TaXavvy

Budget 2020 Edition - Part 1

11 October 2019

Welcome to our **TaXavvy Budget Edition** which brings you the key tax proposals of Budget 2020

This TaXavvy edition is prepared based on the Budget 2020 speech as announced on 11 October 2019. A follow-up edition will be issued to include key tax proposals from the Finance Bill after the Finance Bill is issued.

Highlights

2% increase in top marginal individual income tax rate 1	The top marginal tax rate to increase to 30% on the portion of chargeable income in excess of RM 2 million - from year of assessment 2020 (Page 8)
RPGT: 1 Jan 2013 market value as acquisition price 2	The market value as of 1 January 2013 to be adopted as the acquisition price in computing gain on disposal for real properties acquired prior to year 2013 - for disposal made from 12 October 2019 (Page 25)
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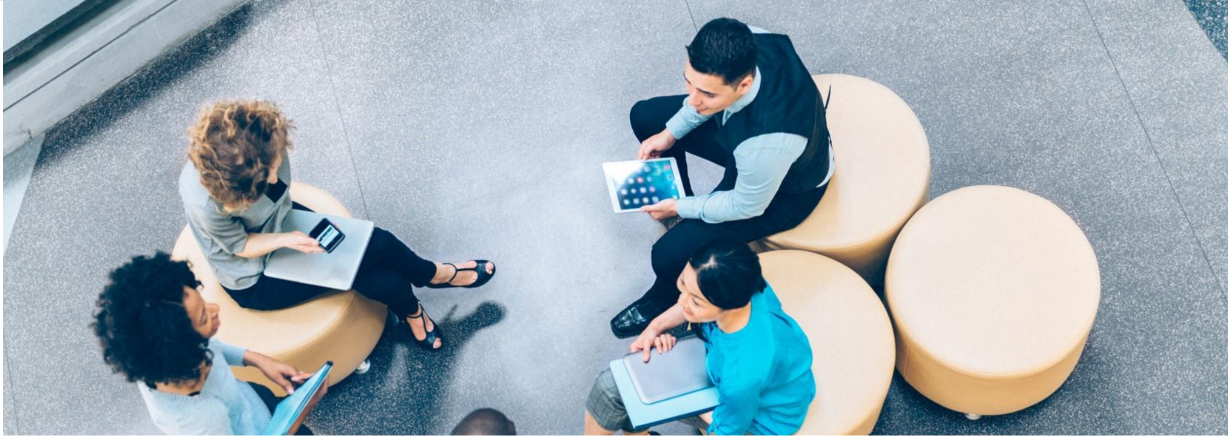

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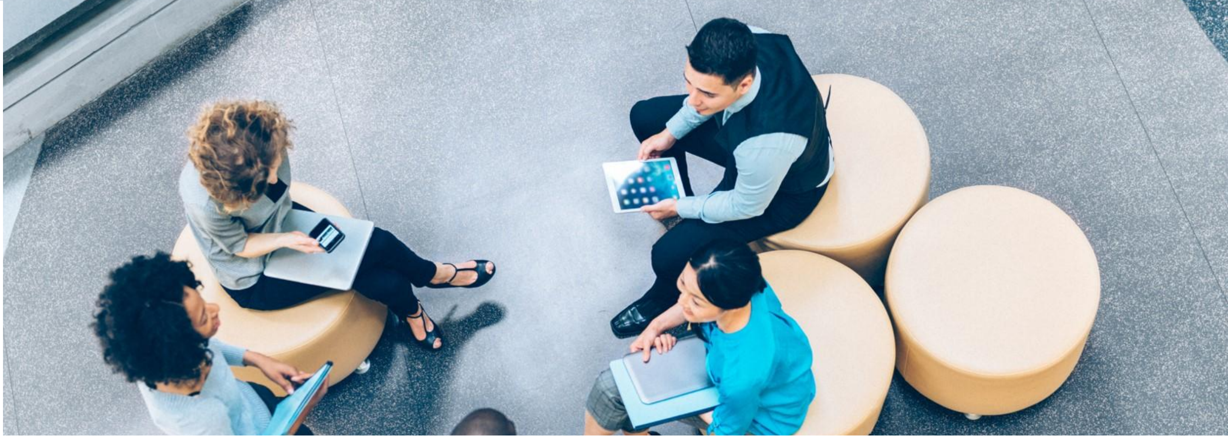

