

2022

BUDGET

**LATEST TAX UPDATES WITH PRICELESS
TAX PLANNING DURING FURTHER
EXPANSION AND ECONOMIC RECOVERY**

Book 1

Essential pertinent tax changes

- Foreign source income
- Special amnesty on foreign income but Malaysian derived
- Automatic exchange of financial account information
- Renovation and refurbishment – special deduction
- ACA on machinery and software
- Covid related deductions and incentives



DR CHOONG KWAI FATT

Advocate and Solicitor (High Court of Malaya), Tax Consultant

B.Acc(Hons)(Malaya),
LL.B(Hons)(London), CLP, MCL(IIUM), PhD(IIUM),
FCCA(UK), CPA(M), CA(M), ACA(UK),
CA(Aust. & NZ), FCPA(Aust.).

Live Zoom Seminar

16 December 2021

drchoong.seminar@gmail.com



Foreign source income is now taxed



Foreign source income

Received

in Malaysia

w.e.f. 1.1.2022

by

Resident person

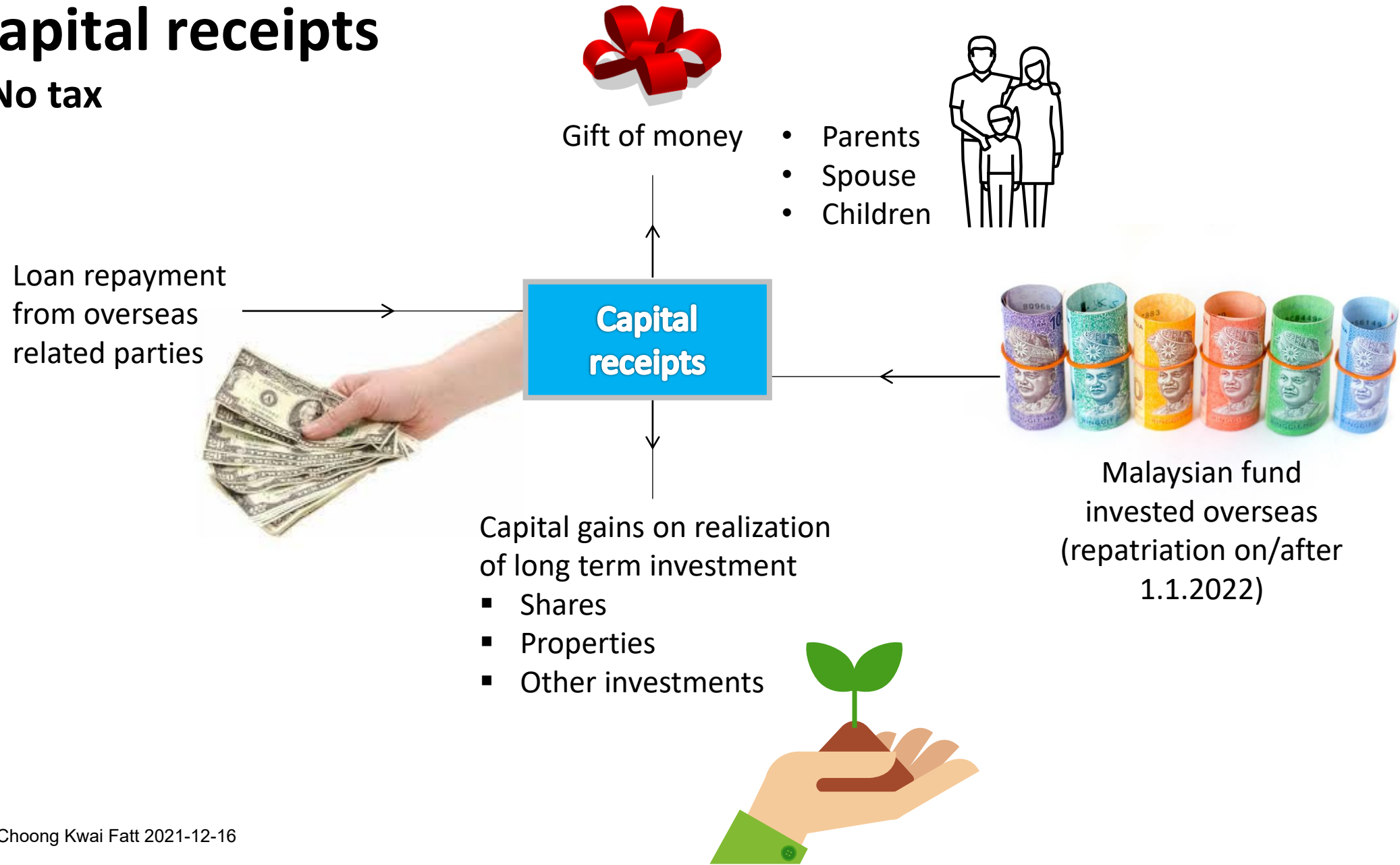
Tax



- Individual
- LLP
- Company
- Club and society
- Non Governmental Organisation (NGO)
- Cooperative
- Trust
- Etc

Capital receipts

- No tax



Non resident



Outside Malaysia



Company

Incorporated outside Malaysia

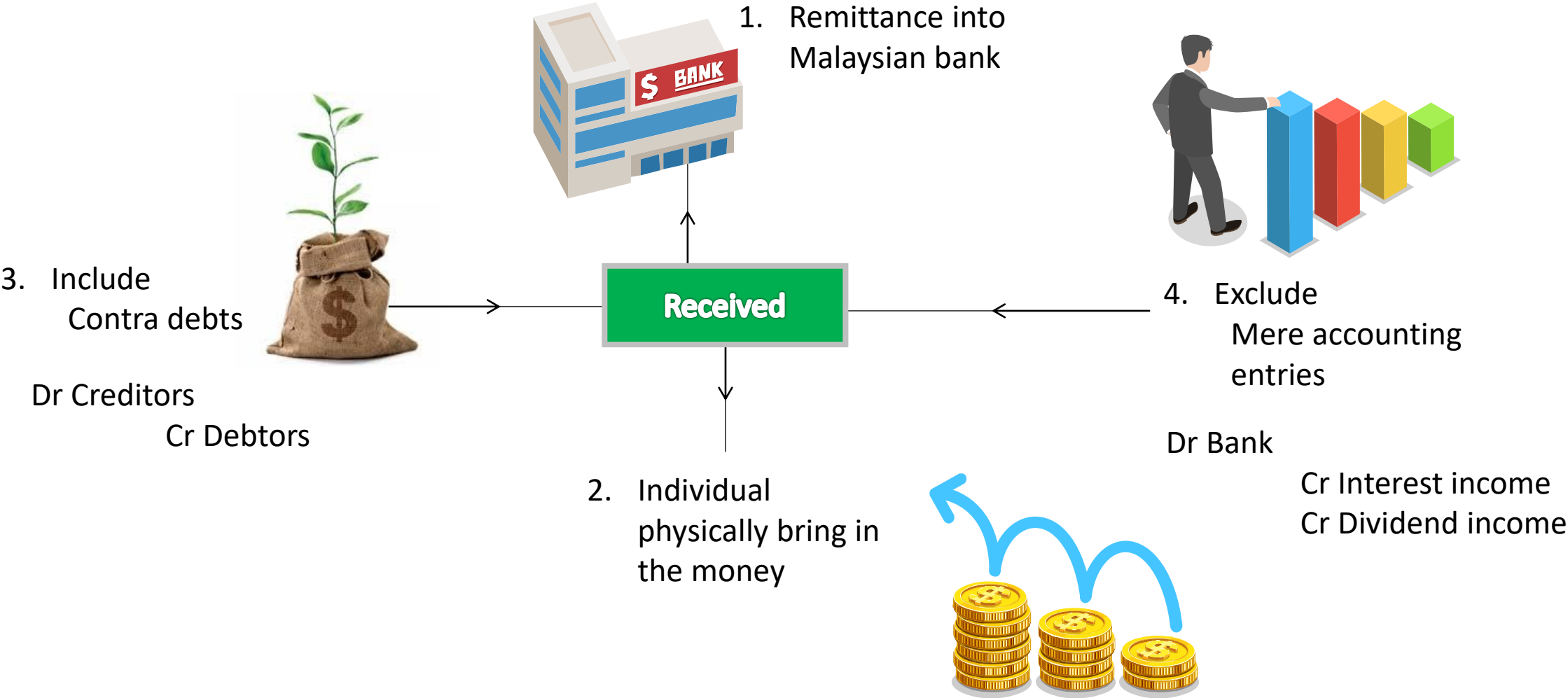
- Housing loan
- Bank saving accounts



- Branch of overseas company in Malaysia

Exempted from tax
(para 28, Sch 6)

Ambit of 'received'





Foreign source

1. Income derived overseas

- Rental income
- Interest income
- Dividend income
- Employment income

from overseas



Source of income (capital)

- Property
- Principal
- Shares

from overseas



Foreign source income

- Income derived outside Malaysia
- Not Malaysian derived

2. Income not Malaysian derived or deemed Malaysian derived

Illustrations



Business

s 4(a)

Place of business/operation

Employment

s 4(b)

Exercised employment in Malaysia

Interest

s 4(c)

Place of borrowers

Dividend

s 4(c)

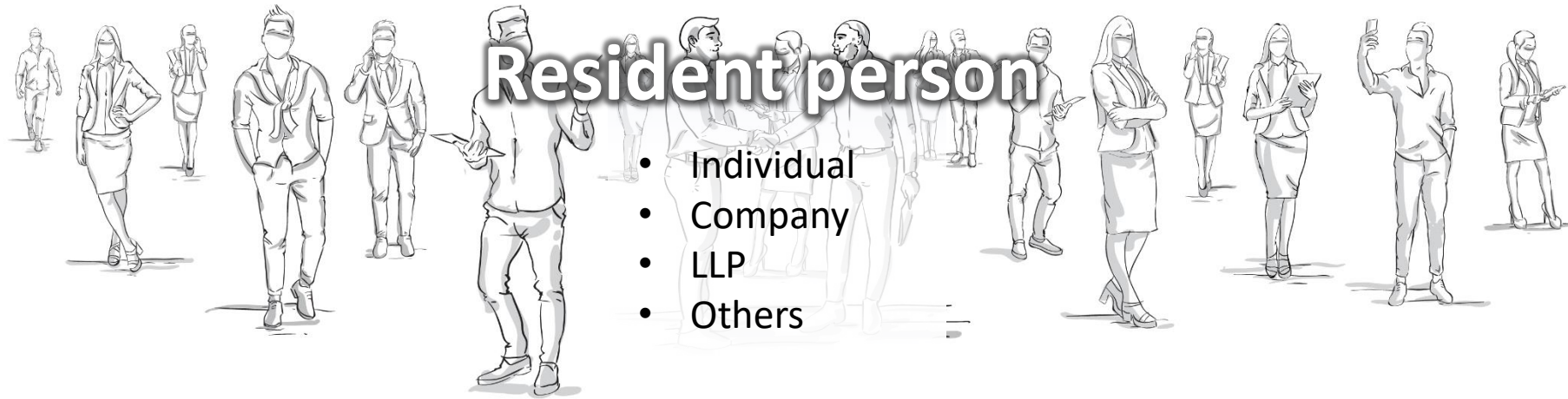
Overseas companies

Rental

s 4(d)

Place of property location





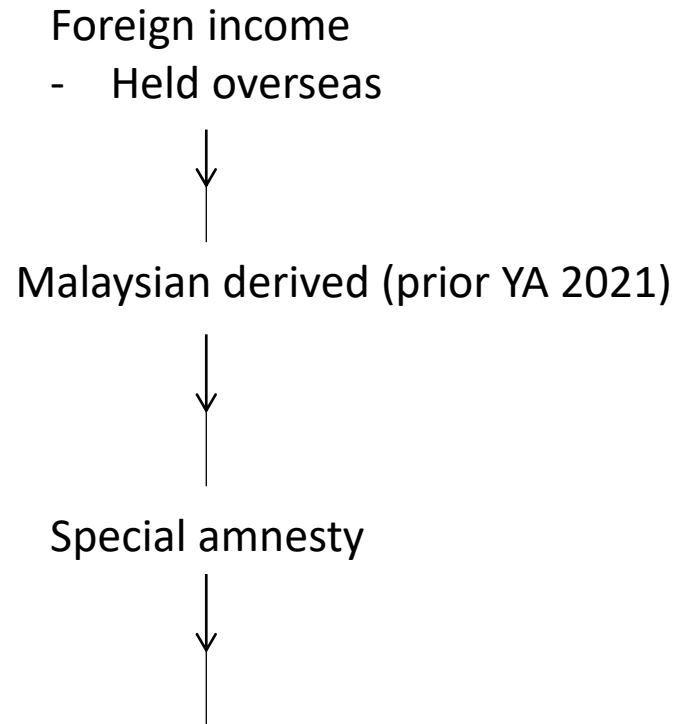
Timeline	Foreign source income received in Malaysia	Foreign tax paid available as credit on prevailing tax payable
1. Prior 1.1.2022	Exempt	N/A
2. 1.1.2022 – 30.6.2022	3%	N/A
3. 1.7.2022 and thereafter	Prevailing tax rate	Yes



Special amnesty overseas income



Income has to be
brought into Malaysia



1.1.2022 – 30.6.2022
@ 3%

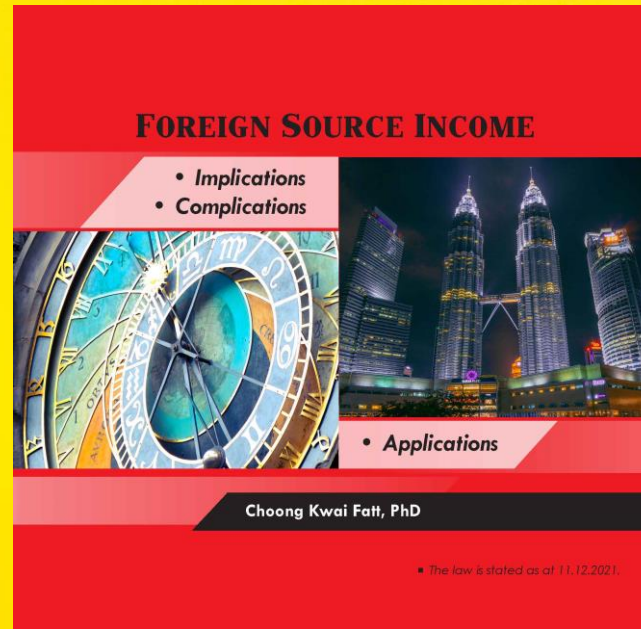


- No tax audit
- No tax investigation
- No penalty
- No enquiry

Foreign source income

– Implications, Complications and Applications

Promotion until 20.12.2021



Special price:
RM160 (WM); RM170 (EM)

Market price: RM210

Any enquiries, please contact us

✉ Email : choong.training@gmail.com

☎ 012 - 2946 470

Myth on 'deemed derived'



Commission
income derived

- Overseas suppliers
- Overseas customers
- Malaysian operation

[s 12(1)(a)]



"... so much of the gross income from the business as is not attributable to operations of the business carried on outside Malaysia shall be deemed to be derived from Malaysia;"

[s 12(1)(a)]

Malaysian derived

- Tax at derivation
- Not foreign source income



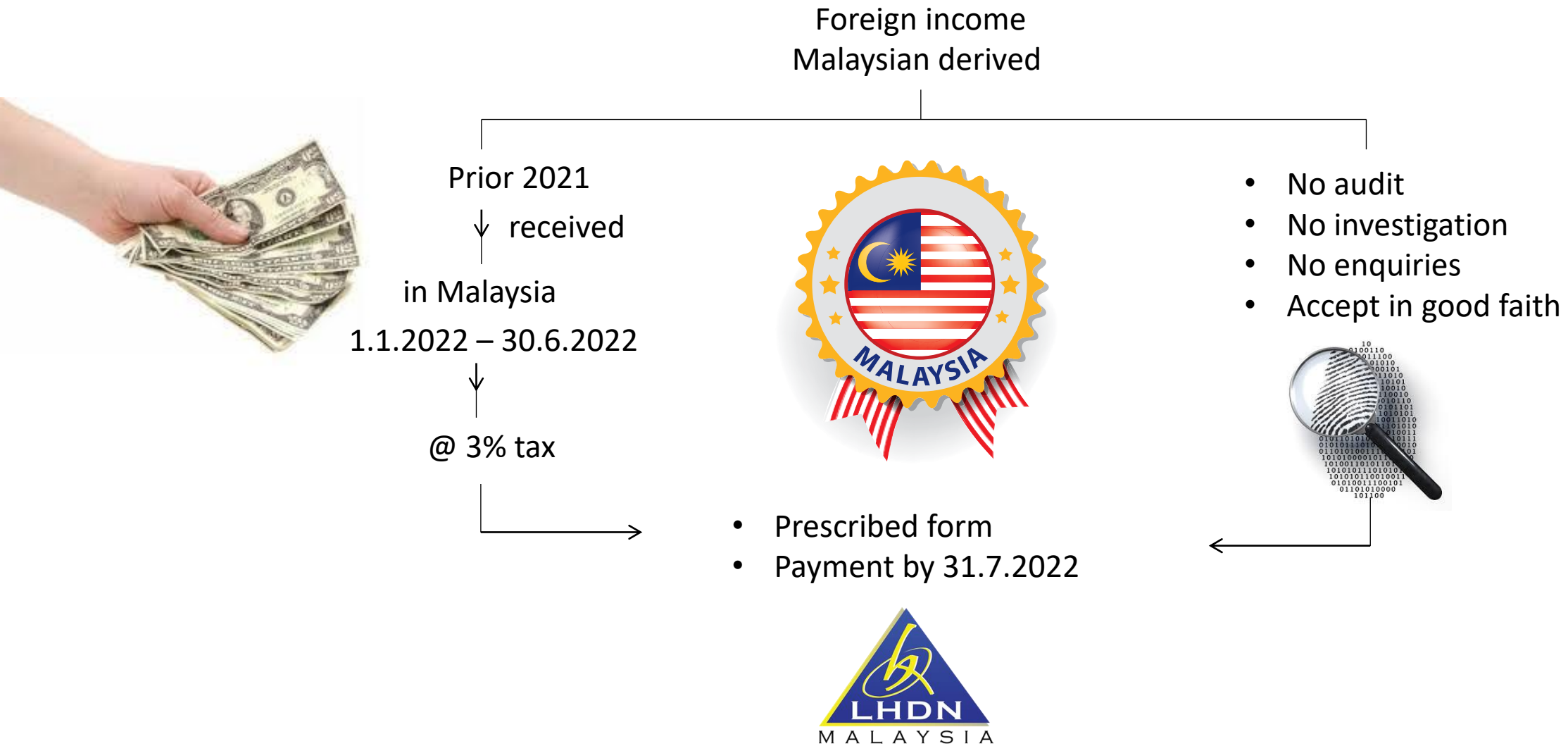
**Malaysian derived
Foreign income**



- Manufacturing
- Trading
- Service company

With overseas customers
[s 12(1)(b)]

Special amnesty on overseas income – limited time



Tax audit on overseas bank accounts

w.e.f. 1.7.2022



Overseas bank accounts



IRB

- Examine
- Review
- Analyse



- Common reporting countries
- 108 participating jurisdictions
19.1.2021



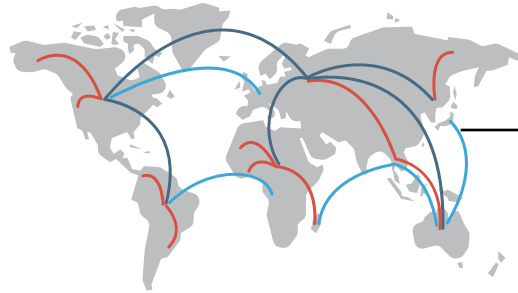
Explanation & justification

- Additional tax (tax undercharged)
- Penalty 60%
- Incorrect return penalty [s 113(2)]

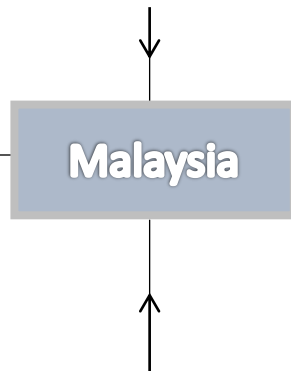
Automatic exchange of financial account information

1. Malaysian companies
2. Individual
3. Related parties to 1 and 2

with overseas bank accounts



108 participating countries
(as at 19.1.2021)



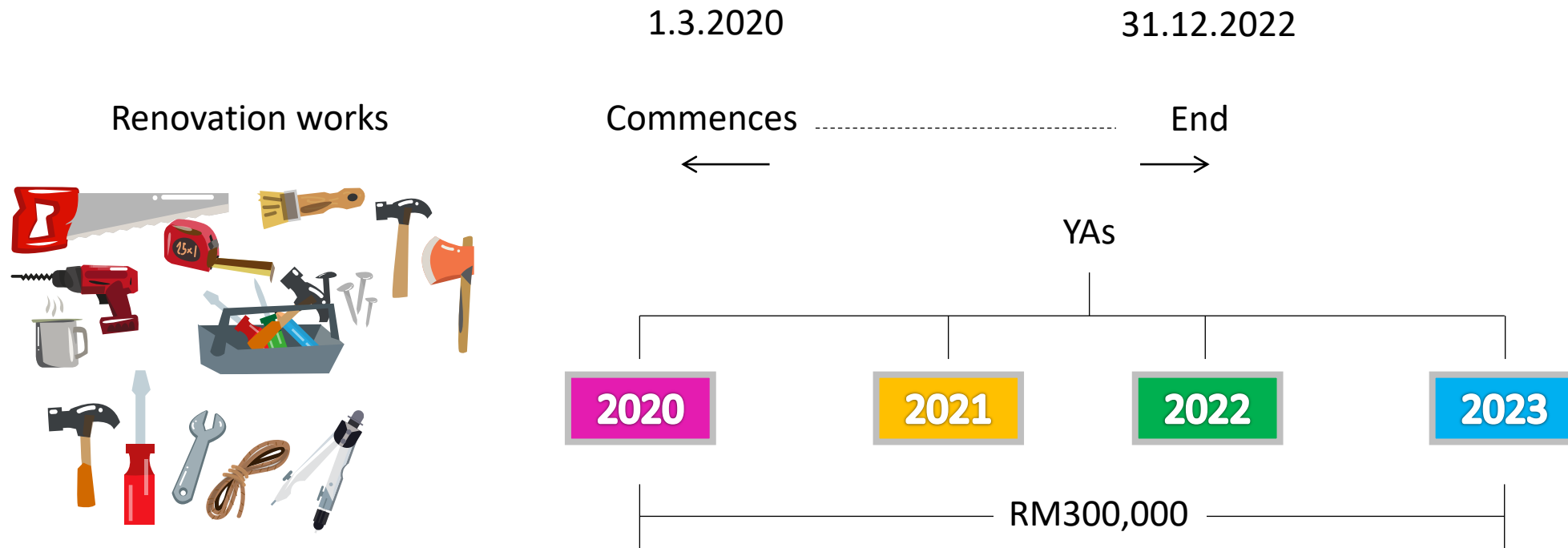
4. May be interviewed by IRB on the source of fund

