global Minimum Tax (GMT)

Implementation of GMT will be deferred as below:



GMT is applicable to companies which has a global income of **at least 750 million EUROS only.**



# Incentive for Reinvestment under the New Industrial Master Plan (NIMP) 2030

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



**The proposed tax incentive will be given to existing companies:-**

- a. that have exhausted their reinvestment allowance eligibility period; and
- b. desire to increase capacity and investment in high-value activities under the New Industrial Master Plan 2030;
- c. the eligible investment tax allowance rate will be determined by outcome-based approach.

Application to Malaysian Investment Development Authority from **1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2028**

## Tax Incentive for Global Services Hub

A Global Services Hub tax incentive based on outcome-based approach will be introduced as follows:

	New Company		Existing Company	
	Tier 1	Tier 2	Tier 1	Tier 2
Exemption Years	5 + 5		5	
Preferential Tax Rate	5%	10%	5% on value added income	10% on value added income
Type of income exempted	<ul style="list-style-type: none"> <li>• Services income; or</li> <li>• Services and trading income.</li> </ul>			

Applications received by MIDA from **14th October 2023 to 31st December 2027**

## Tax Incentive for Global Services Hub Tax (Con't)

<p>Qualifying Services &amp; Additional Services</p>	<p>Undertake the following activities:</p> <ul style="list-style-type: none"> <li>i. Regional P&amp;L/Business Management Unit;</li> <li>ii. Strategic business planning;</li> <li>iii. Corporate development; and</li> <li>iv. Any 2 qualifying activities under the services category (Strategic services, business services; shared services; or other services)</li> </ul>	
<p>Conditions (Outcome-based)</p>	<ul style="list-style-type: none"> <li>i. Annual operating expenditure;</li> <li>ii. High value full-time employees;</li> <li>iii. C-Suite with a minimum monthly salary of RM35,000;</li> <li>iv. Local ancillary services;</li> <li>v. ESG elements;</li> </ul>	<ul style="list-style-type: none"> <li>vi. Collaboration with higher education institution/TVET;</li> <li>vii. Training for Malaysian students/citizen; or</li> <li>viii. Other conditions as determined by the Minister of Finance.</li> </ul>



## **Tax Incentive for Global Services Hub Tax (Con't)**

It is proposed income tax rate of 15% be given for a period of 3 consecutive years of assessment and limited to 3 non-citizen individuals holding key/C-Suite positions with a monthly salary of at least RM35,000 appointed by a new company approved with Global Services Hub tax incentive.



# Tax incentive for Returning Expert Program

Incentive	Existing
Income tax at a fixed rate	15% on employment income for 5 consecutive years;
Exemption on excise duty for the purchase of a Completely Knocked-Down (CKD) vehicle	Exemption up to RM 100,000.

For application received by the Talent Corporation Malaysia Bhd within the period of **1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2027**





## Tax Incentive for Equity Crowdfunding (ECF)

- Individual invested in ECF is eligible for tax exemption on aggregate income equivalent to 50% of the amount invested.
- The above incentive is **expanded** to include investments made by individual investors:-
  - a. Through Limited Liability Partnership nominee companies; and
  - b. The period is extended for **three (3) years** for investments made from **1st January 2024 until 31st December 2026**.

## Tax Incentive for Angel Investors

- Angel investor investing in tech start-up company is eligible for tax exemption at aggregate income level;
- The amount of aggregate income exempted = the amount invested made in a tech start-up company;
- The above incentive is **extended for 3 years** starting from **1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2026**.





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**Others**

# Transfer of property ownership by renunciation of rights

The following change will be effective from **1<sup>st</sup> January 2024**:

	Existing Rule	Proposal
Eligible beneficiary renounces his/her rights to another eligible beneficiary	Ad Valorem	Fixed Duty of RM 10



# Stamp Duty for Property Ownership by Non-citizens and Foreign-Owned Companies

Proposed to change the stamp duty for instrument of transfer of property executed by non-citizen individuals (excluding Malaysian permanent residents) and foreign-owned companies.

Sales Price/Market Value of Property (Whichever higher)	Stamp Duty Rate	
	Existing	Proposed
First RM 100,000	1%	Flat Rate of 4%
RM 100,001 to RM 500,000	2%	
RM 500,001 to RM 1,000,000	3%	
RM 1,000,001 and above	4%	

**With effect from 1<sup>st</sup> January 2024**



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# **Indirect Tax**

# Increase in Service Tax Rate and Expansion the Scope of Taxable Services

- It is proposed that the service tax rate be increased from **6%** to **8%** for taxable service under Service Tax Act 2018 excludes food and beverages (“F&B”), telecommunications, parking services and logistic services; and
- It is also proposed that the scope of taxable services to be expanded to include **delivery services (exclude F&B)**, **logistics services**, **brokerage and underwriting for non-financial services** and **karaoke services**.

**With effect from 1<sup>st</sup> March 2024**

# High Value Goods Tax

- In Budget 2024, it is proposed that the tax rate will be ranging from **5% to 10%** to be implemented on certain high value goods, such as jewellery and watches, based on the threshold value of the goods.







# Import Duty and Sales Tax Exemption on Manufacturing Aids

- Effective from **1<sup>st</sup> January 2024**, it is proposed that the import duty and sales tax exemption will be given to eligible manufacturers on the importation and locally purchased of manufacturing aids based on the types of industry and category of goods to be determined.



## Excise Duty Rate for Sugary Drinks

It is proposed that the excise duty rate for sugary drinks will be increased from RM0.40 to RM0.50 per litre.



**With effect from 1<sup>st</sup> January 2024**

# Imposition of Excise Duty on Chewing Tobacco

In order to mitigate health risks, it is proposed to impose an excise duty on chewing tobacco products at a rate of 5% + RM27/kg.

**With effect from 1<sup>st</sup> January 2024**



# Entertainment Duty Imposed in the Federal Territories will be Reduced or Exempted

- It is proposed that the entertainment duty imposed in the Federal Territories will be reduced or exempted as follows:

Type of Entertainment	Current Rate	Proposed Rate
Stage performance by local artistes	25%	0%
Theme parks, family recreation centres, indoor play centres and simulators		5%
Stage performance by international artistes/light show/circus		10%
Film screenings (cinema) / Theater		
Sports and games events		
Zoo / Exhibition / Aquarium		

For application received by Minister of Finance from **1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2028**



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