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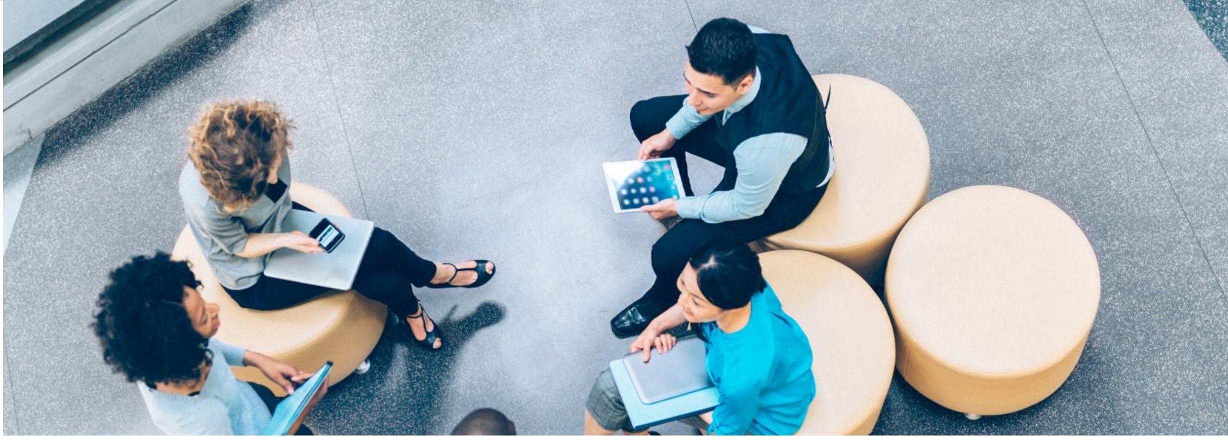

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Review of income tax treatment for Small and Medium Enterprises (SMEs)

To ensure that the preferential income tax rate benefits only the eligible SMEs*, it is proposed that -

(i) The chargeable income limit which qualifies for the preferential tax rate of 17 percent is to be increased to RM600,000

(ii) Only companies with paid up capital or Limited Liability Partnerships (LLPs) with capital contribution of up RM2.5 million and having an annual sales of not more than RM50 million are eligible for the preferential tax rate of 17 percent.

Chargeable Income (Current)	Chargeable Income (Proposed)	Income Tax Rate (%)
Up to RM500,000	Up to RM600,000	17
Exceeding RM500,000	Exceeding RM600,000	24

* Currently, SMEs refer to companies with paid up capital in respect of ordinary shares of not more than RM2.5 million and LLPs with total contribution of capital of not more than RM2.5 million.

[Effective from year of assessment (YA) 2020]

Special allowances for Small Value Assets (SVA)

Currently, assets valued at not more than RM1,300 each (SVA), are eligible for special allowance of 100 percent. The total special allowance for the SVA is limited to RM13,000 each YA for non-SMEs but there is no limit for SMEs.

It is proposed that -

(i) the value of each SVA be increased from RM1,300 to RM2,000 for SMEs and non-SMEs; and.

(ii) the limit of total special allowance claimable for the SVA for each YA be increased from RM13,000 to RM20,000 for non-SMEs.

(Effective from YA 2020)

Tax deduction on secretarial fee and tax filing fee

Effective from YA 2015, specific tax deduction is given for secretarial fees and tax filing fees up to RM5,000 and RM10,000 respectively for each YA.

It is proposed that the tax deduction limit for secretarial fees and tax filing fees be combined and allowed up to RM15,000 for each YA.

(Effective from YA 2020)

Review of individual income tax rate

To enhance the progressiveness of the personal tax structure, it is proposed that a new band for chargeable income in excess of RM2 million taxable at a rate of 30 percent be introduced. This increase will affect approximately 2,000 top income earners in the country.

The non-resident individual tax rate is similarly increased by 2 percent, from 28 percent to 30 percent.