5. IRB would
 - review
 - examine
 - analyse

notice of additional assessment issued with penalty on undeclared Malaysian derived income



Renovation and refurbishment – special deduction



Tax adjustment

- +

Special deductions on renovation & refurbishment

XX

Renovation and refurbishment – special deduction



1. Business income

- Excludes investment holding company
- Excludes rental income of s 4(d)

2. Business must have commenced

- Pre-commencement renovation not deductible

3. Incurred on business premises

- Included rented premises
- Labour quarters and accommodation
- Sheltered car park

Renovation and refurbishment – special deduction

4. Time period

- 1.3.2020 – 31.12.2021
- 1.1.2022 – 31.12.2022 (Extension)

5. Threshold

- RM300,000
- Within the time period

6. Audit certificate

- On the quantum
- Within the threshold of RM300,000
- On each YA



Renovation and refurbishment – special deduction



7. Within the designated items of

- PU(A) 381/2020
- Income Tax (Costs of Renovation and Refurbishment of Business Premise) Rules 2020



8. Scope of expenses

- Alteration
- Construction
- Extension
- Refurbishment
- Renovation
- Include demolition expenditure



Renovation and refurbishment – special deduction

9. Exclusion

- Designer fee
- Professional fee
- Purchase of antiques

10. Eligible business entity

- Sole proprietor
- Partnership
- LLP
- Sdn Bhd
- Bhd

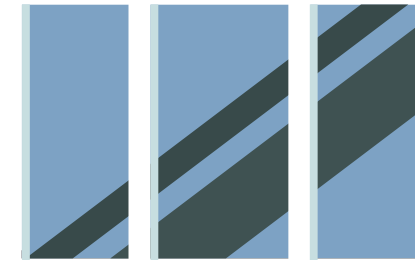
With business income



Tax planning considerations

1. Repairs and maintenance on buildings

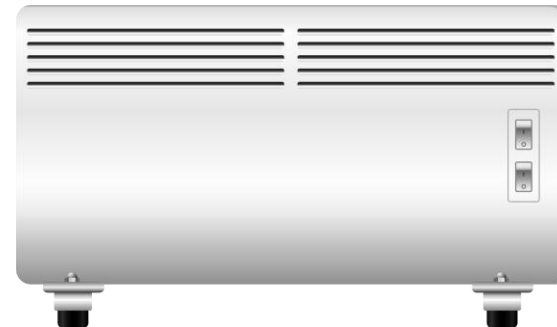
- Door
- Gate
- Window grill and roller shutter



2. Extension on industrial buildings

3. Plant and machinery

- Air conditioning



Tax planning considerations

4. Kitchen utensils

- Initial purchase: capital expenditure
- Replacement: revenue expense [s 33(1)(c)]



5. Antique

- Initial allowance @ 20%
- Annual allowance @ 10%



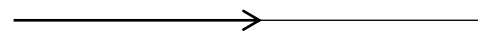
6. Factory includes

- Children play
- Reception area
- Surau



ACA on machinery/equipment

Sole proprietor
Company
LLP



Qualifying plant expenditure

Initial allowance 20%
Annual allowance 40%

1.3.2020—31.12.2021

- Machinery & equipment
- ICT equipment
- Office equipment
- Furniture and fittings
- Air conditioner
- Electrical appliances



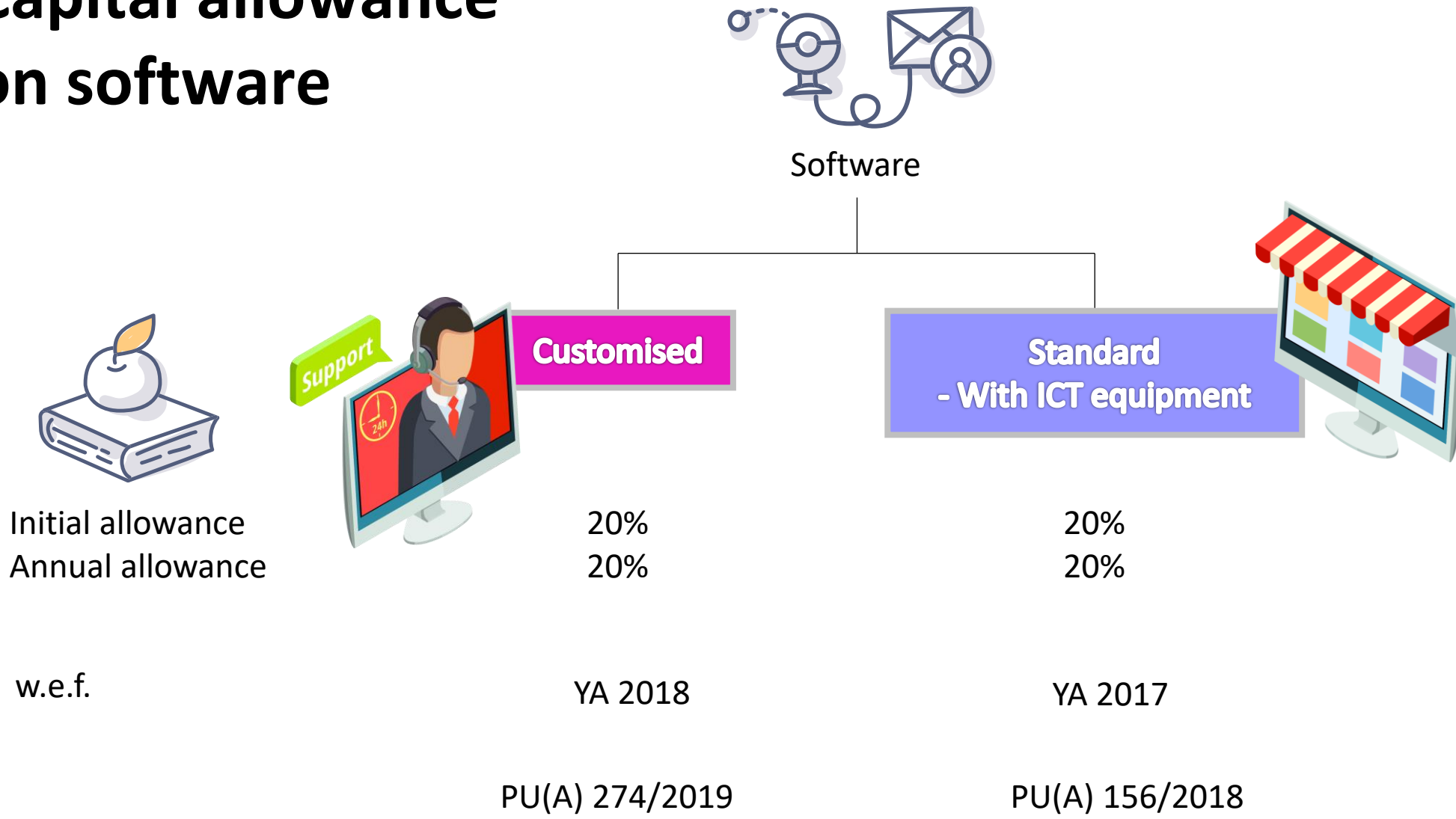
Exclude

- Motor vehicles
- Customized computer software
- Software systems or software packages



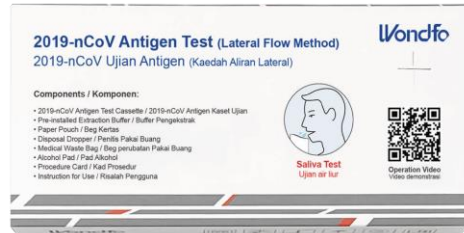
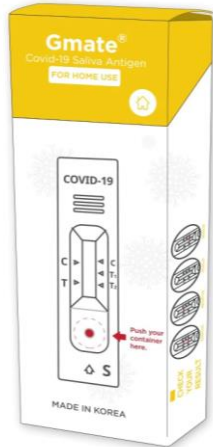
[Income Tax (Accelerated Capital Allowance)(Machinery and Equipment including Information and Communication Technology Equipment) Rules 2021, PU(A) 268/2021]

Capital allowance on software



Detection test of Covid-19

- Double deduction



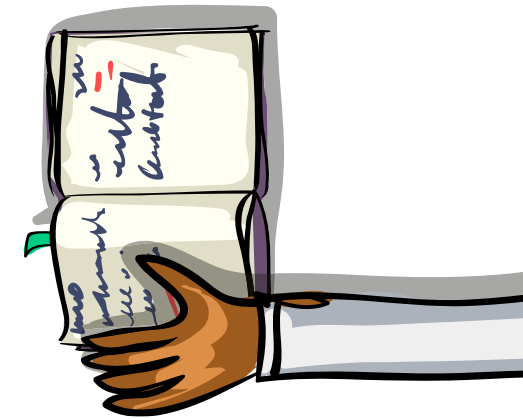
Business income [s 4(a)]

Cost of detection of Covid-19

- Employees
- 1.1.2021–31.12.2021
- in Malaysia/outside Malaysia

↓
Double deduction

- Receipt
- Certification by medical practitioner registered with Malaysian Medical Council



[Income Tax (Deduction for Expenses in relation to the Cost of Detection Test of Coronavirus Disease 2019 (Covid-19) for Employees) Rules 2021, PU(A) 404/2021]

Personal protective equipment

- Special deduction



≠ CA
≠ ACA

- Employer
- Sole proprietor
 - Company
 - LLP

Since 1.3.2020

- Incur cost of personal protective equipment
- For the purpose of prevention and protection of its workers from Covid-19

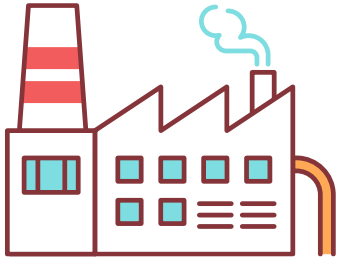
w.e.f. YA 2020

**Deductible to arrive at
adjusted business income**

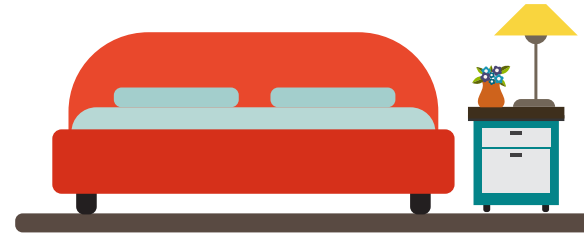
[Income Tax (Deduction for Expenses in relation to the Cost of Personal Protective Equipment) Rules 2021, PU(A) 269/2021]

Safe @ work

- Double deduction



- Manufacturing sector
- Manufacturing related sectors



Rental expense on

- Employees' accommodation



Double deduction

- Limit to RM50,000 per company



1.1.2021–31.12.2021

1.1.2022–31.12.2022

Condition: Online application through MITI
<https://notification.miti.gov.my/login>

2022

BUDGET

**LATEST TAX UPDATES WITH PRICELESS
TAX PLANNING DURING FURTHER
EXPANSION AND ECONOMIC RECOVERY**

Book 2

- (a) Micro, small and medium enterprises (MSME)
 - tax incentives
- (b) Rental rebate as special deduction
- (c) Extension of unabsorbed losses
- (d) Share trading is business income
- (e) Extension of reinvestment allowance
- (f) Prosperity tax



DR CHOONG KWAI FATT

Advocate and Solicitor (High Court of Malaya), Tax Consultant

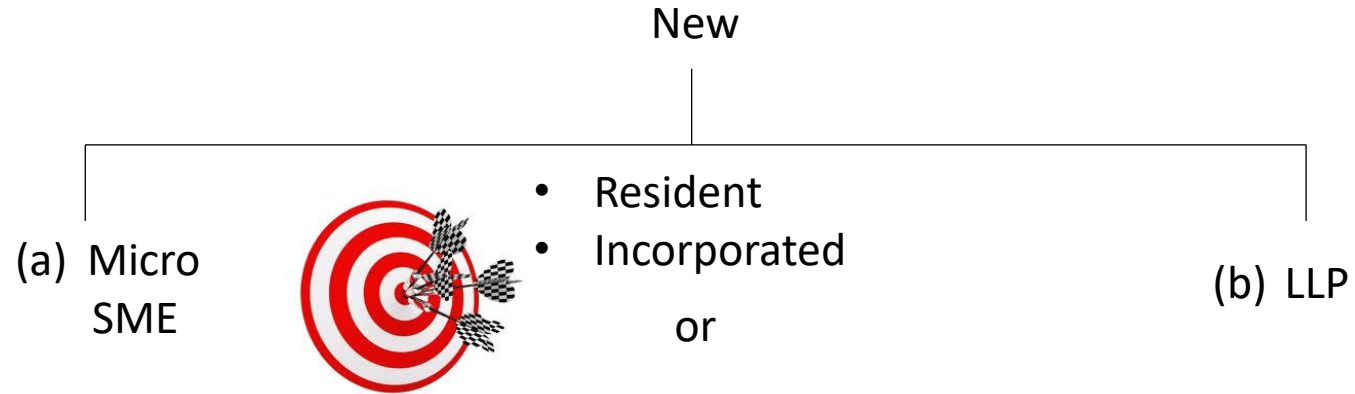
B.Acc(Hons)(Malaya),
LL.B(Hons)(London), CLP, MCL(IIUM), PhD(IIUM),
FCCA(UK), CPA(M), CA(M), ACA(UK),
CA(Aust. & NZ), FCPA(Aust.).

**Live Zoom Seminar
16 December 2021**

drchoong.seminar@gmail.com



Tax rebate of RM20,000 [s 6D]



1. Carrying on business
2. Commences business operation
1.7.2020 – 31.12.2022
3. 3 consecutives YAs
4. Rebate



w.e.f. YA 2021

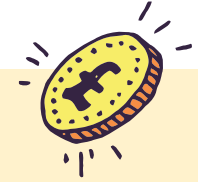


RM20,000
per YA

≡ Operating +
capital expenditure
incurred



New Sdn Bhd - **BEST** option



1. (a) Sdn Bhd

- Paid up capital \leq RM2.5 million
- Gross business income \leq RM50 million

1. (b) LLP

- Capital contributed \leq RM2.5 million
- Gross business income \leq RM50 million

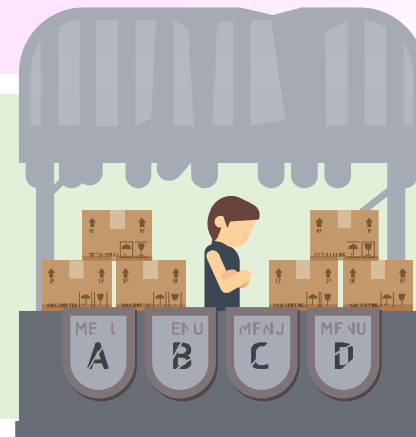
2. Annual expenditure

- Capital expenditure (new)
- Operating expenditure
- \geq RM20,000 per year



3. Commencement of business

- 1.7.2020 – 31.12.2021
- 1.1.2022 – 31.12.2022 (Extension)
- With effect YA 2021

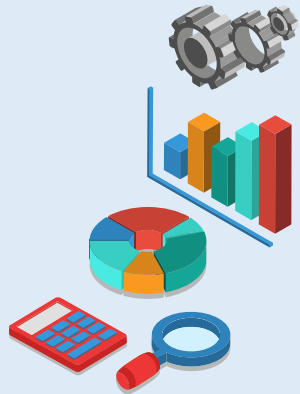


New Sdn Bhd - BEST option



4. Tax rebate

- Up to RM20,000 per YA
- For 3 YAs continuously
- Excess no refund, no c/f
- Deductible at tax payable level



Chargeable income

Tax payable @ 17%

Less: tax rebate

Net income tax payable

RM

118,000

20,060

(20,000)

60

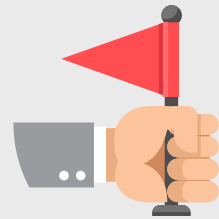


New Sdn Bhd - **BEST** option



5. Sole proprietor business convert into Sdn Bhd





- Commercial justification






- (i) Acquisition of new plant and machinery
- (ii) With new line of business
- (iii) Or new segment of customers

Rental reduction on business premises

- Rental income can be s 4(a) or s 4(d)

1. Effective date
Extension 
2. Rental reduction 
3. Tenancy agreement (stamped) 
4. Certificate by SME Corp 

Tenant

SMEs	Non SMEs
Apr 2020–Dec 2021 1.1.2022–30.6.2022	Jan 2021–Dec 2021 1.1.2022–30.6.2022
≥ 30%	≥ 30%
	
	N/A
PU(A) 353/2021	PU(A) 354/2021



Tax computation

s 4(a); s 4(d)	RM
Rental	
Gross rental	Y
Less: Rental reduction ($\geq 30\%$ of Y)	(A)
	<hr/>
	xx
Less: Allowable expenses	(x)
	<hr/>
	xx
Less: Special rental reduction	(A)
	<hr/>
Adjusted income	xx
	<hr/>



Unabsorbed business loss

- Extended to 10 YAs
- Retrospectively to YA 2019
- To be utilised against any business income
 - Extension of existing business
 - New business
 - Rental income s 4(a)



Practical illustration

Unabsorbed business loss

1.

YA 2019

Bal b/f (from YA 2018)



- Utilisation

RM Expired on

YA 2028

xx

(x)

xx

+ Current year loss (YA 2019)



Balance c/f

x

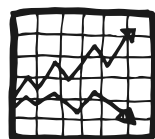
YA 2029

A

2.

YA 2020

Bal b/f



- Utilisation

A

(x)

xx

+ Current year loss (YA 2020)



Balance c/f

x

YA 2030

B

Practical illustration

Unabsorbed business loss

3. YA 2021

Bal b/f



- Utilisation

+ Current year loss (YA 2021)



Balance c/f

RM Expired on

B

(P)

xx

m

YA 2031




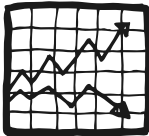



xx

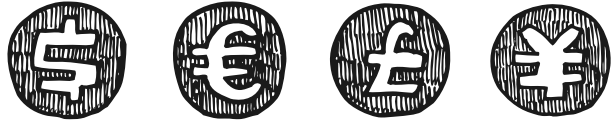
Note:

The utilisation of unabsorbed business loss is on first in first out (FIFO) basis, i.e. complete utilisation of the amount b/f from YA 2018 first, followed by the subsequent additional excess current year loss not utilised (m) in that YA.



Tax computation

	Statutory income – business s 4(a)			
s 4(a)	Business 2			
	Adjusted income			XX
	+ Balancing charge			X
				<hr/>
				XX
	- Capital allowances			
	Unabsorbed b/f		XX	
	+ Current year		X	
	+ Balancing allowances		X	(X)
			<hr/>	<hr/>
	Statutory income			XX
	- Unabsorbed business loss b/f			(P) Excess c/f
				<hr/>
				nil
	Investment income			
s 4(c)	Interest income			X
s 4(d)	Rental income			X
				<hr/>
	Aggregate income			<hr/>
				XX



Aggregate income

- Current year business loss (Business 1)

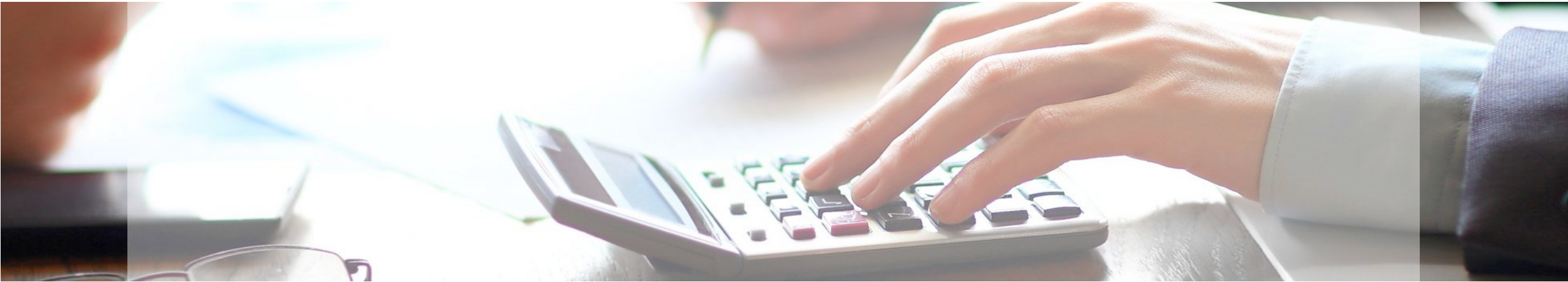
Chargeable income



xx

(x) Excess (m) c/f

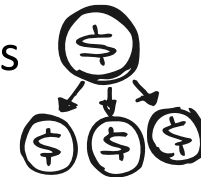
nil



Share trading is business income

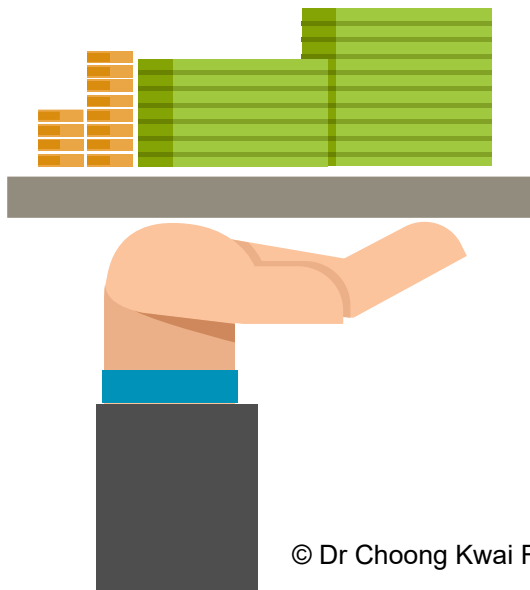


- High frequency
 - buy; or
 - sell
- Holding period short, < 1 year
- No. of counters vast, > 20 counters
- No dividend income

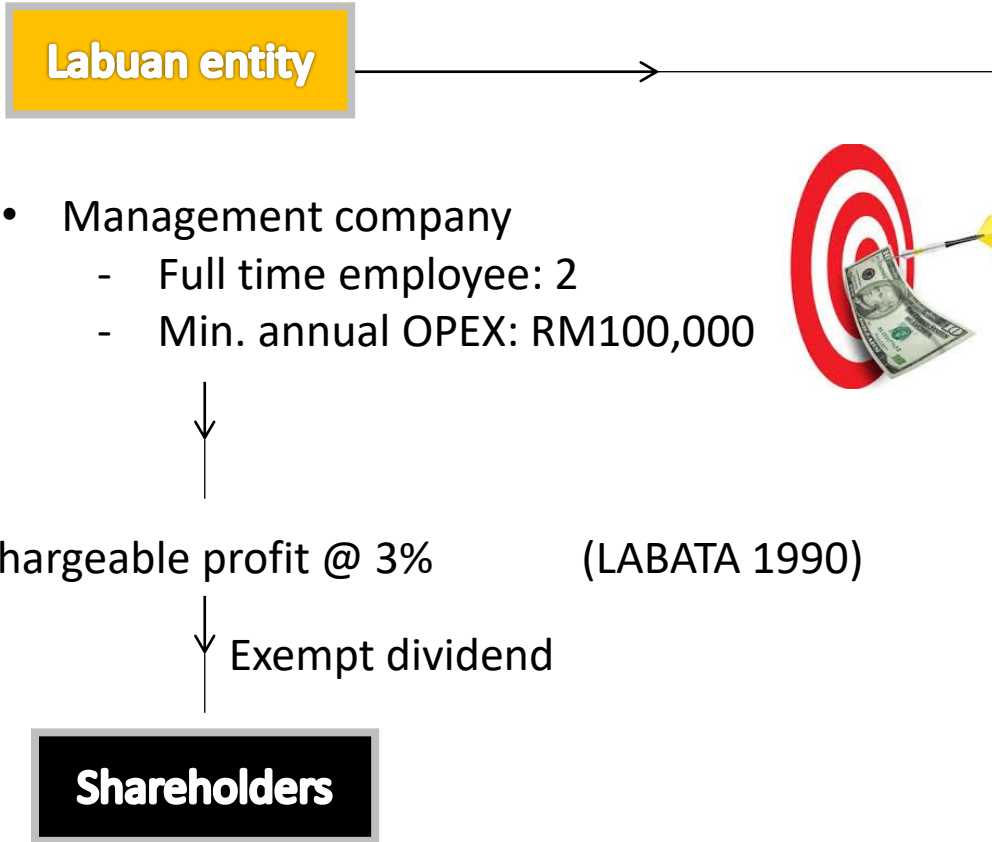


Share trading is capital gains

- 1 – 5 counters, eg. MBB share
- Holding period at least 2 years
- Ability to hold
- Derive dividend income
- Source of financing – internal or share capital



Labuan is an option



Shares trading

- USA
- Others

Contact person

Hui Yan 012 - 218 5753
hychoong@simways.com.my



Increase of stamp duty on contract notes for trading of listed shares

BUDGET 2022

	Existing	w.e.f. 1.1.2022
Stamp duty rate	0.1%	0.15%
Cap	RM200 for each contract note	-

[s 44, Finance Bill 2021; Item 31, First Sch, Stamp Act 1949]



Service tax exemption on brokerage services related to trading of listed shares

Service tax on brokerage services
[Item 12, Group I, First Schedule, Service Tax Regulations 2018]

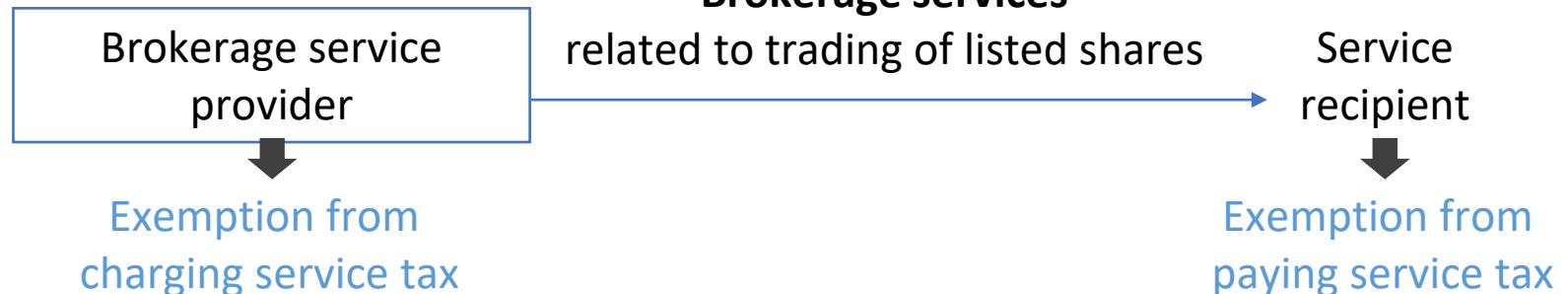


Existing



BUDGET 2022

w.e.f. 1.1.2022



Reinvestment allowance

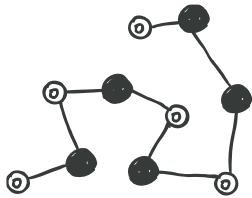


- Manufacturing
- Agriculture company

15 consecutive YAs

$$RA = 60\% \times QCE$$

- Deducted 70% SI



1st extension



Additional extension

Expired on 2019

2020–2022

No. of years

3

Expired on

YA

RA eligibility

YAs

2020

2021–2024

2021

2022–2024

2022

2023–2024

2023

2024

5

[para 2B, Sch 7A]

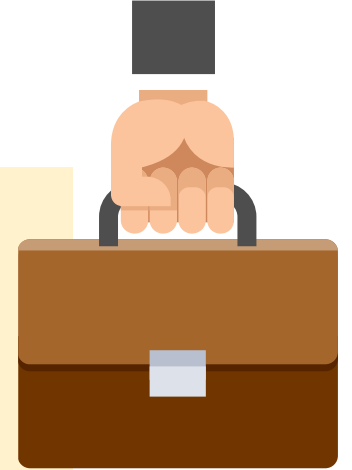
Unabsorbed RA

- Restrictive to 7 YAs
- Commencement from YA 2025
- Any unabsorbed RA by YA 2031 would be disregarded



Automation equipment

- any plant & machinery
- used directly in a **qualifying project**
- which **adopts technology that is more advanced** than the current technology
 - ❖ can increase the amount of production and reduce dependence on labor
- used by a **qualifying company**.



“Qualifying project”

- project for modernizing or automating the existing manufacturing activity for a product.

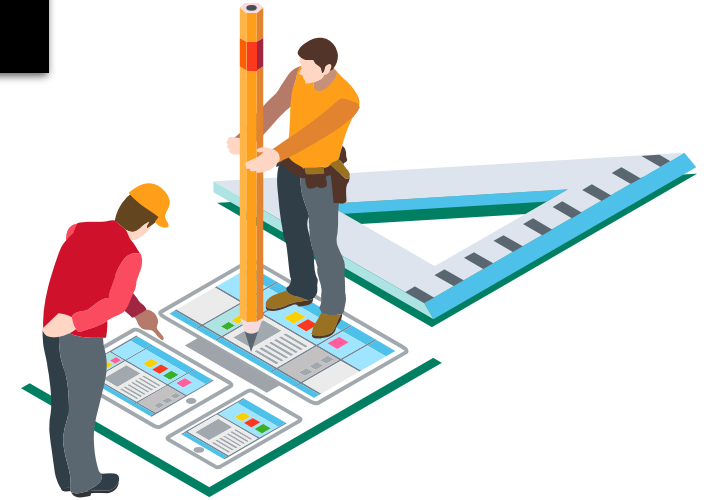
“Qualifying company”

- i. The company must be a incorporated under the CA 2016 and resident in Malaysia;
- ii. The company is engaged in manufacturing activities with Industrial Co-ordination Act 1975;
- iii. The company possesses a valid business license from the local authority;
- iv. The company has been in operation for at least 36 months;
- v. The company has incurred qualifying capital expenditure (QCE) on automation equipment;
- vi. The automation equipment must be certified by SIRIM as adopting a technology more advanced than its current used technology
- vii. Applications has been made to MIDA from 1.1.2020 to 31.12.2023.

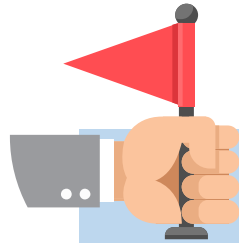
Automation equipment

- Qualifying capital expenditure (QCE)

Industries available	QCE (RM)	Eligibility period (YA)
Category 1: Labour intensive <ul style="list-style-type: none">• Manufacturing<ul style="list-style-type: none">- Rubber products- Plastics- Wood- Furniture and textiles	4 million	2020-2023
Category 2 <ul style="list-style-type: none">• Manufacturing other than 1• Service sector	2 million	2020-2023
	2 million	2020-2023



Automation equipment



Under at least one (1)
areas of

automation/automated equipment

- (a) Material Handling System
- (b) Warehousing
- (c) Processing Equipment
- (d) Testing Equipment
- (e) Measurement System Packaging Equipment
- (f) Others (to specify)

AND

Has at least one of the
automation components



- (a) Motion controllers
- (b) Pneumatic/hydraulics
- (c) Programmable logic controller/programmable automation controller
- (d) Computer/industrial software including CAD/CAM/CAE/PLM
- (e) Computer numerical control (CNC), high speed, multi axes
- (f) Robot and robotic system
- (g) Industrial networking & communication
- (h) Vision system
- (i) Others (to specify)

Source:

https://www.mida.gov.my/wp-content/uploads/2020/12/20200914134112_SIRIM_InformationSheet2020.pdf

Automation equipment - services sector

- Introduced under Budget 2020
- For qualifying company that is engaged in services activities and incurred expenditures on **machinery/equipment/software** that fulfill the



Eligibility criteria	Not eligible
<ul style="list-style-type: none">✓ Used directly in the process of carrying out the services;✓ Adopts technology that is more advanced in improving services delivery;✓ Used at least for 1 month after installation/commissioning for the purpose of technical verification by SIRIM; and✓ Contribute to productivity enhancement:<ul style="list-style-type: none">i. Reduction in number of workers/operators involved in operation; orii. Reduction in number of man-hours; oriii. Increase in efficiency by reducing human errors or reducing time taken to complete task; oriv. Reduction in accident/complaint rate	<ul style="list-style-type: none">i. Standard software applications installed on the computer, i.e. basic programs for everyday use, such as Office suites, accounting packages, graphics software, media player, enterprise softwareii. Mobile apps for gaming and entertainment, travel-related, online shopping and online booking system for hotel, flights, restaurants, etc.iii. Retail and restaurant self-ordering/self-payment kiosk.iv. New machinery/equipment to replace existing machinery/ equipment with same specification.

Source: https://www.mida.gov.my/wp-content/uploads/2021/01/GD_AutomationCAServices01012020.pdf



Application of automation allowances

1. Accelerated capital allowance (ACA)

100% x QCE

IA : 20%
AA : 80%

Set off at

Adjusted
income

PU(A)

252/2017;
173/2020

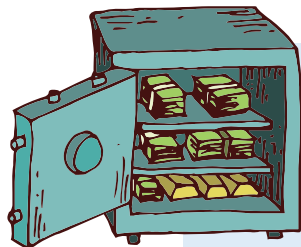


2. Automation equipment allowance (AEA)

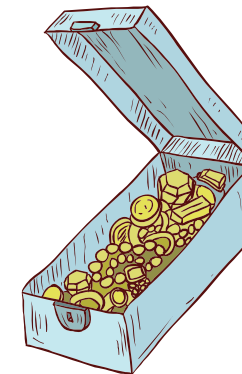
100% x QCE

70%
Statutory
income

253/2017;
172/2020



	RM
Adjusted income	xx
(-) ACA	(x)
Statutory income	xx
(-) AEA	(x)
	xx





Prosperity tax



Companies Bhd

Listed

Paid up capital > RM2.5 million

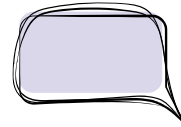
Chargeable income



100 million

First @ 24%

Excess @ 33%



One off for YA 2022

Imposition of “Cukai Makmur”



- Among 900 of public listed companies on Bursa Malaysia
 - ✓ **Financial year 2019**
 - 145 companies earned over RM100 million 
 - ✓ **Financial year 2020**
 - 125 companies earned over RM100 million 
- Only 113 companies managed the same level of pre-tax earnings for both FY

Source from:

<https://www.theedgemarkets.com/article/these-companies-may-be-subjected-oneoff-33-windfall-tax>



Imposition of “Cukai Makmur”

Sector	No. of Companies
Construction	3
Consumer products & services	26
Energy	4
Financial services	18
Health care	6
Industries products & services	9
Plantation	9
Property	12
Real estate investment trusts	4
Technology	4
Telecommunication & media	6
Transportation & logistics	4
Utilities	7
Others	1
Grand total	113

Historical cases

Imposition of “Cukai Makmur”



Country	Year	Case and sector	Tax rate
Sweden	2008	Hydropower and nuclear power sectors	Various special taxes
Thailand	2018	Developers and landlords who gain from inflated price driven by Government transport infrastructure projects	5% windfall tax
China	Effective 2020	Shandong province – Independent oil refiners	Windfall tax applied
Malaysia	2008	On the return on assets above 9% for independent power producers	One-off 30% windfall tax 30%
	2020	Palm oil producers when palm oil prices went above RM2,500 per tonne	3% windfall tax

Source from: <https://themalaysianreserve.com/2020/11/30/the-case-for-windfall-taxes/>

2022

BUDGET

**LATEST TAX UPDATES WITH PRICELESS
TAX PLANNING DURING FURTHER
EXPANSION AND ECONOMIC RECOVERY**

Book 3

Tax incentives latest updates and developments

- Manufacturing in electrical and electronic
- Green incentive and electric vehicle development
- Research and development
- Digital ecosystem acceleration scheme
- Flexible work arrangement
- Double deductions variations



DR CHOONG KWAI FATT

Advocate and Solicitor (High Court of Malaya), Tax Consultant

B.Acc(Hons)(Malaya),
LL.B(Hons)(London), CLP, MCL(IIUM), PhD(IIUM),
FCCA(UK), CPA(M), CA(M), ACA(UK),
CA(Aust. & NZ), FCPA(Aust.).

Live Zoom Seminar

16 December 2021

drchoong.seminar@gmail.com

Electrical and electronic industry



Malaysian manufacturing company
- Electrical and electronic

A. Reinvestment project (qualifying project)

- Expansion
- Modernisation
- Automation
- Diversification



B. Qualifying capital expenditure

- Factory (construction or purchase)
- Plant and machinery
- > RM1.5 million (within 5 years)

C. Exemption

50% x QCE

Deductible on 50% statutory income



D. Five consecutive years



MITI

First incurred invoice date > 1.1.2020

E. Application to MIDA (1.1.2020–31.12.2021)



[Income Tax (Exemption)(No. 10) Order 2021,
PU(A) 370/2021]

Electrical and electronic industry

Qualifying conditions:

- (a) Incurred adequate amount of annual operating expenditure in Malaysia
 - (b) Employ approved adequate number of full time employees in Malaysia
 - (c) (i) undertake vendor development programme by developing ≥ 2 new local vendor companies; or
 - (ii) undertake human capital development programme by fulfilling either:
 - ≥ 5 Malaysian citizen students (≥ 3 months) from local university or polytechnic on internship programme
 - Collaboration with local university on E&E curriculum enhancement
 - Upskill or reskill programme with local university, polytechnic or technical institution
- RA withdrawn on disposal of building, factory, plant and machinery within 2 years.



Green incentives

Green

(1) Green technology asset



(a) Asset registered and listed under MyHijau Directory

<https://www.myhijau.my/directory/>

(2) Green services



- (1) And (2) expanded to include Rainwater Harvesting System project (RHSP)
- Application to MIDA 1.1.2022–31.12.2023



Investment tax exemption



70% statutory income for qualifying RHSP

Qualifying period:
3 years



Investment tax allowance



100% QCE on RHSP
- Deducted on 70% SI

Qualifying period:
3 years



Developing the Electric Vehicle (EV) Industry

Pull strategy

Demand



Green Income Tax Exemption (GITE) - Services

Income tax exemption : 70% statutory income;
3 YAs

Qualifying services:

- i. installation, maintenance and repair of charging equipment, infrastructure and charging station;
- ii. operation of the charging station; and
- iii. maintenance, repair and overhaul



BUDGET
2022

Personal tax relief

Expenses related to EV charging facilities

- installation
- rental
- purchasing (includes hire purchase)
- subscription

Max. RM2,500

YA 2022 – YA 2023

Developing the Electric Vehicle (EV) Industry



Pull strategy

Demand



Import Duty on EV

	Passenger Vehicle (including SUV and MPV)	Motorcycle	Commercial Vehicle
--	--	------------	--------------------

Completely Built-Up (CBU)			
Import duty	30%	30%	30%

Components for Completely Knock-Down (CKD)	
Import duty	Exempted*

*Such exemption is subject to evaluation by the Automotive Business Development Committee (ABDC)



Full exemption
YA 2022 – YA 2023

Full exemption
YA 2022 – YA 2025

Developing the Electric Vehicle (EV) Industry

Pull strategy

Demand



Local Taxes on EV

	Passenger Vehicle (including SUV and MPV)	Motorcycle	Commercial Vehicle
Completely Built-Up (CBU)			
Excise duty	10%	10%	-
Sales tax	10%	-	10%

BUDGET
2022

Full exemption

YA 2022 – YA 2023

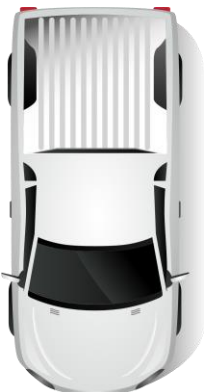
Completely Knock-Down (CKD)

Excise duty	Partially exempted*
Sales tax	

Full exemption


YA 2022 – YA 2025


*Such exemption is subject to evaluation by the Automotive Business Development Committee (ABDC)







R&D incentives



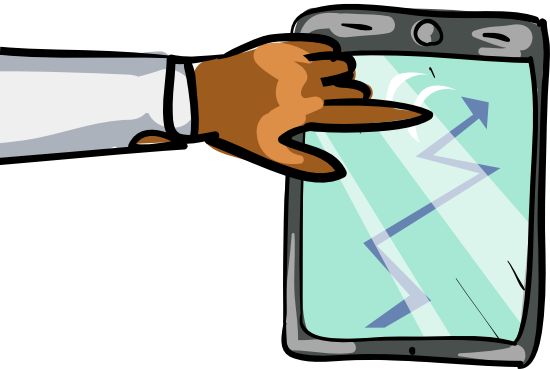
(1) Approval from MITI 
 - w.e.f. 1.1.2022

(2) Existing company 
 - Notification to MITI intention to continue R&D activity
 - 1.1.2022–30.6.2022

(3) Tax incentive 

Contract R&D	R&D company
Yes 	Yes 
Yes 	Yes 
<ul style="list-style-type: none"> Pioneer status @ 100% statutory income Investment tax allowance of 100% on QCE (deducted on 70% SI) 	<ul style="list-style-type: none"> Investment tax allowance of 100% on QCE (deducted on 70% SI)

Digital Ecosystem Acceleration Scheme



Digital + Relocation

Digital Technology Provider

Digital Infrastructure Provider

New company

Existing company

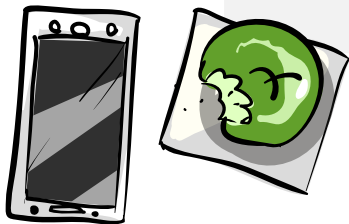
- new service activities; or
- new service segment

Income tax rate 0% - 10%
up-to 10 years

Income tax rate 10%
up-to 10 years

- Income Tax Allowance (ITA)
- 100% capital expenditure
- qualifying activities
- up-to 10 years
- setoff against 100% statutory income

Application to MIDA from
30.10.2021–31.12.2025



Extension of ACA for Purchase of Tourism Vehicles



- Accelerated Capital Allowance (ACA) of

20%

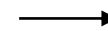
Initial allowance

40%

Annual allowance

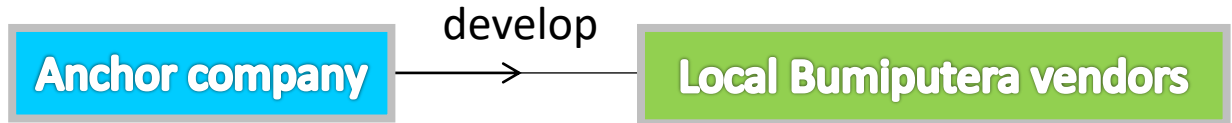
- For the purchase of *new* locally assembled excursion bus

YA 2020 – YA 2021



YA 2022 – YA 2024

Tax Incentives for anchor company under VDP



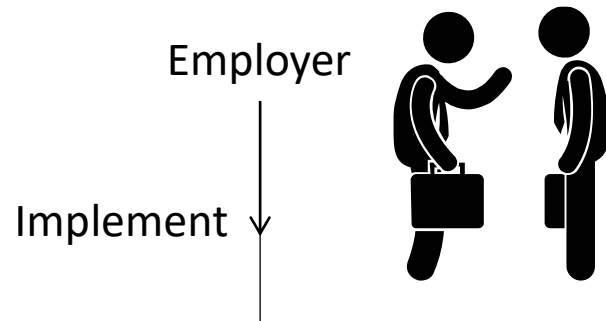
Double deductions on qualifying operating expenses
(verified by MITI/MEDAC)

- (i) Product development
- (ii) R&D
- (iii) Innovation & quality improvement
- (iv) Cost of obtaining ISO/Kaizen/5S certification
- (v) Skills training



- (a) Deduction limit to **RM500,000** per YA (+ RM200,000)
- (b) For 3 consecutive YAs
- (c) Anchor companies signed MOU with MEDAC 1.1.2021 – 31.12.2025

Flexible work arrangements incentives



Flexible work arrangements (FWA)



Verified by

TalentCorp
ATTRACT • NURTURE • RETAIN

Double deduction



- Consultation fees
- Cost of capacity development
- Cost of software
- Software subscription

up to RM500,000 EACH YA for 3 consecutive YAs
1.7.2020 –31.12.2022

[Income Tax (Deduction for the Costs of Implementation of Flexible Work Arrangements) Rules 2021, PU(A) 377/2021]

Cost of capacity development for FWA



(a) training course or programme fee;

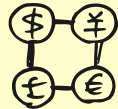
(b) internal trainer fee;

(c) training material cost;



(d) rental of training space cost;

(e) examination fee;



(f) travelling expense incurred by the employees and trainers during the training would be limited to:



(i) economic class air fare on travelling from outside Malaysia to Malaysia and from Malaysia to outside Malaysia;

(ii) economic class air fare, actual cost incurred for travelling within Malaysia;



(g) accommodation cost during the training \leq RM300 per day;

(h) meal \leq RM150 per day.