The new proposed income tax rate schedule for resident individuals is as follows:

	Chargeable income (RM)	Tax rate (%)
For every ringgit of the first	5,000	0
For every ringgit of the next	15,000	1
For every ringgit of the next	15,000	3
For every ringgit of the next	15,000	8
For every ringgit of the next	20,000	14
For every ringgit of the next	30,000	21
For every ringgit of the next	150,000	24
For every ringgit of the next	150,000	24.5
For every ringgit of the next	200,000	25
For every ringgit of the next	400,000	26
For every ringgit of the next	1,000,000	28
For every ringgit exceeding	2,000,000	30

(Effective from YA 2020)

Private Retirement Schemes (PRS)

The government will allow pre-retirement withdrawals from PRS for the purposes of healthcare and housing, with terms and conditions which are similar to those applicable to Employee Provident Fund (EPF) withdrawals. Early withdrawals are not subject to any penalty.

(Effective date to be confirmed)

Increase in minimum wage

The minimum wage shall be raised to RM1,200 per month for “major cities”.

(Effective from year 2020)

Increase in limit of tax relief for fees paid to childcare centres and kindergartens

To reduce the financial burden of parents in providing childcare and early childhood education, it is proposed that the individual tax relief be increased from RM1,000 to RM2,000.

(Effective from YA 2020)

Extension of tax exemption for women returning to work from a career break

It is proposed that the existing tax incentive be extended for a period of 4 years, i.e. for applications received by TalentCorp from 1 January 2020 until 31 December 2023. The exemption period is from YA 2018 to YA 2024.

Expansion of scope of income tax relief for medical expenses

To reduce the financial burden of married couples in seeking 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.

(Effective from YA 2020)

Extension of period of income tax deduction on Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) loan amount paid by employers on behalf of employees

To encourage more employers to make PTPTN loan repayments on behalf of their employees, it is proposed that the tax incentive, and hence the personal income tax exemption for the employees, be extended for a further period of 2 years, i.e. from 1 January 2020 until 31 December 2021.

Income tax rebate for departure levy imposed on outbound air passenger performing *umrah* and pilgrimage to holy places

Individual income tax rebate equivalent to the amount of levy paid to be given and can be claimed twice in a lifetime.

Supporting documents for the rebate claim:-
i. *umrah* visa; or
ii. confirmation letter on pilgrimage to holy place from religious body recognised by the Committee for the Promotion of Inter Religious Understanding and Harmony Among Adherents, Department of National Unity and Integration, Prime Minister's Department.

(Effective from YA 2019)

Donation for charitable and sports activities and projects of national interest

The cap on tax deduction for contributions for charitable and sports activities as well as projects of national interest is proposed to be increased from 7 percent to 10 percent of aggregate income.

The tax deduction is also expanded to include the following:-

- cash wakaf contribution to state religious authority or body established by the state religious authority to administer wakaf;
- cash wakaf contribution to public university approved by the state religious authority to receive wakaf; and
- cash endowment contribution to public university

(Effective from YA 2020)

Eligibility for SOCSO contribution will be expanded to cover self-employed individuals in 18 key sectors and eligible spouse under i-Suri programme

(i) Self-employed group
The current Self-Employment Social Security Scheme (SEEIS) will be expanded to enable contributions by other self-employment groups across 18 key sectors, such as fishermen, farmers, sole proprietors and partnerships.

(ii) i-Suri for spouse
The i-Suri programme will be extended (currently only available under the EPF Act), where the government will allocate RM20 million in year 2020 to provide social safety coverage to eligible participants under SOCSO.

(Effective from year 2020)

Tax deduction on cost of listing in Bursa Malaysia

Technology-based companies and SMEs that raise additional capital through listing in Access, Certainty, Efficiency (ACE) Market or Leading Entrepreneur Accelerator Platform (LEAP) Market are eligible for tax deduction of up to RM1.5 million on the following listing costs:

- Fees to authorities;
- Professional fees; and
- Underwriting, placement and brokerage fees

(Effective from YA 2020 to YA 2022)

Income tax exemption extended to religious institution or organisation registered as a Company Limited By Guarantee (CLBG)

Currently, income tax exemption is given on all income received by religious institutions or organisations established for the purpose of religious worship and advancement of religion. These institutions and organisations must be registered with the Registrar of Societies Malaysia or under any written law governing such institution or organisation.

It is proposed that the income tax exemption be extended to CLBG registered with the Companies Commission of Malaysia provided:-
(i) the CLBG is not operated primarily for profit purposes, and
(ii) the income and profits received and real property acquired by the CLBG are used solely for religious worship, advancement of religion.

(Effective for CLBG approved by IRB from YA 2020)

Tax incentive for development of intellectual property

It is proposed that qualifying intellectual property income derived from patent and copyright software of qualifying activities be given 100 percent tax exemption for a period of up to 10 years. The Modified Nexus Approach will be adopted to ensure that only income derived from intellectual property developed in Malaysia is eligible for this tax incentive.

(Effective for applications received by Malaysian Investment Development Authority (MIDA) from 1 January 2020 until 31 December 2022)

Expansion of scope of tax deduction on contribution to charity and community projects

Currently, tax deduction under Section 34(6)(h) of the Income Tax Act 1967 is given on expenditure incurred on the provision of services, public amenities and contributions to a charity or community project pertaining to education, health, housing, conservation or preservation of environment, enhancement of income of the poor, infrastructure and information and communication technology, approved by the Minister of Finance (MOF).

To encourage the involvement of the private sector in corporate social responsibility, it is proposed that tax deduction on expenses under Section 34(6)(h) to include -

i) Environmental preservation and conservation projects including forest, island, beach and national park; and
ii) Maintenance and conservation projects for heritage buildings designated by National Heritage Department under the National Heritage Act 2005.

(Effective from YA2020)

Tax incentives for the arts and tourism sectors

To amplify the economic benefits of Visit Malaysia Year 2020, it is proposed that the following tax incentives be given to the arts and tourism sectors:

Type of incentive	Effective date
50 percent income tax exemption on statutory income (SI) of the company that organises:- i) Arts and cultural activities approved by the Ministry of Tourism, Arts and Culture (MOTAC); and ii) International sports and recreational competitions approved by the Ministry of Youth and Sports.	From YA 2020 to YA 2022
Accelerated capital allowance (ACA) on new locally assembled excursion buses purchased by licensed tour operators - Initial allowance of 20 percent - Annual allowance of 40 percent	From YA 2020 to YA 2021
50 percent excise duty exemption on new locally assembled vehicles purchased and used as tourism vehicles by licensed tour operators	Effective for applications received by MOF from 1 January 2020 to 31 December 2021
Increase in tax deduction limit on expenses incurred by companies to sponsor local arts, cultural and heritage activities held in Malaysia and approved by MOTAC from RM700,000 to RM1,000,000 a year	Effective from YA 2020
Pioneer Status (PS) or Investment Tax Allowance (ITA) be given to new investment for - i) Integrated tourism and sports tourism project ● PS with income tax exemption of 70 percent on SI for 5 years; or ● ITA of 60 percent on qualifying capital expenditure (QCE) incurred within 5 years. The allowance can be set off against 70 percent of the SI for each YA ii) International theme park ● PS with income tax exemption of 100 percent on SI for 5 years; or ● ITA of 100 percent on QCE incurred within 5 years. The allowance can be set off against 70 percent of SI for each YA	Effective for applications received by MIDA from 1 January 2020

Tax incentives - New proposals

Customised Packaged Investment (CPI) incentives

As part of the strategic push to attract targeted companies and transform Malaysia's best and most promising businesses into the most competitive enterprises in global export markets, the Government will make available CPI incentives to the following companies -

Types of companies	Qualifying Conditions	CPI incentives worth
(i) Fortune 500 companies (ii) Global unicorns in high technology, manufacturing, creative and new economic sectors	The companies must invest at least RM 5 billion each in Malaysia	RM1 billion annually over 5 years
Competitive enterprises in global export markets	The companies must be able to prove their availability to grow and export their products and services globally	RM1 billion annually over 5 years

Post-approvals investment

The Government will allocate RM10 million for the Ministry of International Trade and Industry (MITI) to focus on post-approval investment monitoring and realisation.

Tax exemption for solar leasing activities

Tax exemption of 70% of statutory income for a period of up to 10 years from solar leasing activities which are certified by the Sustainable Energy Development Authority (SEDA).

(Effective for applications received by the Malaysian Investment Development Authority (MIDA) from 1 January 2020 to 31 December 2023).

Contribution to Digital Social Responsibility (DSR)

Contributions to DSR will be given tax deduction.