[Income Tax (Deduction for the Costs of Implementation of Flexible Work Arrangements) Rules 2021, PU(A) 377/2021]

Professional Training and Education for Growing Entrepreneurs program (PROTÉGÉ – ready to work)

- Double deduction



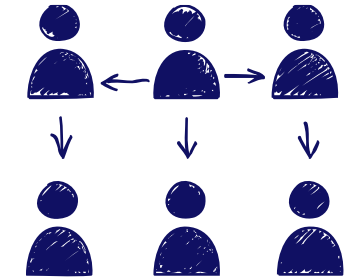
Company

Training for 8-12 months

2x deduction

Malaysian citizen graduate

- Current unemployed
- Under employment ≠ commensurate with qualification



Revenue expenses:

(a) monthly training allowance \geq RM1,000 (max. period 12 months)

(b) training cost

(c) (i) food

(ii) travelling

(iii) accommodation

allowance to each graduate



\leq RM5,000 each training program



(d) fees paid to the trainer appointed



- Training program approved by MEDAC
- Takes effect 11.9.2019–31.12.2025

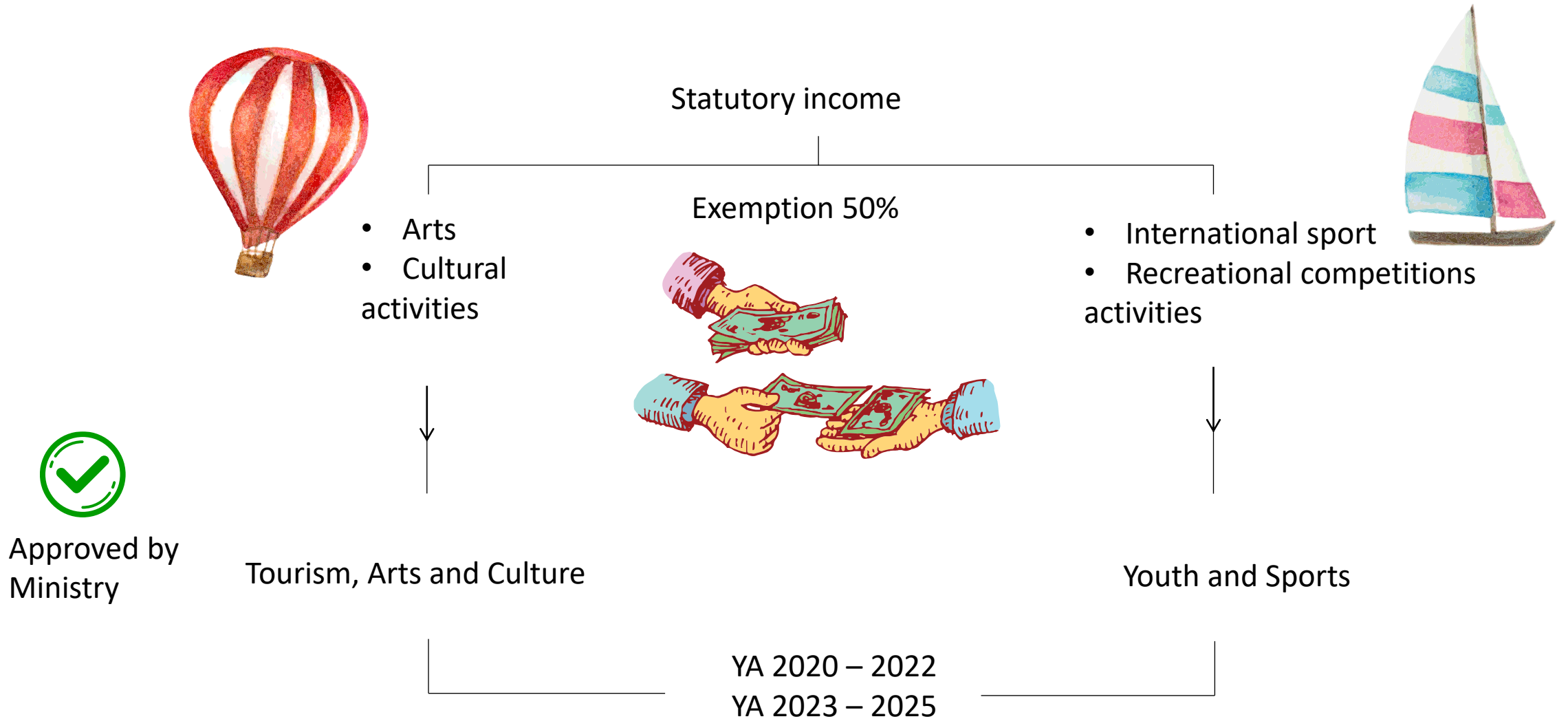
[Income Tax (Deduction for Training Costs under the Professional Training and Education for Growing Entrepreneurs (PROTÉGÉ-Ready to Work(RTW)) Programme) Rules 2021; PU(A) 228/2021]

Promoting and organising conferences



[Income Tax (Exemption)(No. 4) Order 2021, PU(A) 195/2021]

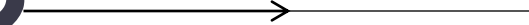
Organising arts, cultural, sports and recreational activities



Employment – one only



Full time



Employer

- Company
- LLP
- Sole proprietor
- Partnership

Business source



Double deduction

YAs 2019 – 2025



Malaysian citizen

≠ director

≠ shareholder

≠ relatives

[Income Tax (Deduction for Employment of Senior Citizen, Ex-Convict, Parolee, Supervised Person and Ex-Drug Dependant) Rules 2019; (Amendment) Rules 2021, PU(A) 164/2019; PU(A) 47/2021]

Double deduction on employee \geq 60 years old

Employer

- Business income



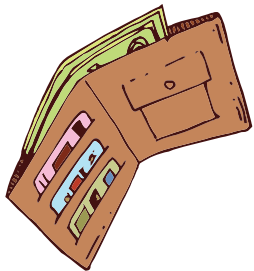
Employee \geq 60 years old



- EPF contribution
 - Employer: 4%



- EPF contribution
 - Employee: -



Monthly remuneration*
Max: RM4,000

Deduction of EPF [s 34(4)]
Max: 19%
Excess: not deductible

- *
 - Wages
 - Salary
 - Overtime payment
 - Commission
 - Tips
 - Allowance
 - Bonus
 - Incentives
 - Fees
 - Perquisite
 - ESOS
 - Tax borne

Structured Internship Program (SIP)

Double deduction

- Approved by TalentCorp

Apprentice@Work



Employer



Monthly allowance
≥ RM500 per month



Double deduction

YAs 2022 to 2025
(extended for 4 years)

- **Professional certificate**
- **Master's Degree**
- Bachelor's Degree
- Diploma
- Vocational (DKM Level 4 and 5; SKM **Level 1, 2 and 3**)



Intern

- Malaysian citizen
- Internship period ≥ 10 weeks

- Students from all academic fields

Double deduction

Scholarship to Malaysian citizen student

- Household income of parents \leq RM10,000 per month



Company



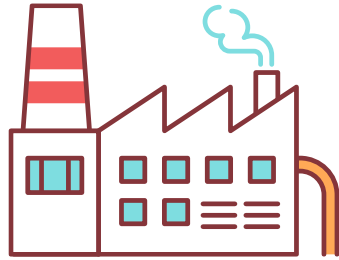
scholarship



- Expanded to
- all field of study at Technical and Vocational
 - Diploma
 - Degree
 - Master
 - PhD

YAs 2022 – 2025

Industry4WRD readiness assessment



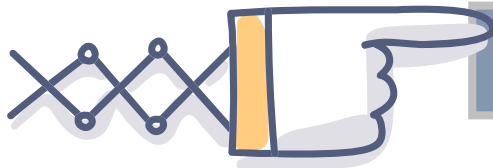
Resident company

- Business operations \geq 36 months
- First time application for Industry4WRD incentive
- Manufacturing, manufacturing related service activity



Special deduction for s 4(a)

- Limit to RM27,000
- Incurred between 2.1.2019 to 31.12.2025 (+ 5 years)



Application to Malaysia Productivity Corporation


- 2.1.2019 to 31.12.2026

[Income Tax (Deduction for Expenditure on Industry4WRD Readiness Assessment) Rules 2020, (Amendment) Rules 2021; PU(A) 272/2020, PU(A) 325/2021]

[w.e.f YA 2019-2026]



YAs 2019-2026

s 4(a) business income	RM
Gross income	xx
(-) Industry4WRD readiness assessment	(27,000)
 Adjusted income	<hr/> <u>xx</u>

[Income Tax (Deduction for Expenditure on Industry4WRD Readiness Assessment) Rules 2020, (Amendment) Rules 2021; PU(A) 272/2020, PU(A) 325/2021]

2022

BUDGET

LATEST TAX UPDATES WITH PRICELESS
TAX PLANNING DURING FURTHER
EXPANSION AND ECONOMIC RECOVERY

Book 4

Strategy cash flow management

- Withholding tax 2% on commission (s 107D)
- Tax recovery from bank
- Special revision in the 11th month
- Penalty 10% on late payment/non payment on tax instalment
- Concession on deferment of tax for 6 months (1.1.2022–30.6.2022)
- Incorporation of new MSME is a must



DR CHOONG KWAI FATT

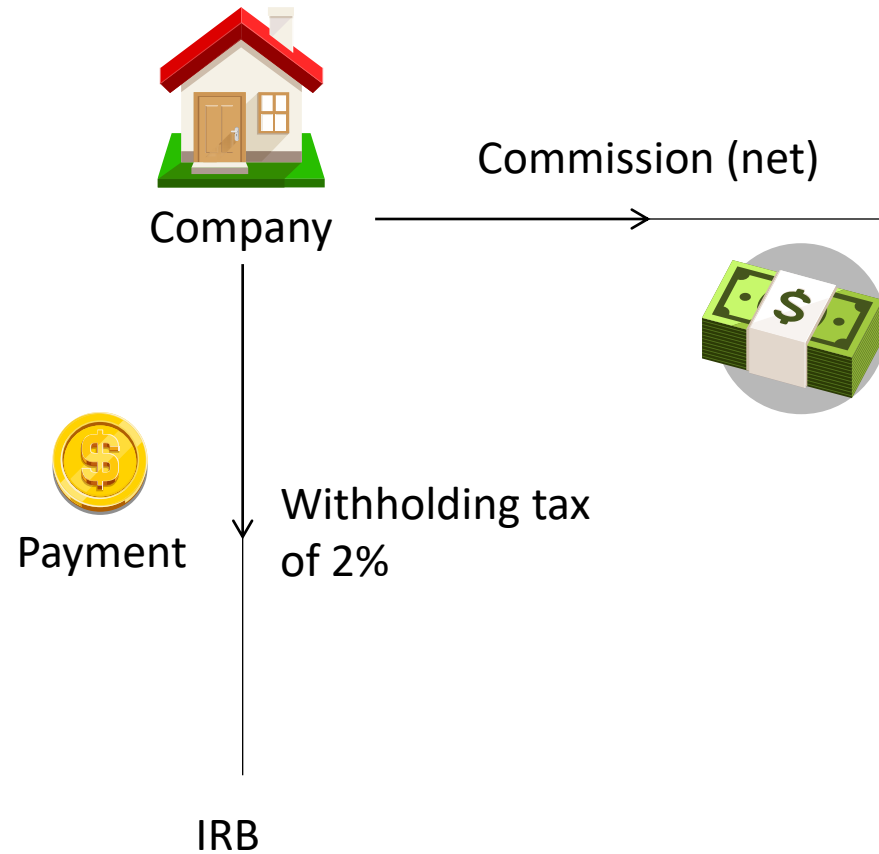
Advocate and Solicitor (High Court of Malaya), Tax Consultant

B.Acc(Hons)(Malaya),
LL.B(Hons)(London), CLP, MCL(IIUM), PhD(IIUM),
FCCA(UK), CPA(M), CA(M), ACA(UK),
CA(Aust. & NZ), FCPA(Aust.).

Live Zoom Seminar
16 December 2021

drchoong.seminar@gmail.com

Commission expense



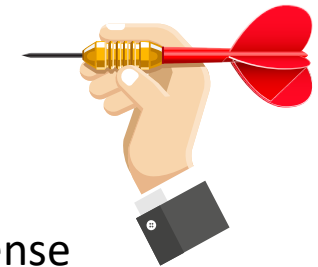
- Agent
- Dealer
- Distributor

Individual



Non compliance

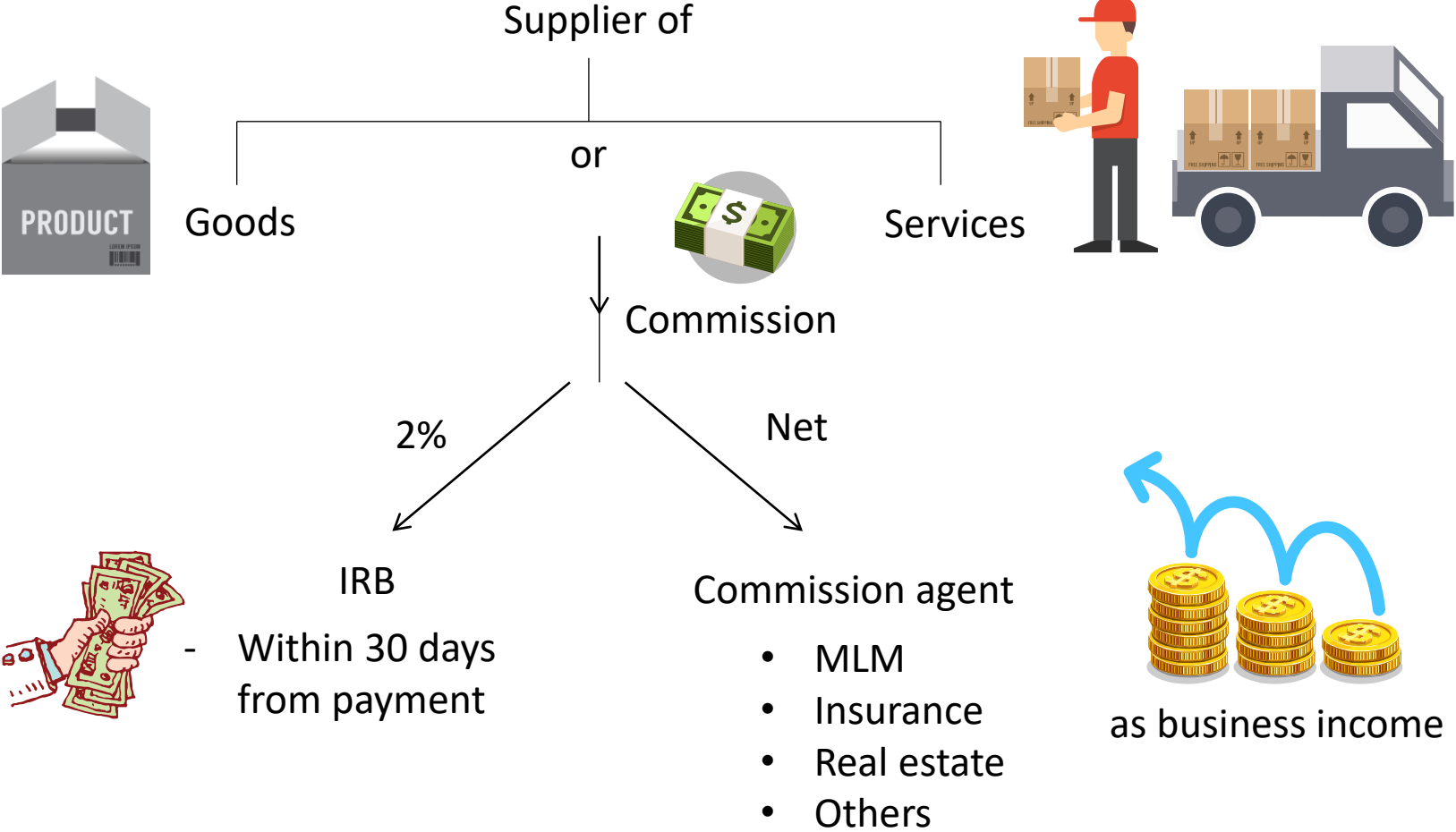
- Penalty 10% on withholding tax outstanding
- no deduction on commission expense



w.e.f 1.1.2022

[s 107D]

Mechanism



w.e.f. 1.1.2022

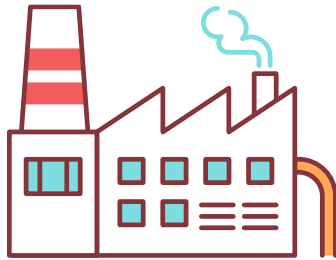


- Application on:
- Individual resident
 - Commission income in 2021 ≥ RM100,000

Not application

Distributor
Agent
Wholesaler

as trader



Manufacturing Co

Sale (1)

- Distributor
- Agent
- Wholesaler



Gross profit on sales

Invoice

Sale (2)

Customer





2% on commission on each payment

w_1

w_2

w_n

W

Insurance Co

IRB



Net 98%



Insurance agent

Sole proprietor



6 bi-monthly instalments

YA 2022

March	X
May	X
July	X
Sep	X
Nov	X
Jan 2023	X

Z

YA 2022

Tax payable	xx
- Tax instalments	(Z)
- Withholding tax	(W)
	<u> </u>
Refund	x
	<u> </u>

Practical illustration

Commission payment



Agent*

Commission income
s 4(a)

CP58 Form



Commission



- MLM
- Real estate company
- Insurance co



In calendar year 2021
(1.1.2021–31.12.2021)



Payment

1. Accumulated commission expense



Accrual 2021
(Payment Mar 2022)



To A agent*
≥ RM100,000

YA 2022

Income tax payable	xx
(-) withholding tax	(x)
Refund	<u>x</u>

2.



w.e.f. 1.1.2022



Commission relates to 2022
(exclude 2021 accrual)

- Deduct 2% withholding tax on each gross payment
- Not final tax

Illustrations



Demarcation of agent NOW



Commission income	
1.1.2021–30.11.2021	110,000
1.12.2021–31.12.2021	40,000
	<u>150,000</u>

Status

Paid
Accrual



Paid in March 2022



1.1.2021–31.10.2021	70,000
1.11.2021–31.12.2021	25,000
	<u>95,000</u>

Paid
Accrual



Paid in Feb 2022



1.1.2021–30.11.2021	90,000
1.12.2021–31.12.2021	25,000
	<u>115,000</u>

Paid
Accrual



Paid in Jan 2022

Tax recovery



Tax audit

Form JA

Best judgement

Form J



Payment within 30 days
(mandatory)

- Irrespective appeal

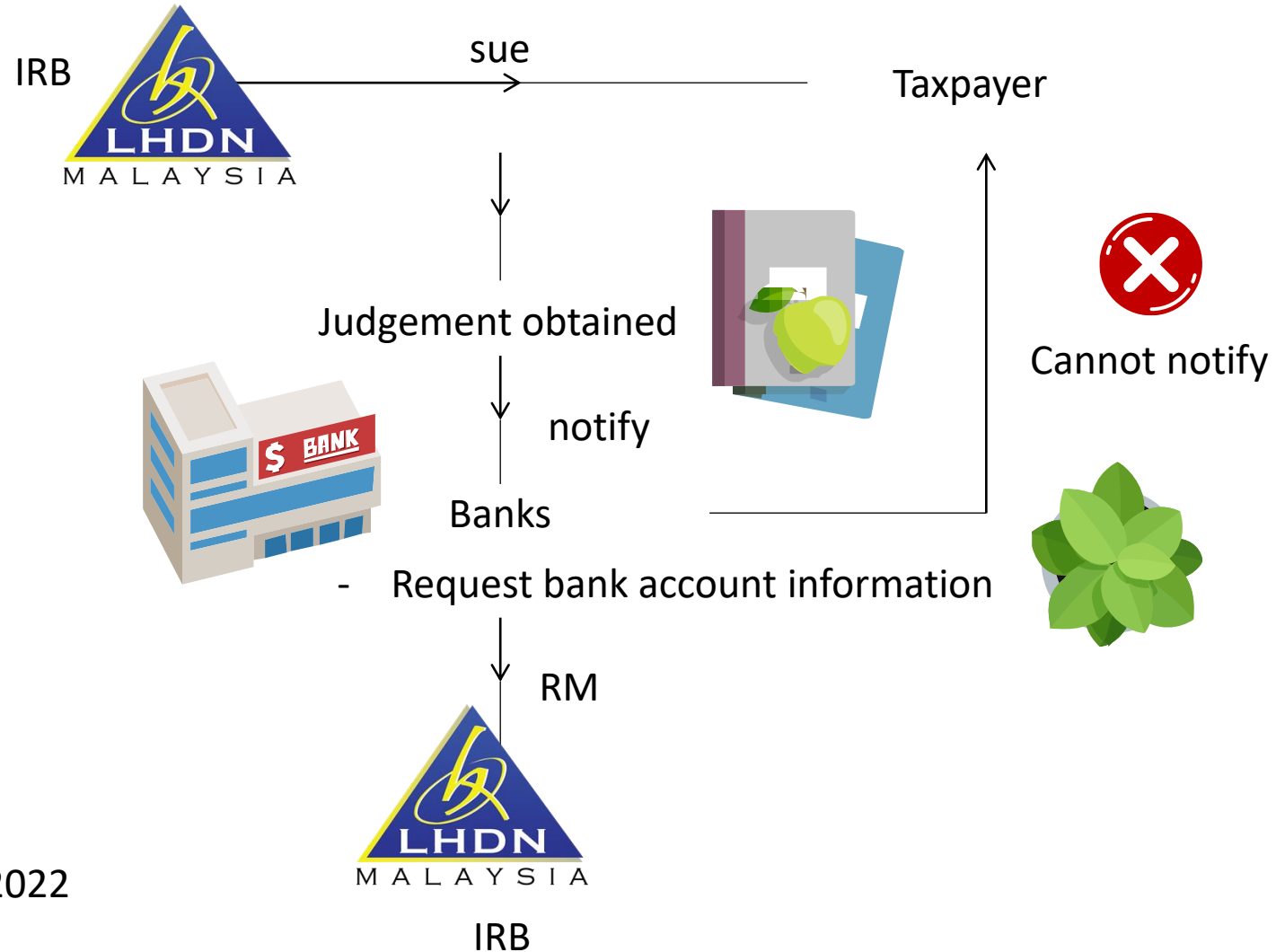


+ 10% late payment penalty



Tax recovery

Recovery from bank (s 106A)



w.e.f. 1.1.2022

Bank's risk



Bank



1. Non providing particulars

2. Informing taxpayer

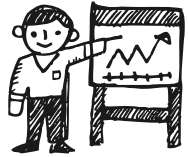
(a) $RM200 \leq \text{Fine} \leq RM20,000$

(b) Imprisonment ≤ 6 months

(c) Both

[s 120]

- **Company**
- **LLP**



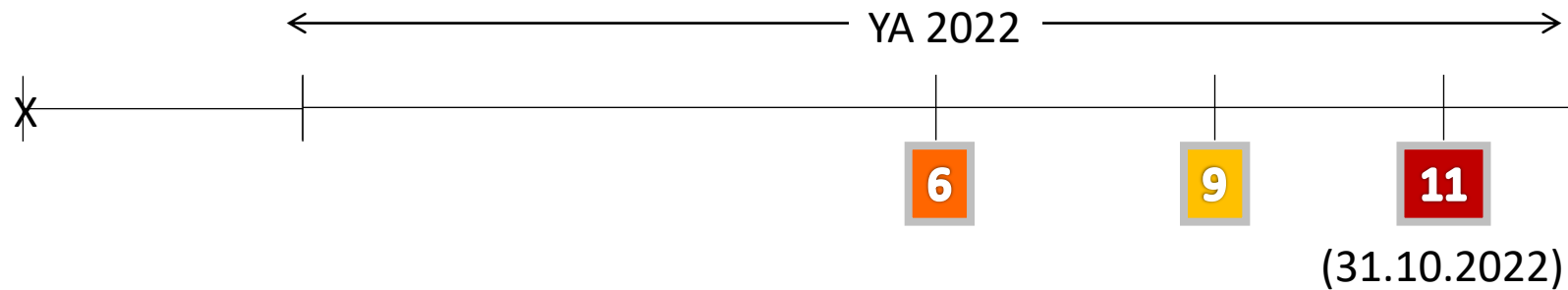
1st installment

- ≥ 30 days before the beginning of a YA
- $\geq 85\%$ of the last YA tax estimate



Revision

- 6th month
- 9th month
- 11th month (special concession, until 31.10.2022)



Revision in the 11th month

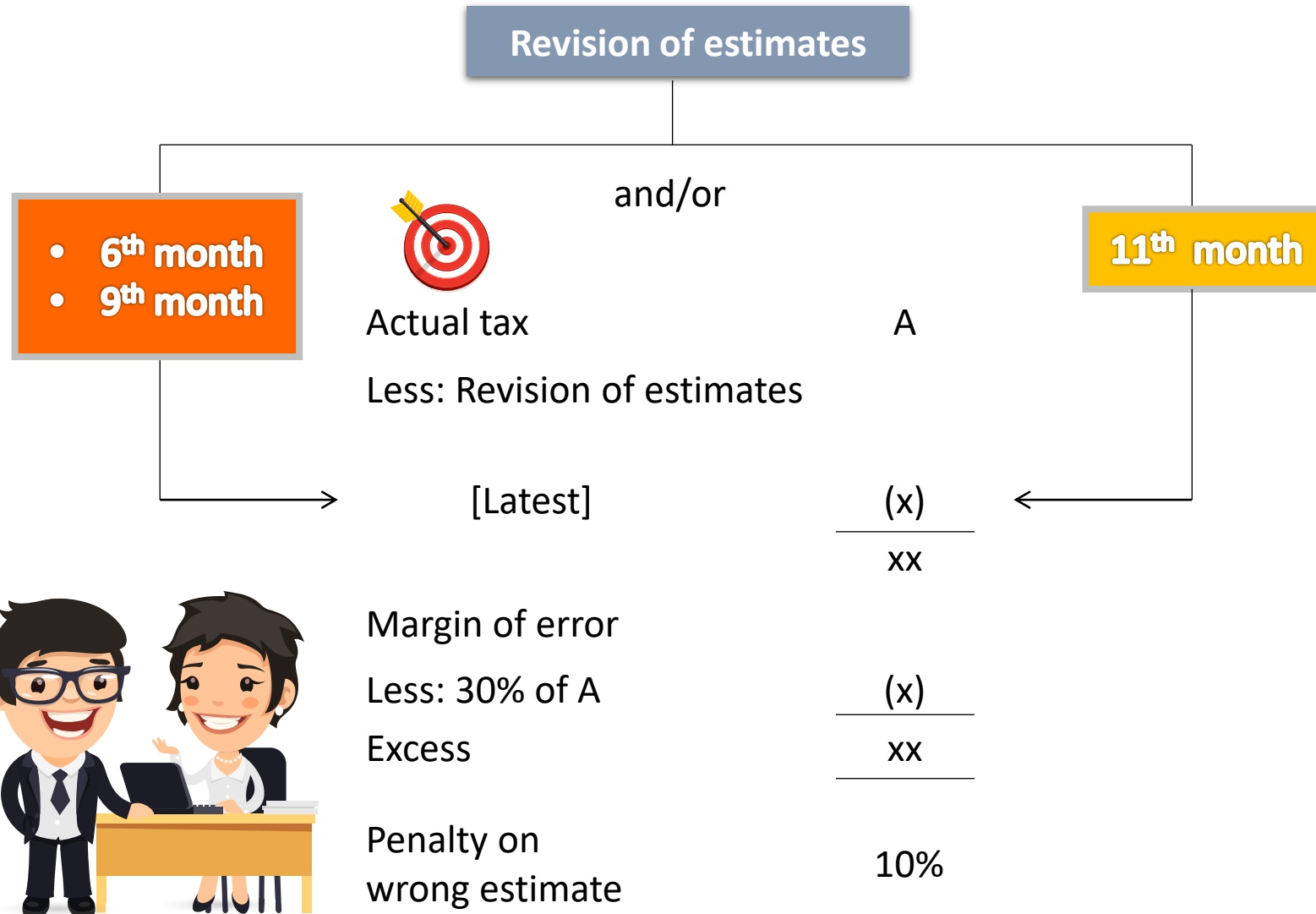
- Company
- LLP

Revision of estimates

1. 6th month
2. 9th month
3. Both
4. Option to revise 11th month
 - To revise downwards/upwards
 - Payment
cash flow reduction
: last 2 instalments



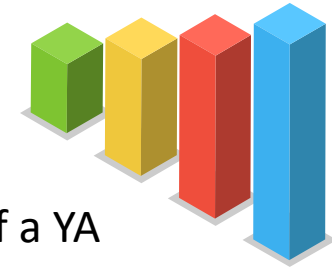
Penalty on wrong estimate





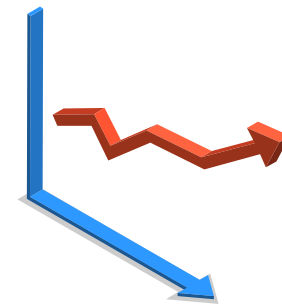
Penalty on non submission of estimates

- Company
 - LLP
- YA
Existing
2022



- Estimates of tax – 30 days *before* the beginning of a YA
- Submission of tax return – 7 months after year end

- Tax payable
+ 10% penalty
- | | | |
|--|-------|---------------|
| | RM | |
| | xx | |
| | x | [s 107C(10A)] |
| | <hr/> | |
| | xx | |
| | <hr/> | |



Tax risk on no instalment payment

- Company
- LLP

Monthly instalment

12



Payment by 15th of the month
(beginning 2nd month)

- Late payment
- Non payment

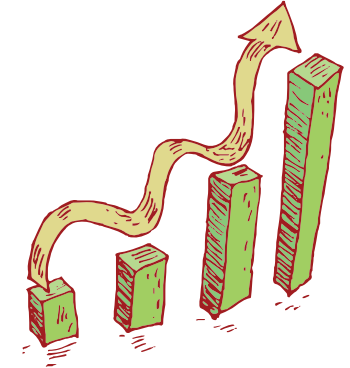
10% penalty
[s 107C(9)]



w.e.f. YA 2022

Tax risk on no instalment payment

- Sole proprietor
- Partner in the partnership



Bi-monthly instalment

6



- Late payment
- Non payment

10% penalty

[s 107B(3)]

Payment by 30th of the particular month

March 2022*

Sep 2022

May 2022*

Nov 2022

July 2022

Jan 2023

*tax deferment

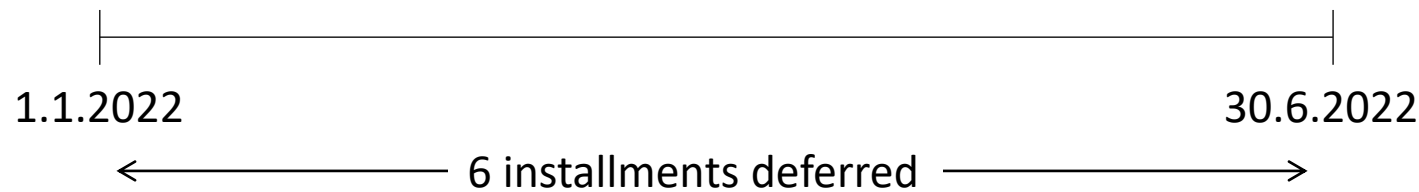
w.e.f. YA 2022

Deferment of tax installments for 6 months



- MSME
- Sole proprietor
- LLP

- Irrespective year end
- 6 installments



- Automatic granted by IRB
- Amount deferred would be paid at the time of submission of return



Individual

- sole proprietor
- partner in partnership



2022

Payment of tax

YA

2021

6th instalment

Jan

- Upon submission of Form B YA 2021

2022

1st instalment
2nd instalment

March
May

- Upon submission of Form B YA 2022



Deferment of 3 bi-monthly installments

- Automatic granted by IRB
- No notification of deferment on CP 500 from IRB



Preferential tax treatment for MSME

1. No tax estimate is required for the first 2 YAs
 - Required to submit CP204 with 'nil' figure



2. Small value asset \leq RM2,000
 - 100% ACA
 - Full deduction



3. Payment of tax 7th month after year end



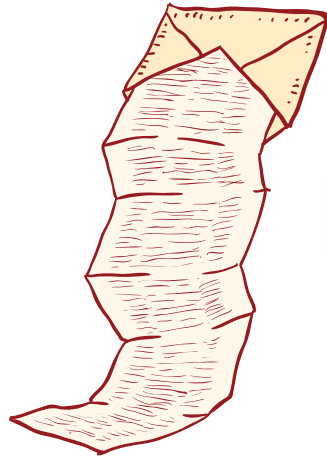
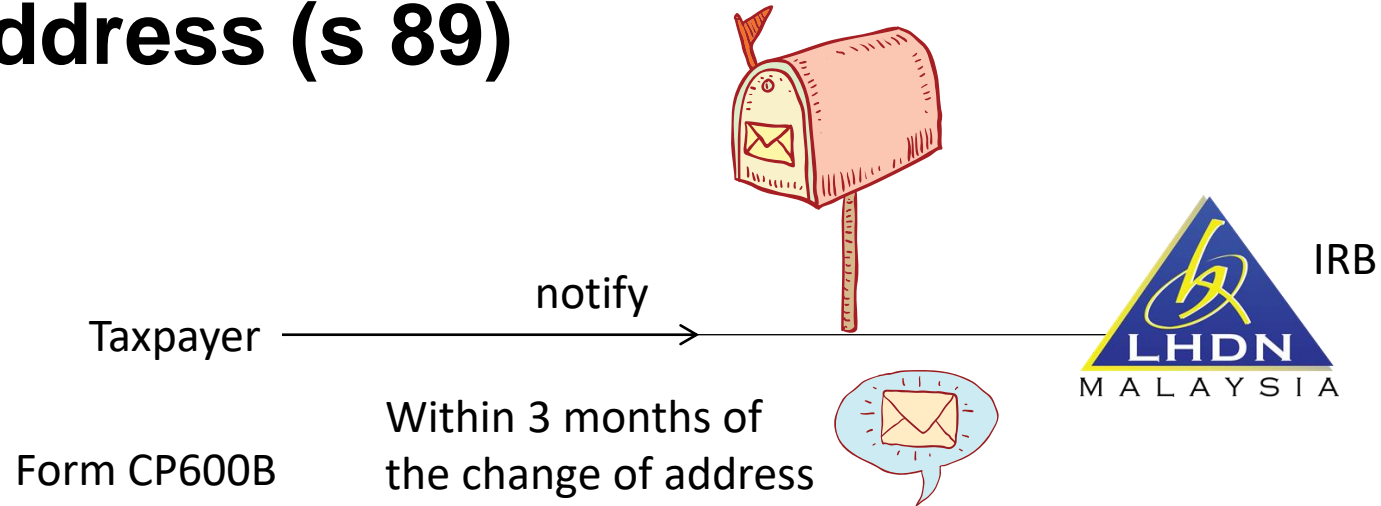
4. Can be single shareholder with single director



5. Dividend payout to shareholders – tax exempt (para 12B, Sch 6)



Change of address (s 89)



Non compliance

- (a) $RM200 \leq \text{Fine} \leq RM20,000$
- (b) Imprisonment ≤ 6 months
- (c) Both

2022

BUDGET

LATEST TAX UPDATES WITH PRICELESS
TAX PLANNING DURING FURTHER
EXPANSION AND ECONOMIC RECOVERY

Book 5

Real property gains tax – exemption and developments

- 3 units residential exemption
- RPGT 0% for holding period > 5 years
- Retention sum updates
- Individual disposed property on no gain no loss
- Extension of Sch 4 exemption to shares
- Loss on disposal of shares disregarded
- Increased penalty threshold



DR CHOONG KWAI FATT

Advocate and Solicitor (High Court of Malaya), Tax Consultant

B.Acc(Hons)(Malaya),
LL.B(Hons)(London), CLP, MCL(IIUM), PhD(IIUM),
FCCA(UK), CPA(M), CA(M), ACA(UK),
CA(Aust. & NZ), FCPA(Aust.).

Live Zoom Seminar

16 December 2021

drchoong.seminar@gmail.com

RPGT exemption - individual



Malaysian citizen
PR in Malaysia

Residential properties

- Condominium
- Service apartment
- SOHO, SOFO
- Bungalow
- Single/double storey



1.6.2020 – 31.12.2021



3 units exempted

Commercial properties

- Shophouse
- Retail unit
- Factory



> 5 years
RPGT @ 5%

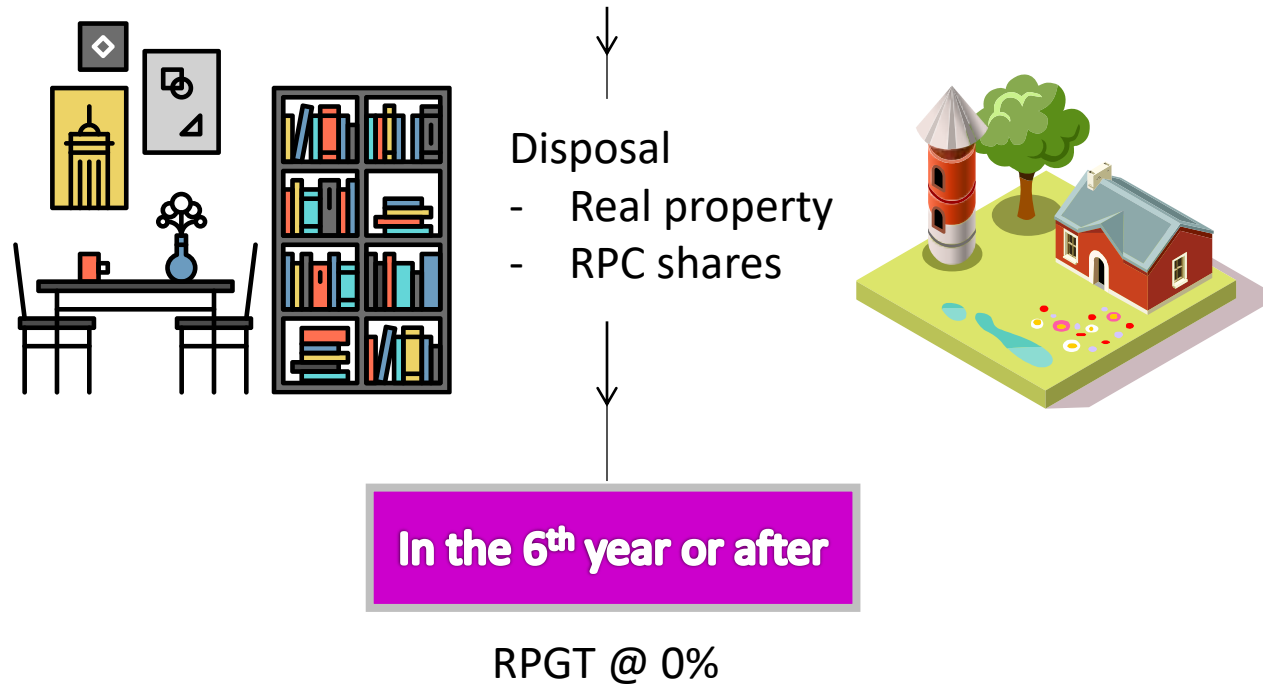
1.1.2022

Holding period > 5 years
RPGT @ 0%

Holding period > 5 years
RPGT @ 0%

w.e.f. 1.1.2022

- Malaysian citizen individual
- Partnership
- LLP
- Deceased person (PR)



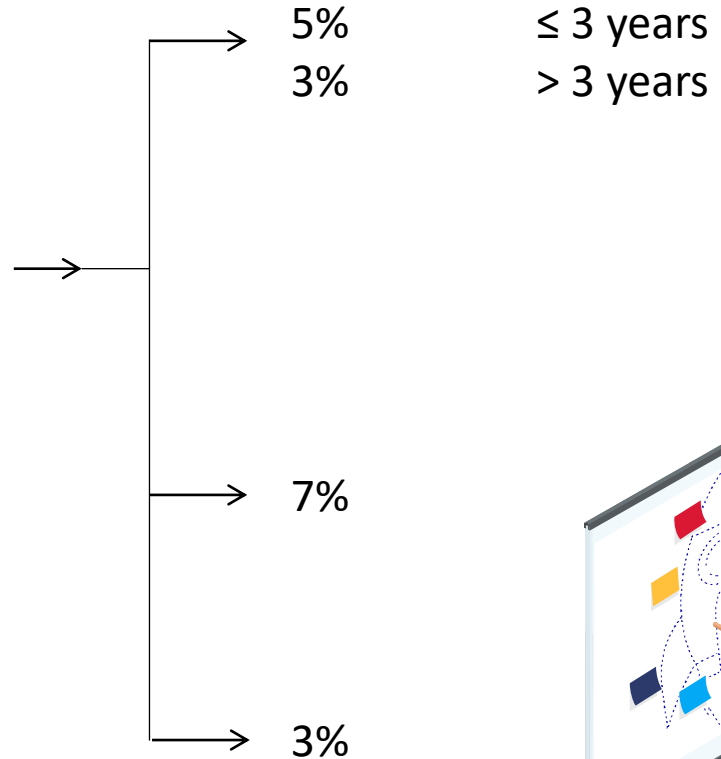
[Part I, Sch 5, RPGT Act 1976]



Retention sum (s 21B)



Acquirer
- Company
- Individual



Disposer

- Company
- Trustee of a trust
- Society



Foreign entities

Others

- Malaysian citizen individual
- LLP
- Partnership

w.e.f. 1.1.2022

Malaysian citizen individual

- Transfer real property
- No gain no loss

Para 3(1)(b)



Real property (RP)

Company Sdn Bhd



Controlled company

- Controlled by
 - individual
 - spouse
 - parents
 - children
 - relatives

Consideration received

- $\geq 75\%$ in shares*
- $\leq 25\%$ in money payment



Shares are chargeable assets

RPGT implications



Malaysian citizen

- A. Dispose of real property
 - No gain no loss

- B. Shares in exchange
 - Deemed chargeable asset
 - Acquisition price =
 $AP_{RP} + PE_{RP} - \text{money payment}$

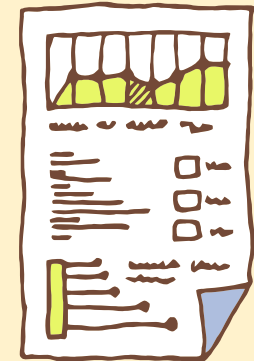


Company

- A. Consideration paid at market value irrelevant

- B. Deemed acquisition price

$$= AP_{RP} + PE_{RP}$$



Sch 4 exemption



Individual

- exclude executor
- Include foreigner

Disposal of real property

10% of chargeable gain or RM10,000

Whichever is higher

Part disposal of real property

10% of chargeable gain or $RM10,000 \times \frac{\text{Part area}}{\text{Total area}}$

Whichever is higher

Extension to shares [para 2(b), Sch 4]

Part disposal of shares
Chargeable assets - shares
On each acquisition

Para 3(1)(b)
RPC shares



Acquisition date

T_1

T_2

T_3

No. of shares purchased

N_1

N_2

N_3

Part disposal

- (i) 10% of chargeable gain;
or
- (ii) RM10,000 proportionate based on number of shares on each acquisition date (T_1, T_2, T_3)