(Effective date is not provided).

Tax incentives - Extension and changes

	Existing	Proposed
1	**Special investment incentive for the Electrical and Electronic (E&E) sector**	
	E&E companies engaged in manufacturing activities are eligible for Reinvestment Allowance (RA) on QCE incurred on modernisation, expansion and diversification for 15 consecutive YA. A special RA was given from YA 2016 until YA 2018 to companies that have exhausted its eligibility period of 15 consecutive YAs.	E&E companies which have exhausted the 15 consecutive years to claim RA to be given ITA of 50 percent on QCE incurred within a period of 5 years. This ITA can be set-off against 50 percent of SI for each YA. (Effective for applications received by MIDA from 1 January 2020 to 31 December 2021) Income tax exemption of up to 10 years for investment in selected knowledge-based services (Effective date not provided)
2	**Tax incentive for organising conferences in Malaysia**	
	Companies, associations or organisations in Malaysia whose main activities are promoting and organising conferences qualify for income tax exemption of 100 percent of SI, subject to the organiser bringing in at least 500 foreign participants each year.	The tax exemption to be extended to any entities whose main activities are other than promoting and organising conferences, subject to the organiser bringing in at least 500 foreign participants annually. (Effective from YA 2020 to YA 2025)
3	**Tax incentive for company participating in National Dual Training Scheme**	
	Expenses incurred by companies participating in National Dual Training Scheme for Industry4WRD programmes approved by the Ministry of Human Resources qualify for double deduction. (For programmes approved from 1 January 2019 to 31 December 2019)	Extended to programmes approved from 1 January 2020 to 31 December 2021.
4	**Income tax deduction on PTPTN loan paid by employers on behalf of employees**	
	Repayment of PTPTN loans by employers on behalf of their full-time employees are tax deductible to the employer. (For repayment made from 1 January 2019 to 31 December 2019)	Extended to repayments made by employers from 1 January 2020 to 31 December 2021.

	Existing	Proposed
5	**Structured Internship Programme ("SIP")**	
	A person who conducts a SIP approved by TalentCorp is eligible for double deduction on the following expenses incurred in relation to the SIP up to YA 2019:- ● Interns' monthly allowance of RM500 and above ● Training* ● Meal, travelling and accommodation* ● Fee paid to a person who has been appointed to conduct an approved internship programme* *collectively capped at RM5,000 for each YA	Scope of SIP be expanded to include Malaysian students pursuing Bachelor's Degree, Diploma, Vocational (DKM Level 4 and 5) and SKM Level 3 students in all academic fields Extended for another 2 YAs from YA 2020 to YA 2021. (Effective from YA 2020 until YA 2021)
6	**Automation incentives**	
	Manufacturing companies are eligible for ACA on purchase of automation equipment - **Category 1: Labour-intensive industry (rubber, plastic, wood and textile products)** ● ACA of 100 percent on the first RM4 million QCE incurred (YA 2015 to YA 2020) **Category 2: Other industries** ● ACA of 100 percent on the first RM2 million QCE incurred (YA 2015 to YA 2020)	Extended for another 3 years until YA 2023 for Category 1 and Category 2 (Effective for applications received by MIDA until 31 December 2023) Scope of incentive for Category 2 be expanded to the services sector (Effective for applications received by MIDA from 1 January 2020 until 31 December 2023)

	Existing	Proposed
7	**Real Estate Investment Trusts (REITs)**	

REIT investors which receive profit distribution from a REIT listed on Bursa Malaysia (out of the REIT's total income which is tax exempt), are currently subject to the following tax rates:

Investor	Tax rate
Resident companies	24 percent (prevailing corporate tax rate)
Non-resident companies	24 percent [Final withholding tax (WHT)]
Foreign institutional investors	10 percent (Final WHT - up to YA 2019)
Non-corporate investors including resident and non-resident individuals	10 percent (Final WHT - up to YA 2019)

Proposed: The existing tax treatment applicable to foreign institutional investors and non-corporate investors (including resident and non-resident individuals) is to be extended for a period of 6 years, i.e. from YA 2020 to YA 2025.

8 Issuance of Sukuk Wakalah

Expenditure incurred on the issuance of Sukuk under the principles of Ijarah and Wakalah is eligible for a tax deduction.

The following Additional Expenses incurred on the issuance of Sukuk under the principles of *Ijarah* or *Wakalah* are eligible for a tax deduction:

- Professional fees relating to due diligence, drafting and preparation of prospectus
- Securities Commission of Malaysia (SC) prospectus registration fees
- Bursa Malaysia processing fee and initial listing fee
- Bursa Malaysia new issue crediting fee
- Primary distribution fee
- Printing cost of prospectus
- Advertisement cost of prospectus

(Effective from YA 2019 to YA 2020)

Proposed: The tax treatment be extended for a period of 5 years from YA 2021 to YA 2025 for Sukuk under the principle of Wakalah.

	Existing	Proposed
9	**Issuance of Sustainable and Responsible Investments (SRI) Sukuk**	
	Issuance cost of SRI Sukuk either approved by, authorised by or lodged with SC is eligible for tax deduction from YA 2016 to YA 2020.	The existing tax incentive is extended for a period of 3 years from YA 2021 to YA 2023.
10	**Income from fund management services for SRI Funds**	
	Income from managing SRI funds to local investors, foreign investors, business trust investors or REITs, approved by SC is eligible for tax exemption from YA 2018 to YA 2020.	The existing tax incentive is extended for a period of 3 years from YA 2021 to YA 2023.
11	**Management fee income for Syariah-compliant Fund**	
	Tax exemption on SI derived from the provision of management services in respect of Syariah-compliant funds, certified by the SC as follows:	The existing tax incentive is extended for a period of 3 years from YA 2021 to YA 2023.

Service Recipient	Exemption period
Foreign investors	YA 2007 to YA 2020
Local investors	YA 2008 to YA 2020
Business trusts / REITs	YA 2014 to YA 2020

	Existing	Proposed
12	**Angel investor**	
	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. This incentive is available for applications received by the MOF from 1 January 2018 to 31 December 2020.	The tax incentive be extended to include applications received by the MOF until 31 December 2023.
13	**Venture Capital (VC)**	
	i. Venture Capital Management Company (VCMC) Income tax exemption on profit sharing (including management fees and performance fees proposed in Budget 2018) received from a Venture Capital Company (VCC) on any investment made by the VCC. ii. VCC The 5-year tax exemption on SI from all sources of income (excluding interest income and profits from savings or fixed deposits and Shariah-compliant deposits). iii. Investment in VCC Budget 2018 proposal: tax deduction on investments made into VCC funds created by VCMC by companies or individuals with business income, limited to a maximum of RM20 million a year. iv. Investment in VC Tax deduction on investments made into VC by companies or individuals with business income.	The qualifying investment period is extended until 31 December 2026. (For applications received by the SC until 31 December 2023).

	Existing	Proposed
14	**Green technology investment tax allowance (GITA)**	
	ITA of 100 percent on capital expenditure for qualifying green activity to be set-off against up to 70 percent of SI for a period of 5 years or until YA 2020, whichever earlier. (For applications received by MIDA until 31 December 2020)	The tax incentive is extended for a period of 3 years. (For applications received by MIDA until 31 December 2023)
15	**Green technology income tax exemption (GITE)**	
	Income tax exemption of 100 percent of SI for qualifying green services activities for a period of 5 years or until YA 2020, whichever earlier. (For applications received by MIDA from 1 January 2018 until 31 December 2020)	The tax exemption is extended for a period of 3 years, but the tax exemption is only given for 70 percent of SI. (For applications received by MIDA from 1 January 2020 until 31 December 2023)

Sales Tax: Introduction of Approved Major Exporter Scheme

Currently,
- traders can claim a drawback of sales tax paid on the acquisition or importation of taxable goods if those goods are subsequently exported; and
- manufacturers of exempt goods (for export) can claim an exemption from paying sales tax on the importation or purchase of raw materials, components and packing materials used in the manufacture of those goods.

It is proposed that an "Approved Major Exporter Scheme" is introduced to improve on the above sales tax facilities. Traders or manufacturers of exempted goods who export at least 80 percent of their annual sales would be eligible to apply for the Scheme.

Through this Scheme, approved traders and manufacturers of exempted goods are:
- eligible for full sales tax exemption on the importation and purchase of goods or raw materials, components and packaging materials; and
- not required to determine the quantity of goods to be exported at the time of importation or purchase of goods.