Whichever is *higher*



w.e.f. 1.1.2022

Loss on disposal of shares

- Disregarded

Shares in a controlled company

- Controlled by ≤ 5 persons
- Shareholders ≤ 50 person

Para 3(1)(b) shares

RPC shares



Acquisition price

$AP_{RP} + PE_{RP} - \text{money payment}$

- (a) Statutory formula (company turns RPC)
- (b) Consideration paid (existing RPC)

$$\frac{A}{B} \times C$$



disregarded
1.1.2022

Loss on disposal

disregarded
Para 33(d), Sch 2

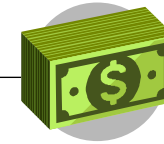
Leaving Malaysia without payment of RPGT



- Increase penalty threshold to RM20,000



- Individual
- Director ($\geq 20\%$ shares, directly or indirectly)



RPGT owing



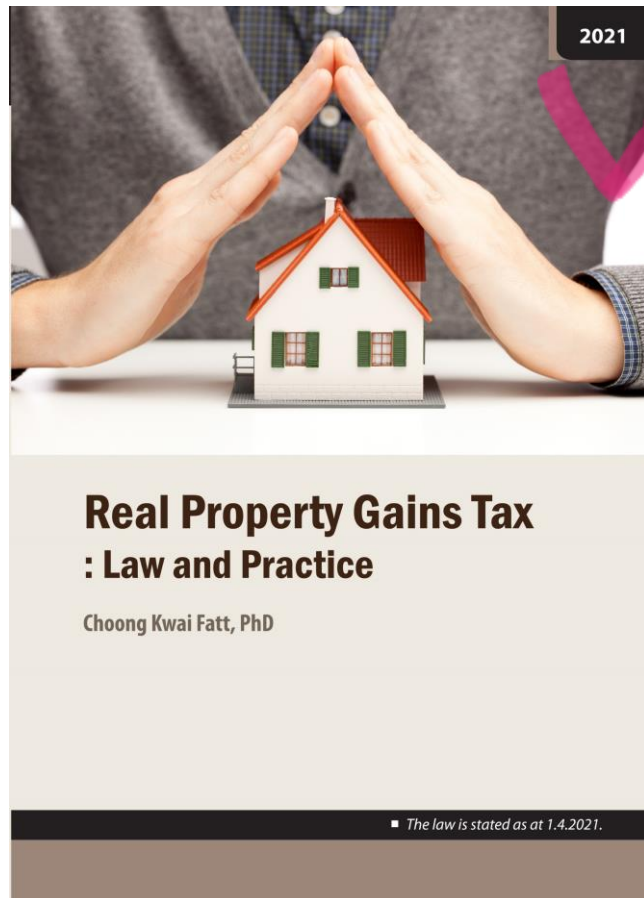
Leaving Malaysia without payment

- A. Imprisonment ≤ 2 years
- B. Penalty
 - Minimum RM200
 - Maximum RM20,000
- C. Both

[s 32(1)]

w.e.f 1.1.2022

RPGT : Law and Practice



2022 Supplementary 1

(forthcoming 1.3.2022)

RM90

- RPGT updates and development in 2021
- PU(A) order issued in 2021
- Additional 3 chapters with illustrations
- Add on examples and illustrations

Any enquiries, please contact us

☎ 012 - 2946 470

2022

BUDGET

LATEST TAX UPDATES WITH PRICELESS
TAX PLANNING DURING FURTHER
EXPANSION AND ECONOMIC RECOVERY

Book 6

Transfer pricing changes and developments

- Threshold for TP documentation
- Controlled transaction – meaning
- TP documentation
 - Mandatory
 - Option
- Penalty and offences
- Tax wise consideration



DR CHOONG KWAI FATT

Advocate and Solicitor (High Court of Malaya), Tax Consultant

B.Acc(Hons)(Malaya),
LL.B(Hons)(London), CLP, MCL(IIUM), PhD(IIUM),
FCCA(UK), CPA(M), CA(M), ACA(UK),
CA(Aust. & NZ), FCPA(Aust.).

Live Zoom Seminar
16 December 2021

drchoong.seminar@gmail.com

Contemporaneous transfer pricing documentation



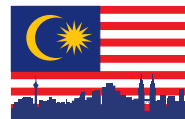
- A must have essential documentation
- Related parties transaction

- Sale of goods
- Provision of services

RM15 million

Financial assistance

RM50 million

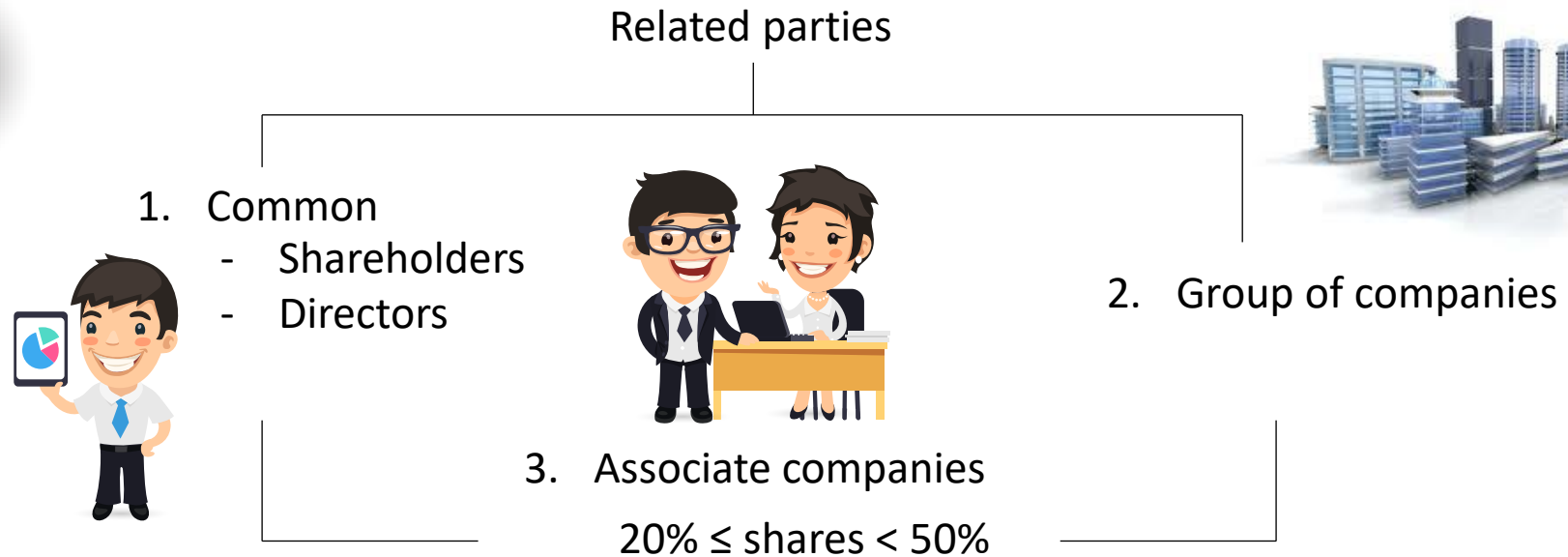


- In Malaysia
- Overseas





Controlled transaction - meaning



plus

- (i) Dependence on the propriety right
- (ii) Price influence
- (iii) Appointment of director



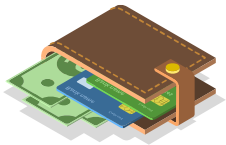
Threshold



Related parties transactions

- Sale of goods
- Provision of services

RM15 million



Financial assistance

RM50 million

Type of TP documentation

Full

Compact

>

<

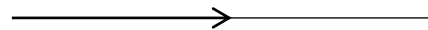
>

<

TP documentation is a MUST

Related parties

- Incentives
- Loss making



Must have

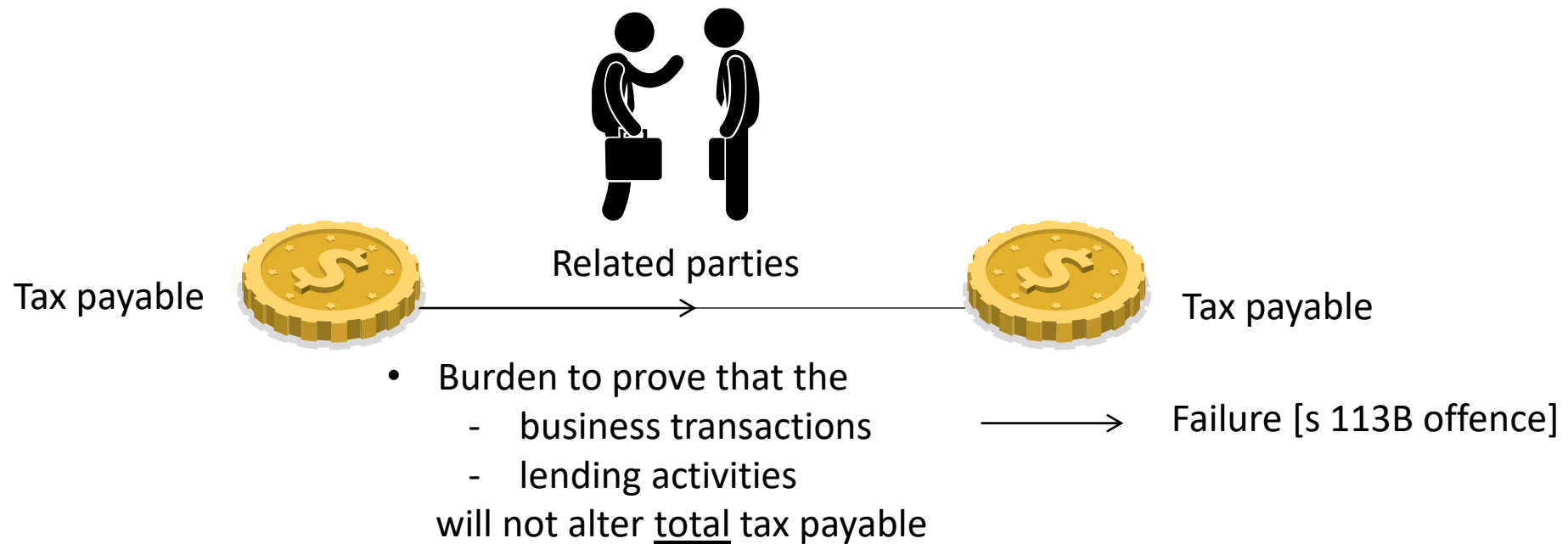
TP documentation

- Full
- Compact

Within 14 days upon request



TP documentation is an option



Disclosure in Form C

F2	Particulars of company directors <i>(Fill in the required appendix)</i>	F3	Particulars of company's major shareholders <i>(Fill in the required appendix)</i>
F4	Foreign equity in comparison with paid-up capital		%
F5	Government Linked Company (GLC)		1 = Yes 2 = No
F6	Company listed on Bursa Malaysia		1 = Yes 2 = No
F7	Has holding company		1 = Yes 2 = No <i>(If 'Yes', fill in the required appendix)</i>
F8	Carries out controlled transactions under section 139 and 140A		1 = Yes 2 = No <i>(If 'Yes', fill in the required appendix)</i>
F9	Receives foreign income which is exempted under paragraph 28 of Schedule 6		1 = Yes 2 = No <i>(If 'Yes', fill in the required appendix)</i>
F10	Subject to interest restriction under section 140C		1 = Yes 2 = No

F8 Carries out controlled transactions under s 139 and 140A

1

1 = Yes
2 = No



INFORMATION ON CONTROLLED TRANSACTIONS	
PART A: COMPANY INFORMATION	
* Refer to the list of country codes in the Company Return Form Guidebook	
5. Transfer Pricing Documentation prepared	<input type="checkbox"/> 1 = Yes 2 = No

5 Transfer pricing documentation prepared

1

1 = Yes
2 = No

Tax smart practice

- **Related parties transactions**
- **With contemporaneous TP documentation**

- Non compliance

A. Prosecution



- Guilty of offence
 - Fine RM20,000 – RM100,000
 - Imprisonment ≤ 6 month
 - Both
- [s 113B(1)]

- Remain liable to submit TP documentation
 - Within 30 days from court order
- [s 113B(3)]



B. Without prosecution



Penalty

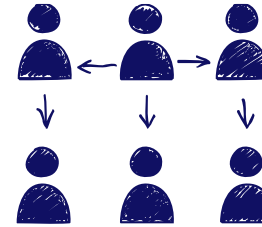
- Min RM20,000
- Max RM100,000

[s 113B(4)]

or



Contents of TP documentation – compact version



- (a) Organisational structure, including
 - (i) organisation chart covering all associated persons involved in the controlled transactions
 - (ii) description of management structure in the organisation chart

- (c) Controlled transactions
 - (i) description of the sales of goods or services provided
 - (ii) commercial terms and conditions



Contents of TP documentation – compact version

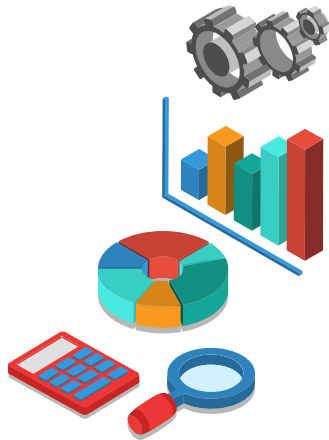
(d) Pricing policies



- (i) basis of pricing
- (ii) sample documents to support pricing policy
- (iii) factors influencing pricing



- General business description
- Price list
- Market/industry price
- Arm's length principle to support controlled transactions



2022

BUDGET

**LATEST TAX UPDATES WITH PRICELESS
TAX PLANNING DURING FURTHER
EXPANSION AND ECONOMIC RECOVERY**

Book 7

Individual tax planning, updates and developments

- Tax identification number
- C-suite
- Relief
- Compensation for loss of employment – exemption
- List of staff remuneration subject to EPF, SOCSO, EIS and PCB



DR CHOONG KWAI FATT

Advocate and Solicitor (High Court of Malaya), Tax Consultant

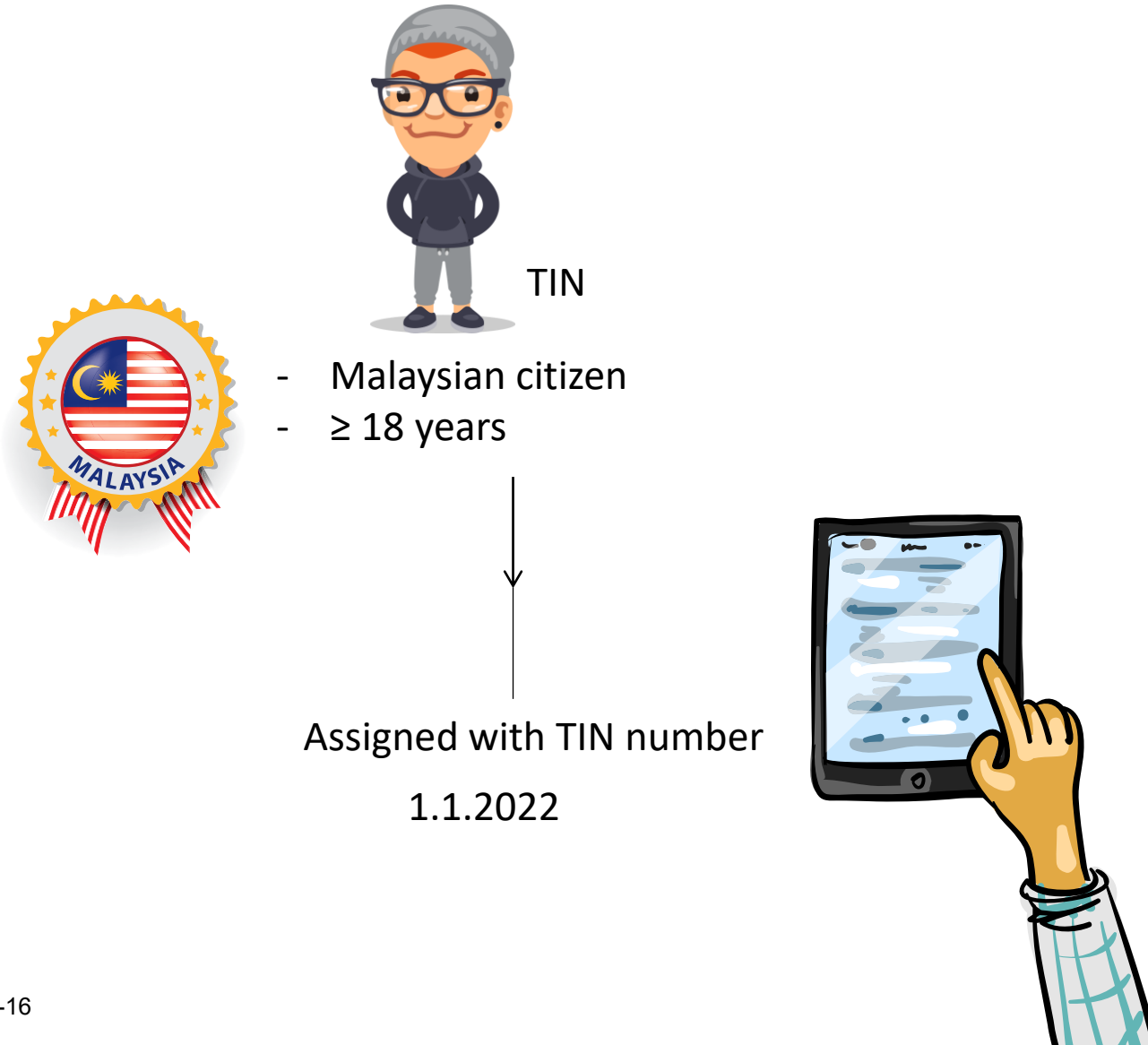
B.Acc(Hons)(Malaya),
LL.B(Hons)(London), CLP, MCL(IIUM), PhD(IIUM),
FCCA(UK), CPA(M), CA(M), ACA(UK),
CA(Aust. & NZ), FCPA(Aust.).

Live Zoom Seminar

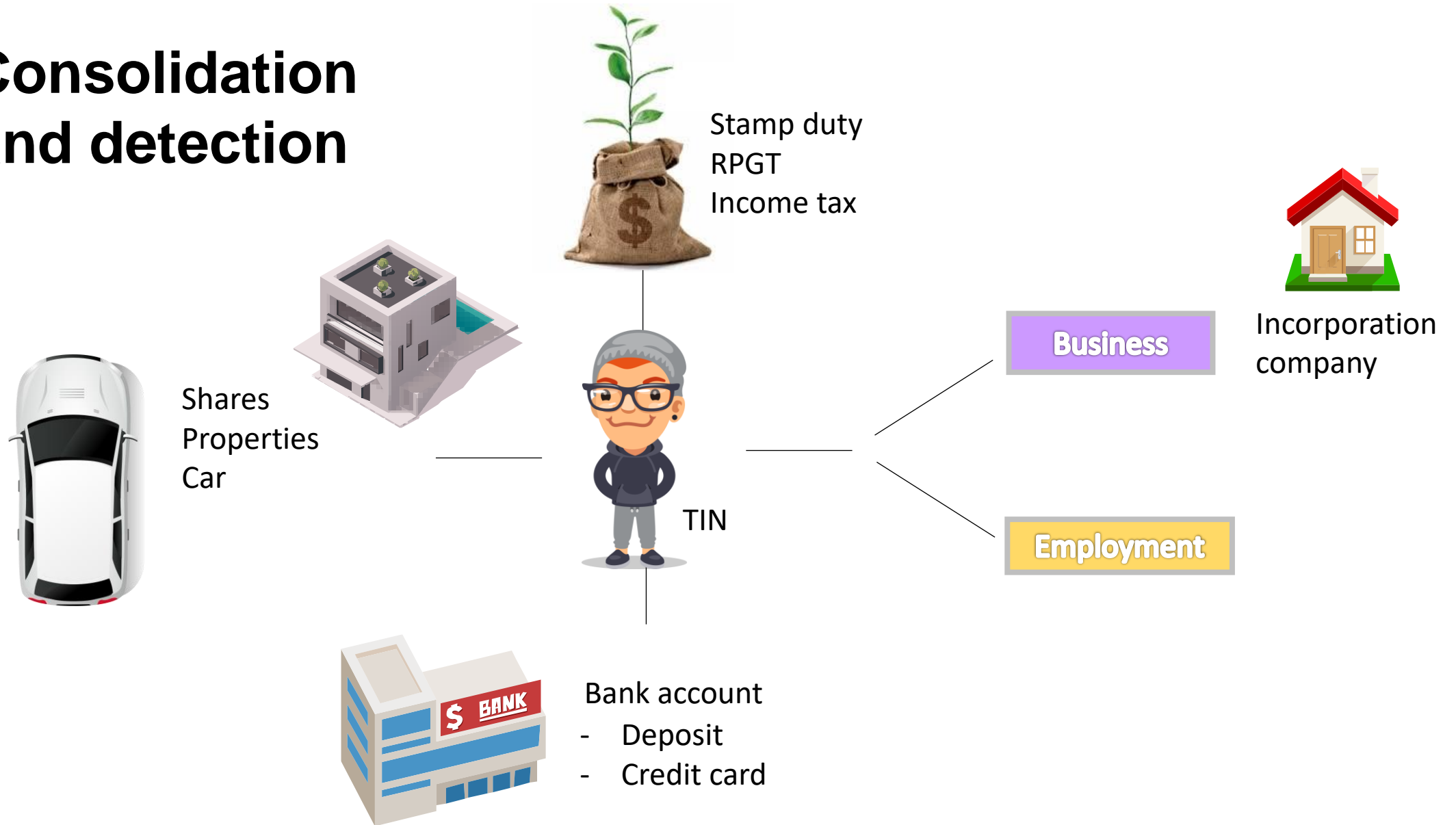
16 December 2021

drchoong.seminar@gmail.com

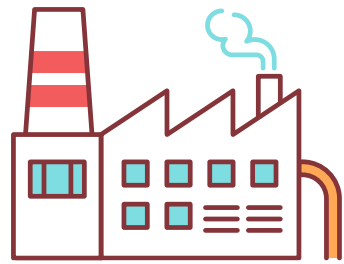
Tax identification number (s 66A)



Consolidation and detection



Non resident individual holding key position



Manufacturing and service companies

Employ

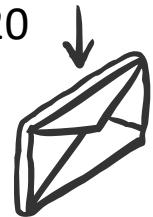
Non resident individual

Relocate to



Malaysia

- Holding key position* (C-Suite)
- For 5 consecutive years
- Limited to 5 non resident
- Monthly salary \geq RM25,000
- Malaysian tax resident for each YA
- Application to MIDA from 7.11.2020 to 31.12.2022 (+ 1 year)



Tax @ 15%

**position of top senior executives which relied on functional know-how and technical skills [CEO, CFO, COO and CIO]*

Relief

Lifestyle relief [s 46(1)(p)]

RM2,500

Personal computer,
smartphone, tablet



IT gadget relief [s 46(1)(t)]

- Personal computer
- Smartphone
- Tablet

RM2,500

[1.6.2020–31.12.2022]



RM5,000



Company

LLP

Partnership



- (a) Smartphone
- (b) Tablet
- (c) Personal computer*



Staff amenities

- Deductible



Employee

Exempt up to RM5,000

Excess: 13(1)(a)
perquisite



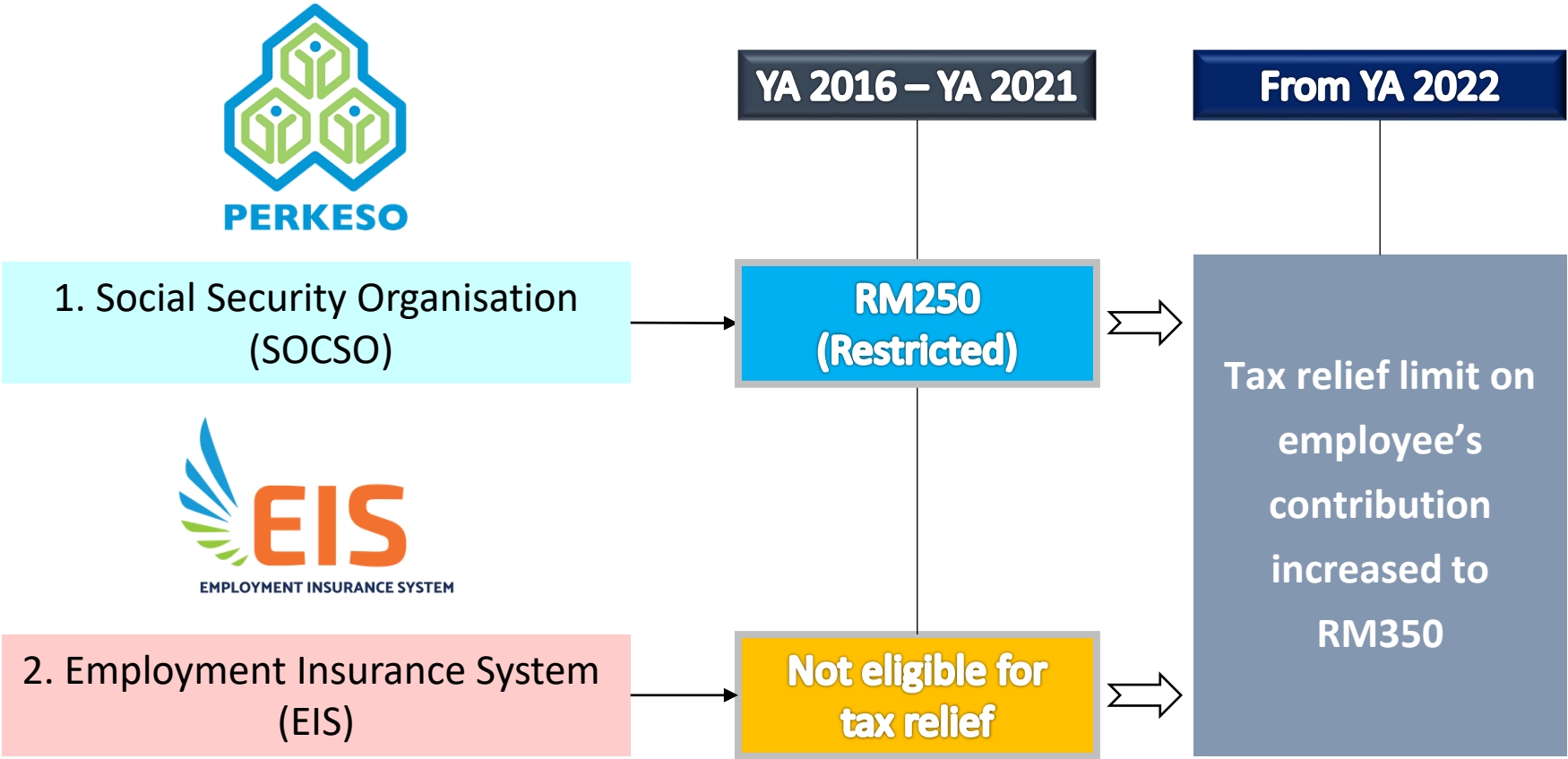
Exclude :

- Sole proprietor
- Partner in a partnership
- Director is shareholder > 50% control

[Income Tax (Exemption) Order 2021, PU(A) 30/2021]

[Income Tax (Exemption) Order 2009, PU(A) 152/2009]

Tax relief for SOCSO and EIS contribution



Expansion of scope for tax relief on contributions to Employees Provident Fund

1. Type of contribution from YA 2019	Relief amount
Life insurance premiums or takaful contributions	Up to RM3,000
Contributions to approved schemes (NOT including private retirement schemes) or contributions under any written law	Up to RM4,000

2. Type of contribution for public servant under the pension scheme	Relief amount
Life insurance premiums or takaful contributions	Up to RM7,000

 KWSP EPF	Total type of contribution (1) or (2)	RM7,000 (Restricted)
---	--	-----------------------------

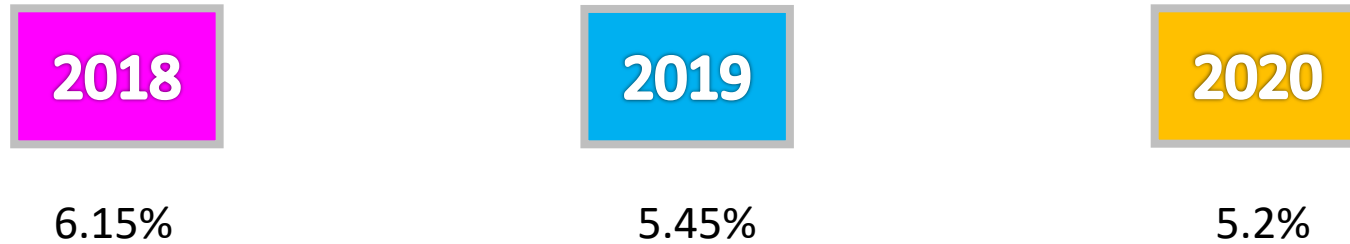


Expanded to include voluntary contributors including pensionable civil servants (From YA 2022)





EPF dividend rate



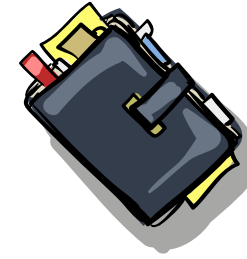
Upskill and self enhancement course



Up-skilling and self-enhancement course

- ✓ Conducted by body recognised by Department of Skills Development (DSD)
- ✓ Any recognised courses (Include online courses)

<https://www.myspike.my>



Max. RM1,000
(YA 2021)



NEW!!

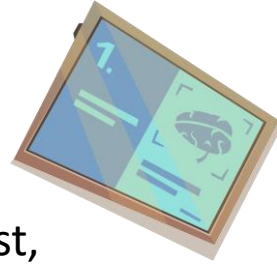
Max. RM2,000
(YA 2022 & YA 2023)

Skill training at DSD portal
<https://www.dsd.gov.my/>



Personal health

- (a) Complete medical examination
- (b) Expenditure on Covid detection test, including self detection test kit



- (c) Mental health examination or consultation

- Evidenced by receipts [s 46(1)(h)]



- Medical expenses
- (i) Treatment of serious disease
 - (ii) Fertility treatment
 - (iii) Vaccination (RM1,000) [s 46(1)(g)]



RM1,000

Part of

Max. relief
RM8,000

Eligibility

Taxpayer,
spouse and
children

YA

2021

2021

2022

2021



Extension of tax relief for deferred annuity



(A) + (B)
Tax relief
Max. RM3,000

- A. Contribution to a private retirement scheme (PRS) approved by the Securities Commission
- B. Paid premium for a deferred annuity



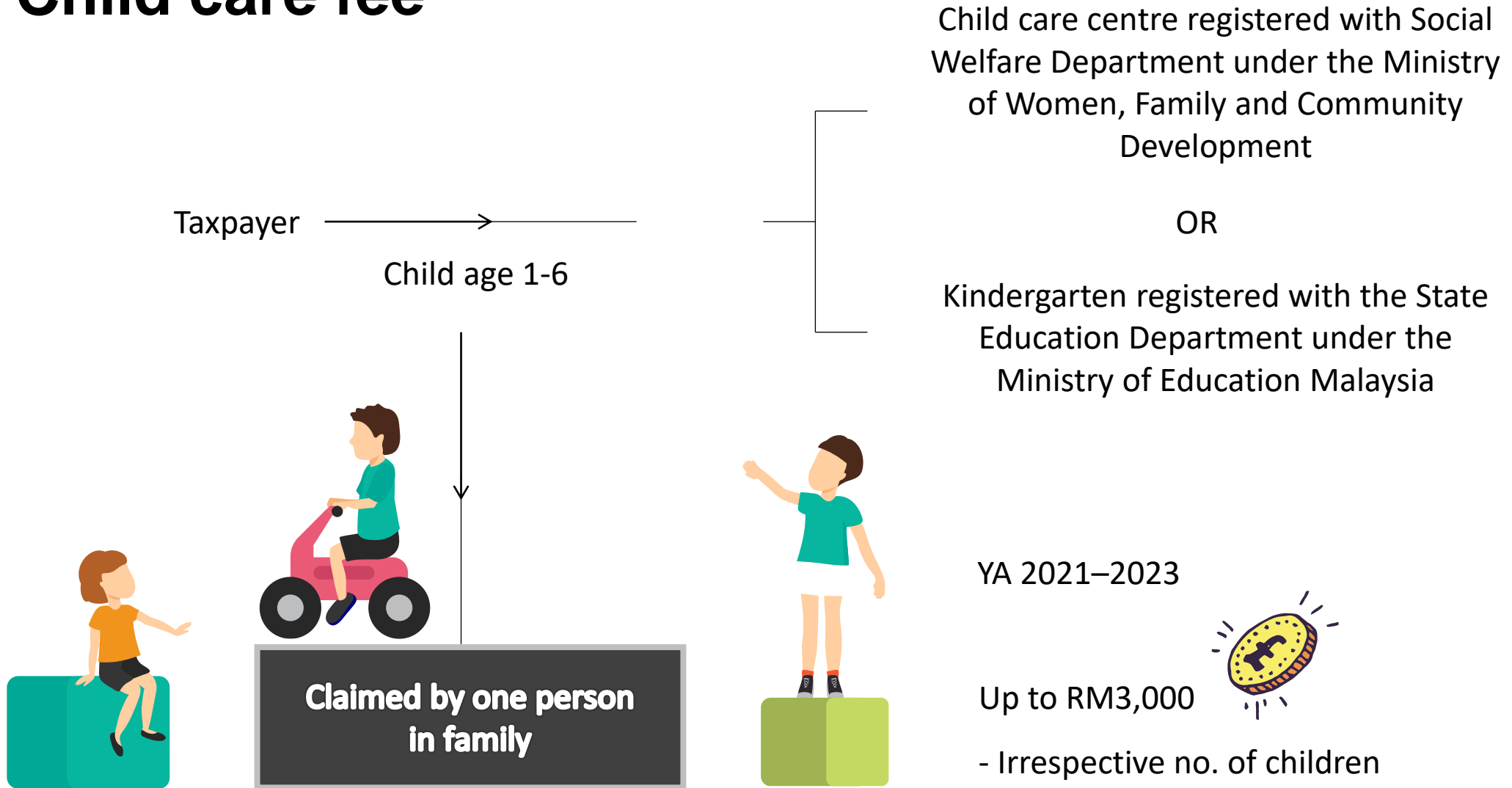
Effective YA 2012
to YA 2021



+ 4 years

w.e.f. YA 2022 to YA 2025

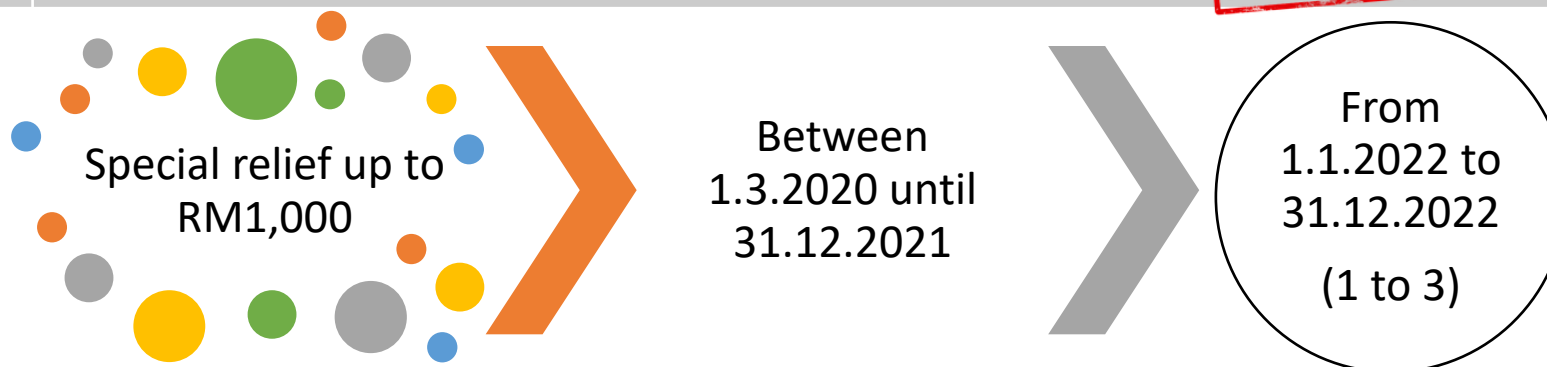
Child care fee



Extension of special relief for individual income tax on domestic tourism expenses

No.	Scope
	1.3.2020 (YA 2020)
1	Accommodation expenses in accommodation premises registered with the MOTAC.
2	Entrance fee to tourist attraction centres.
	1.1.2021 (YA 2021)
3	Tourism packages purchased with local tourism operators registered with MOTAC that comprises of:- <ul style="list-style-type: none"> i. payment for local tour guide services; ii. purchase of local handicrafts; iii. food and beverages; and iv. transportation including hop-on hop-off.

EXTENDED



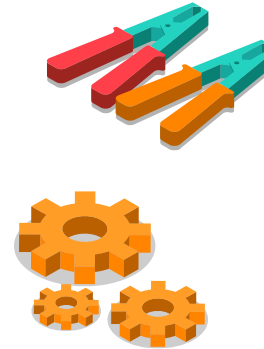
Electric vehicle charging facility

[s 46(1)(v)]



- Purchase
- Installation
- Hire purchase
- Rental
- Subscription for the use

Electric vehicle charging facility



Own vehicle

- Not being used for business purposes
- With receipts issued

RM2,500

YAs 2022 and 2023

Amount of exemption

(para 15, Sch 6)

or

Health conditions
- ill health



Exemption sum

Full

No. of completed
years of service

- same employer
- common controlled employer
- companies in the same group

YA 2021: RM20,000

YA 2022: RM10,000

for each completed year of service





Payment that subject to EPF, SOCSO, EIS and PCB contribution

	EPF	SOCSO	EIS	PCB
Allowance	√	√	√	√
Commission	√	√	√	√
Salary / Wages	√	√	√	√
Incentive	√	√		√
Overtime payment		√	√	√
Arrears of wages	√	√		
Bonus	√			√
Extra work on holiday		√	√	
Gratuity		√		√
Other payments under contract of service or otherwise	√	√		
Payment for unutilised annual or medical leave	√	√		



Payment that subject to EPF, SOCSO, EIS and PCB contribution

	EPF	SOCSO	EIS	PCB
Wages for half day leave	√	√		
Wages for maternity leave	√	√		
Wages for study leave	√	√		
Any other payment in addition to normal remuneration for current month				√
Compensation for loss of employment				√
Director's fee				√
Employee's share option scheme (ESOS)				√
Paid leave			√	
Perquisite				√
Service charges		√		
Tax borne by the employer				√

2022

BUDGET

**LATEST TAX UPDATES WITH PRICELESS
TAX PLANNING DURING FURTHER
EXPANSION AND ECONOMIC RECOVERY**

Book 8

Stamp duty and SST

- Social enterprise
- P2P – stamp duty
- Restructuring of loan – stamp duty
- Merger and acquisition – stamp duty
- Service tax updates and development
- Sales tax updates and development



DR CHOONG KWAI FATT

Advocate and Solicitor (High Court of Malaya), Tax Consultant

B.Acc(Hons)(Malaya),
LL.B(Hons)(London), CLP, MCL(IIUM), PhD(IIUM),
FCCA(UK), CPA(M), CA(M), ACA(UK),
CA(Aust. & NZ), FCPA(Aust.).

**Live Zoom Seminar
16 December 2021**

drchoong.seminar@gmail.com

Social enterprise

1. Society
2. Company limited by guarantee



- Validation of SE accreditation from the Joint Committee on Accreditation (Yayasan Hasanah + Ministry of Entrepreneur Development and Cooperatives)



Charitable activities



- Application for
 - (a) Exemption to MOF
 - (b) Accreditation to Yayasan Hasanah
 1.1.2022–31.12.2023

Source:

<https://www.medac.gov.my/admin/files/med/image/portal/PDF/Kenyataan%20media/22accredited.pdf>



Social enterprise (SE)

- Contribution received
- Business income
- Other income

Tax exempt for 3 YAs



Donor

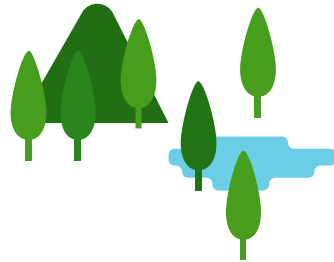
Cash contribution available (limited to 10% of aggregate income)

Social enterprise



**KEMENTERIAN PEMBANGUNAN
USAHAWAN DAN KOPERASI**

MINISTRY OF ENTREPRENEUR DEVELOPMENT AND COOPERATIVES



Have a clear mission which helps tackle social / environmental issues and concerns of the nation.

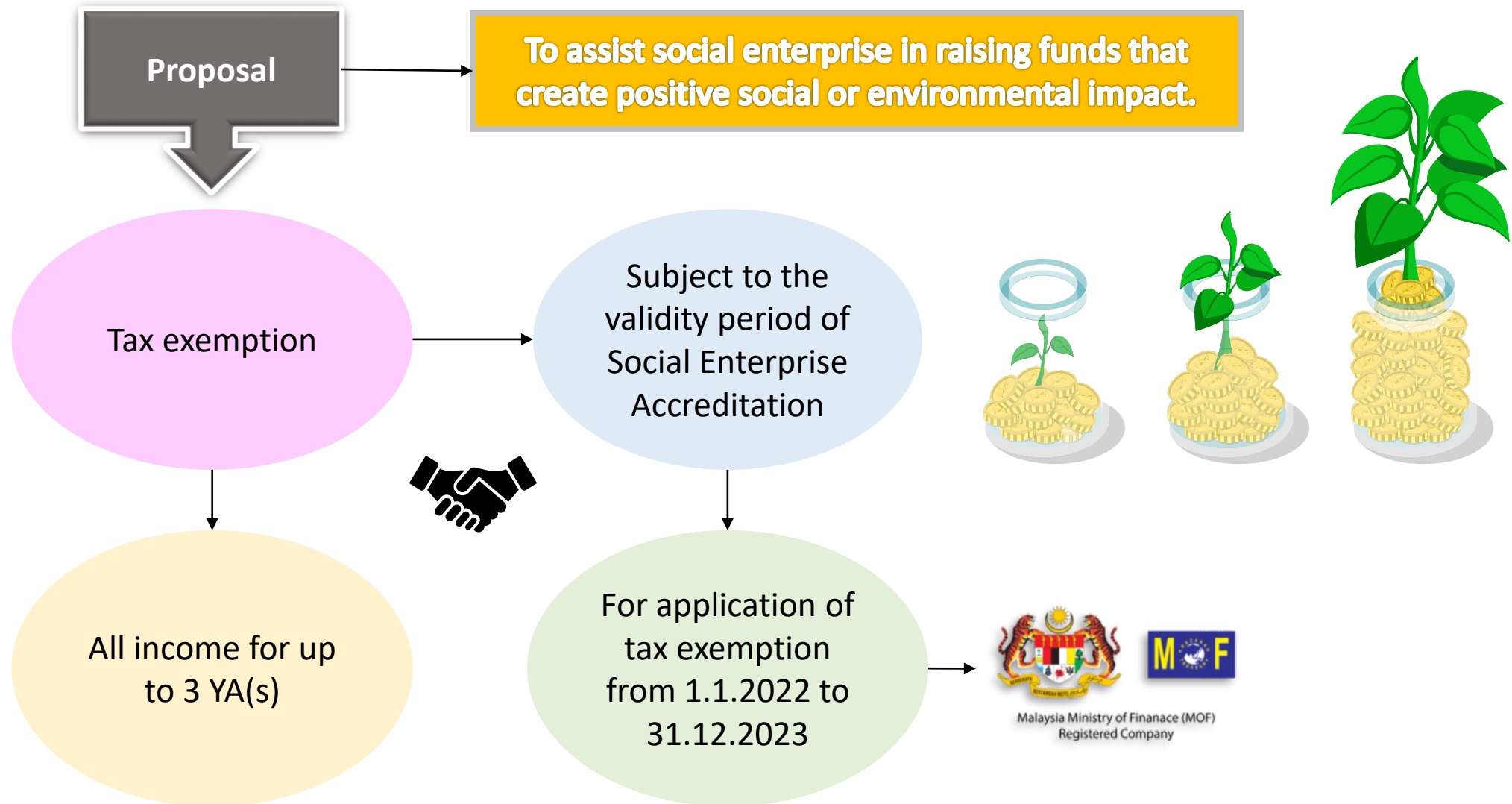


To improve and help a specific target group i.e. environment, B40 community, the disabled community, refugees, etc.

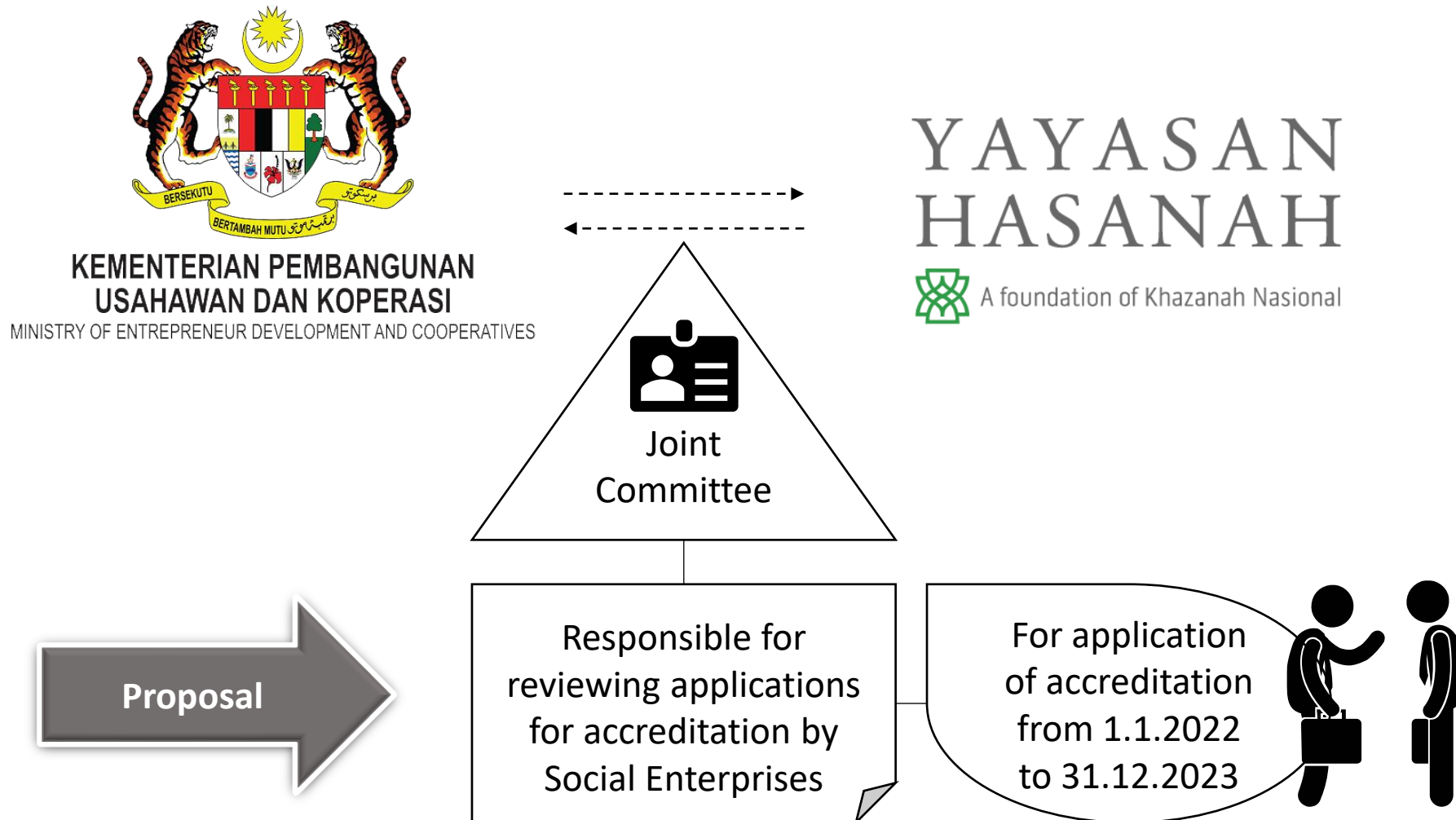


Generates income and profit by selling products or services demanded by the market.

Income tax exemption for social enterprise



Income tax exemption for social enterprise



Loan financing from online platform

- Stamp duty exemption

- Micro
- Small and medium
- Sdn Bhd



Fund



Loan & financing agreement
(1.1.2022–31.12.2026)

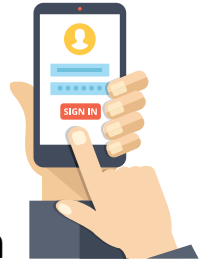
0.05% to 0.50%
Stamp duty waiver

Investors



Online Peer to Peer platform

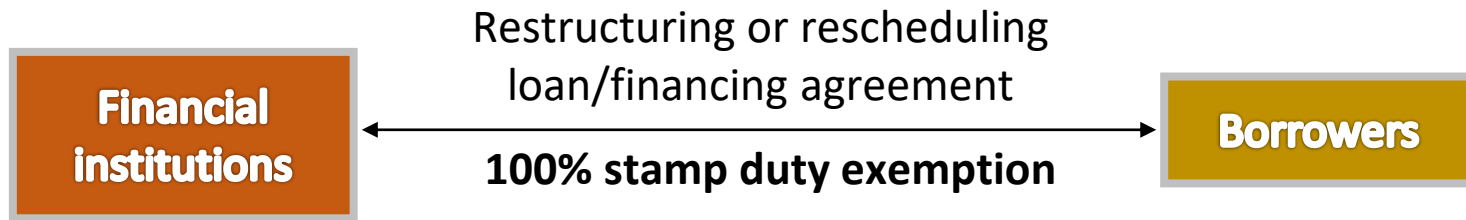
- Registered and recognized by SC



<https://www.sc.com.my/development/digital/digital-initiatives#id-fintech>



Extension of stamp duty exemption on restructuring or rescheduling loan/financing agreement



Conditions:

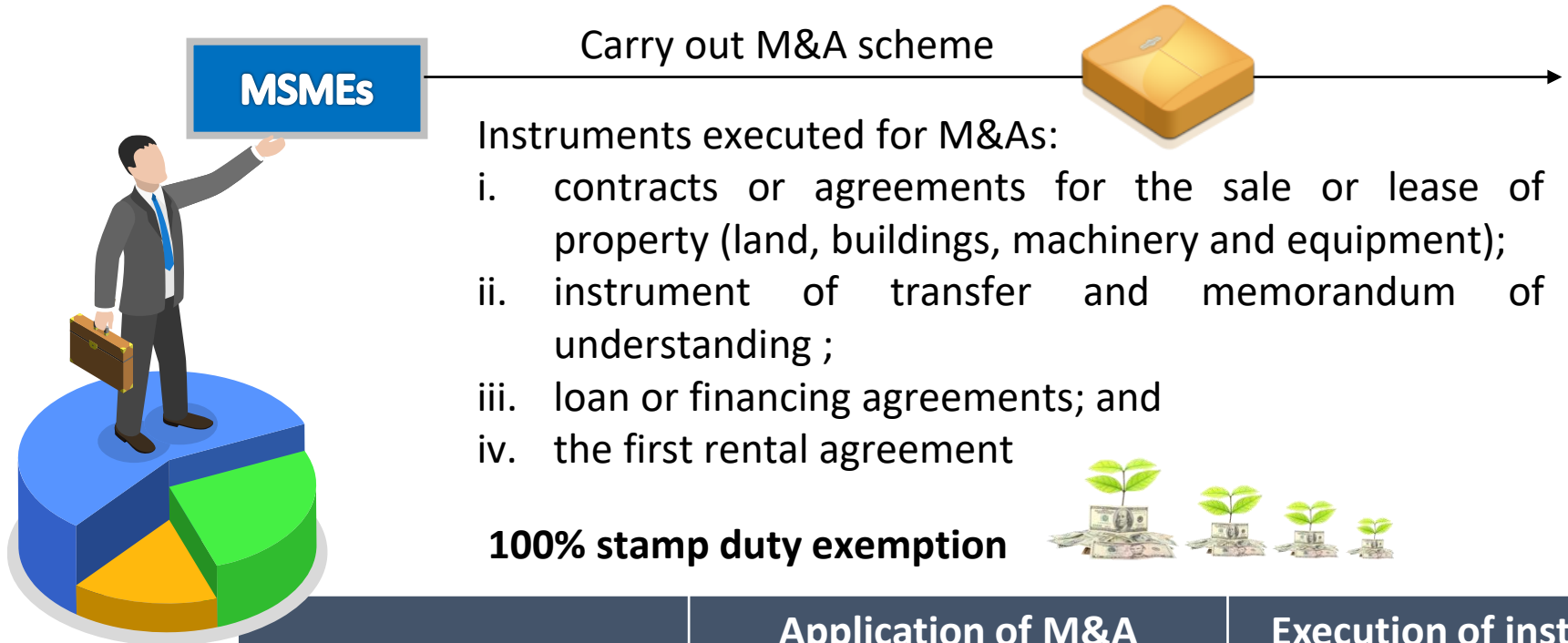
- i. original loan/financing agreement has been duly stamped; and
- ii. restructuring or rescheduling loan/financing agreement does not contain the element of additional value to the original amount of loan/financing.



Government package	Exemption period
PU(A) 165/2020	1.3.2020 to 31.12.2020
PU(A) 27/2021	Extended to 30.6.2021
PU(A) 367/2021	1.7.2021 to 31.12.2021
Budget 2022	Extended to 31.12.2022



Extension of stamp duty exemption for instruments related to merger and acquisition (M&A)



Government package	Application of M&A received by MEDAC	Execution of instruments
PU(A) 73/2021	1.7.2020 to 30.6.2021	1.7.2020 to 31.12.2021
Budget 2022	1.7.2021 to 30.6.2022	1.1.2022 to 31.12.2022 (Extended 1 year)

Extension of sales tax exemption on passenger car

No	Passenger car (including SUV and MPV)	Sales tax@ 10% exemption	
		on	rate
i.	Locally assembled Completely Knocked-Down (CKD)	Sales	100%
ii.	Imported Completely Built-Up (CBU) <ul style="list-style-type: none"> • New • Used 	Import	50%



Government package	Exemption period
PENJANA	15.6.2020 – 31.12.2020
PERMerkasa	Extended to 31.12.2021
Budget 2022	Extended to 30.6.2022



Service tax on goods delivery services

Service tax on delivery services
[Item 6, Group I, First Schedule, Service Tax Regulations 2018]



Existing

Registrant: Annual taxable turnover > RM500,000

Service providers
licensed under
Postal Services Act 2012



Courier delivery services

- Documents; or
- Parcels < 30kg

Service tax @ 6%

BUDGET 2022

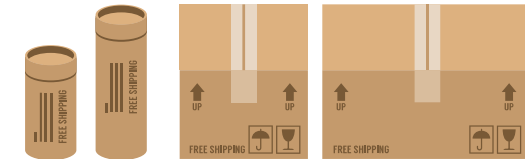
w.e.f. 1.7.2022

Any service providers
(including e-commerce
platforms)

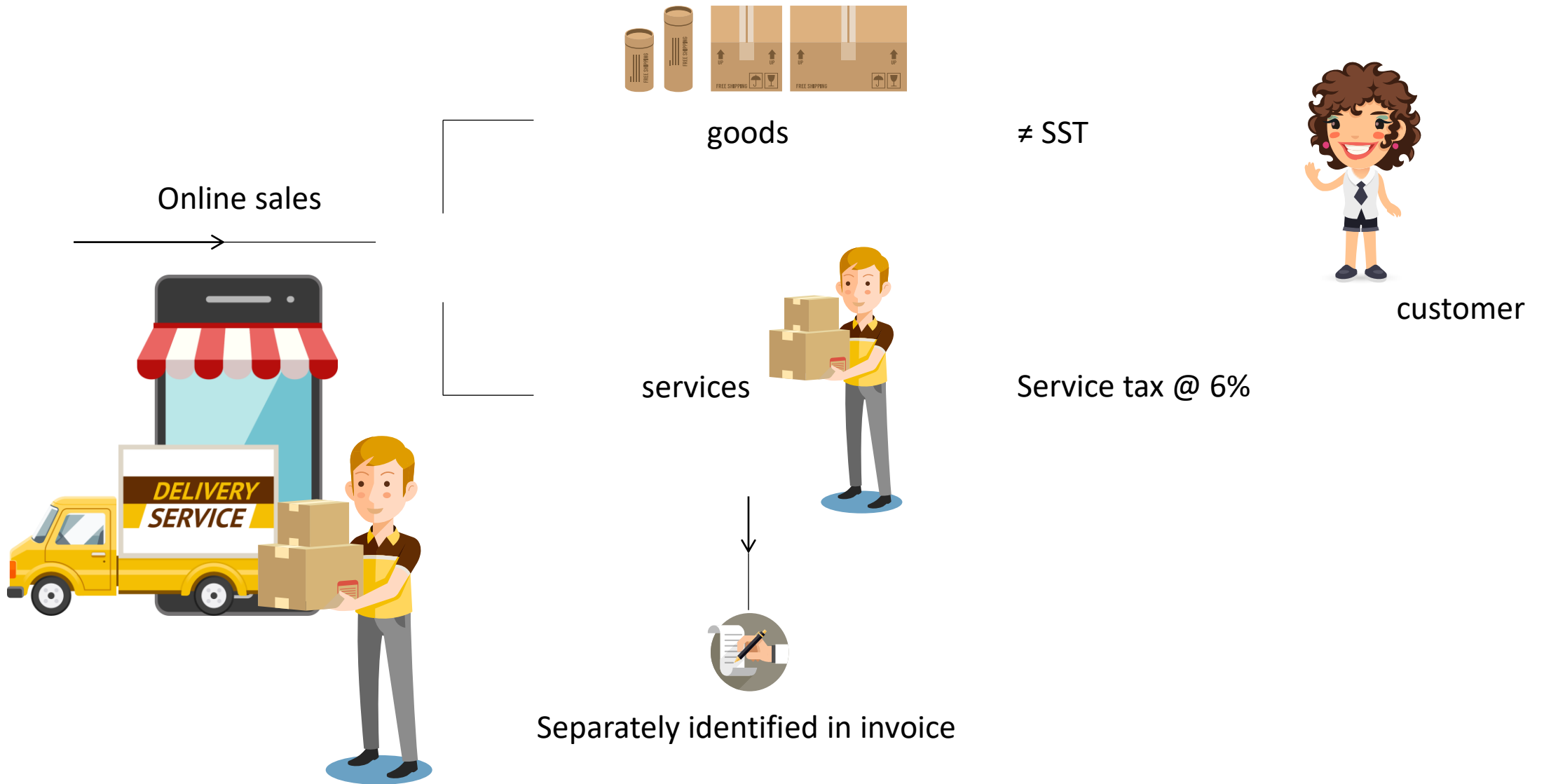
Goods delivery services

Exclude

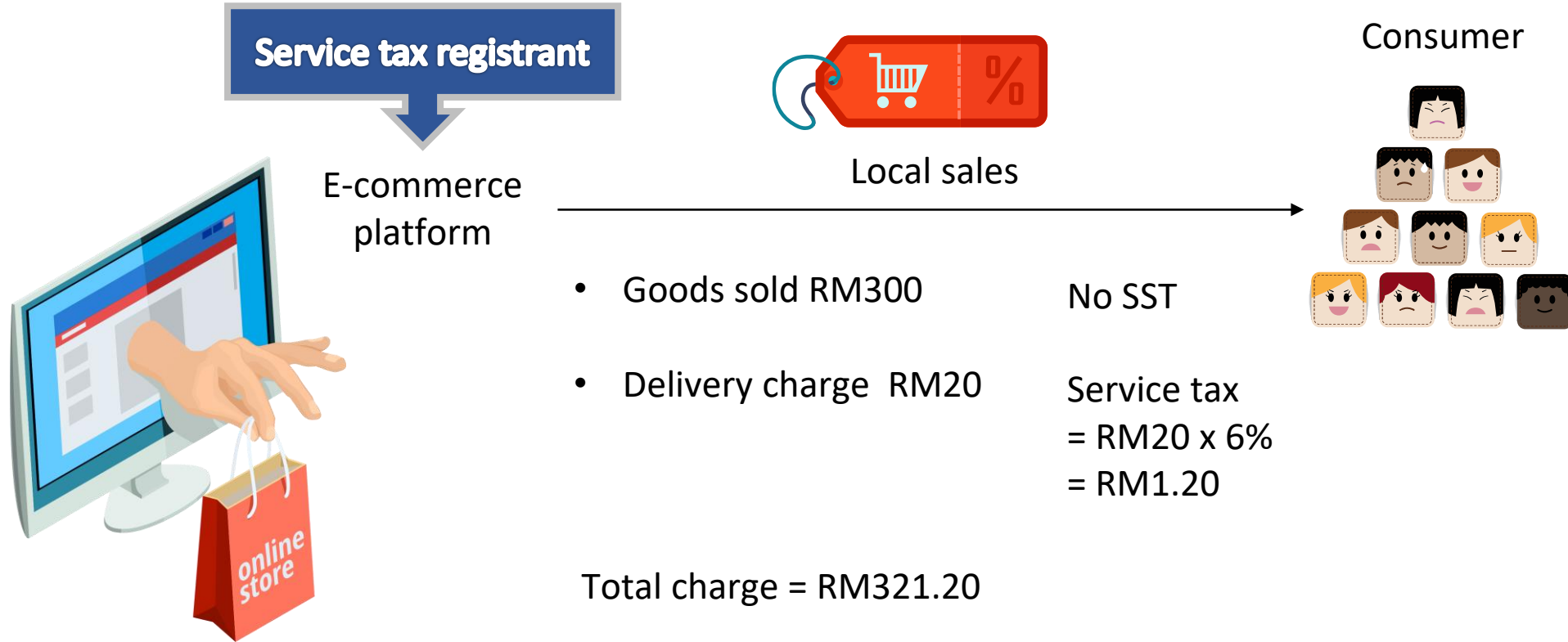
- F&B delivery services
- Logistic services



Service tax @ 6%



Illustration





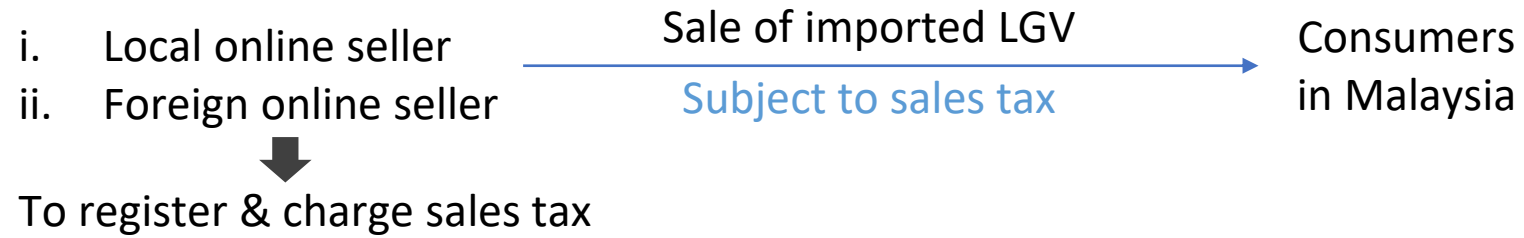
Sales tax on Low Value Goods (LVG)

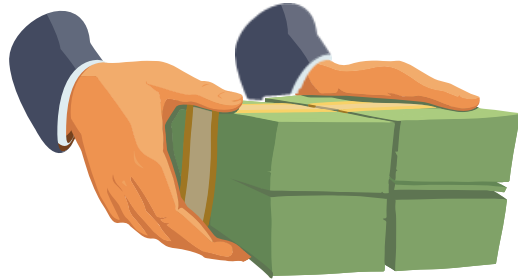
LVG:

- imported goods (except for cigarettes, tobacco and intoxicating liquor)
- value ≤ RM500
- via air courier services

BUDGET 2022

	Existing	w.e.f. 1.1.2023
Taxability	Sales tax exemption	Subject to sales tax
Legislation	Item 24, Sch A, Sales Tax (Person Exemption From Payment of Tax) Order 2018, PU(A) 210/2018	New provision under Sales Tax Act 2018





Special Voluntary Disclosure Program (SVDP) for indirect taxes

BUDGET 2022

Introduced by RMC



(a) Penalty remission

First phase

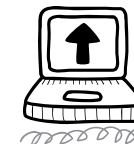
100% penalty remission

Second phase

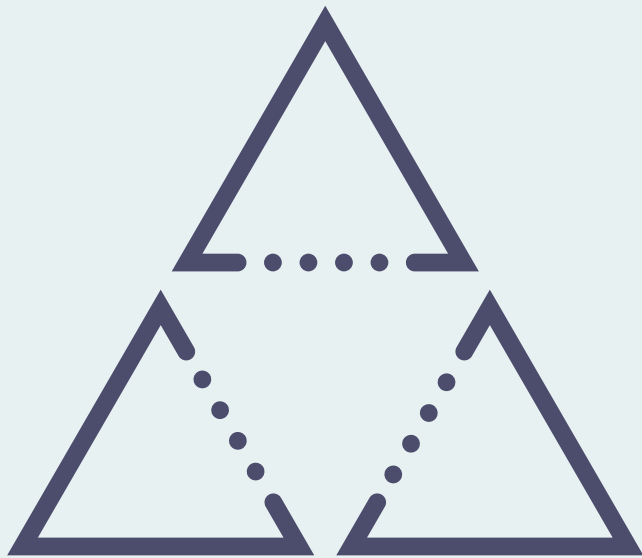
50% penalty remission

(b) Tax remission

- maybe considered for specific cases



WHAT'S HOT IN 2022



Mark in your calendar now.
2 long-awaited programs and 1 annual seminar.

Save the Date

For these long-awaited Tax Programs
by Dr Choong Kwai Fatt.



Business Life Cycle Tax Planning 2022

| Feb 2022 | 2 days Detailed Tax Planning Programme
+ 45 min of 1 to 1 coaching with Dr Choong + 53 days of
consolidated learning (15 min each day)

Each business has its Business Life Cycle (BLC). Dr Choong uses a unique BLC tax planning to systematically save substantial tax. Learn them and enjoy huge tax savings at each phase of your business.



Transfer Pricing 2022

| Mar 2022 | 3 days Detailed TP Documentation & strategy
Programme + 45 min 1 to 1 coaching with Dr Choong + 58 days of
consolidated learning (15 min each day)

Your TP documentation ready for submission? Wonder whether it is adequate? Now that Malaysia has shifted into new norm. The long-delayed TP audit will kickstart sooner than you can imagine. Master them easily and be coached by Dr Choong .



Budget 2023 | Dec 2022

Annual Tax Updates and Popular Tax Planning seminar. Get the must-have annual boost of tax planning and tax changes from Dr Choong. PS: With 2022 being marked as an election year. This session will be very very hot and iconic.