However, sales tax will need to be paid on:
- the portion of trading goods or manufactured exempted goods that are not exported or sold domestically, based on a prescribed formula to be released;
- 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.

(Effective from 1 July 2020)

Service Tax: Relaxation of the condition for group relief

Currently, group relief is available for taxable services under Group G (Professionals) of the First Schedule of the Service Tax Regulations 2018, excluding employment services and security services. However, companies are not able to avail themselves of the group relief where the same taxable services are also provided to persons outside the "same group of companies".

It is proposed that this condition of the group relief be relaxed to allow for the same services to be rendered to persons outside the "same group of companies" on the condition that the value of the services does not exceed 5 percent of the total value of services provided by that company within 12 months.

(Effective from 1 January 2020)

Service Tax: Exemption for provision of training and coaching services for disabled persons

Currently, training and coaching services (other than those provided by R&D companies, approved research institutes and Government, local authorities or statutory bodies) are taxable services under Group G of the First Schedule of the Service Tax Regulations 2018.

It is proposed that training and coaching services provided to persons with hearing, visual, physical, speech, mental and learning disabilities be exempted from service tax where they are provided by:
:

- training and coaching centres registered with the Ministry of Health Malaysia or Department of Social Welfare; or
- training and coaching centres endorsed by any national association for disabled person registered with Registrar of Societies Malaysia.

(Effective from 1 January 2020)

Review of export duty rate on crude palm oil

It is proposed that the export duty rate on Crude Palm Oil be revised as follows:

CPO Market Price (FOB RM/tonne)	Old 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

(Effective from 1 January 2020)

Excise duty exemption for tourism vehicles

Under the current Excise Duties Exemption Order 2017, locally assembled passenger motor vehicles are subject to excise duty at a scaled rate depending on the vehicle’s engine capacity. However, an excise duty exemption of 50 percent is given to tour operators on the purchase of locally assembled four wheel drive vehicles only, effective from 2 September 2006.

In conjunction with Visit Malaysia Year 2020, it is proposed that the excise duty exemption of 50 percent is broadened to the purchase of new locally assembled vehicles (other than four wheel drives) used as tourism vehicles.

This will be effective for applications received by the Ministry of Finance from 1 January 2020 until 31 December 2021.

Exemption of entertainments duty for stage performances

At present, the entertainments duty rate of 5 percent is imposed on stage performances held by local and international artists that have not been certified by Malaysian Communications and Multimedia Commission.

In conjunction with Visit Malaysia Year 2020, it is proposed that a full exemption on entertainments duty is given on admission tickets for stage performances that includes concerts, singing, music, dances and theatres. This includes cultural and artistic performances by local and international artists held at any venue in the Federal Territory of Kuala Lumpur, Labuan and Putrajaya.

(Effective from 1 January 2020 until 31 December 2020)

Stamp duty exemption for Rent-To-Own (RTO) Scheme

Under the RTO scheme, a housing developer will transfer the residential home identified by tenant to financial institution. The house will then be rented by / transferred to tenant. Stamp duty at ad valorem rate of 1 percent to 4 percent is imposed on the instrument of transfer at two levels.

It is proposed that full stamp duty exemption be given on the instrument of transfer of first residential home priced up to RM 500,000 for the following transactions:

- Transfer of residential home from housing developer to financial institution

  (For Sales and Purchase Agreement ("SPA") executed from 1 January 2020 to 31 December 2022)

- Transfer of residential home from financial institution to buyer.

  (For rental agreement executed from 1 January 2020 to 31 December 2022).

The above stamp duty exemption is subject to:

- Financial Institution - to obtain approval from Bank Negara Malaysia; and
- Housing developers - to register with National Housing Department (NHD) and Ministry of Housing and Local Government (KPKT)

Stamp duty remission for transfer of property by way of love and affection

Currently, the 50 percent stamp duty remission for transfer of real property from parent to child and vice versa by way of love and affection is given to both Malaysian citizens and non-citizens.

It is proposed that the exemption is restricted to Malaysian citizens only.

(For instrument of real property transfer executed from 1 January 2020)

Stamp duty on foreign currency loan agreement

Currently, conventional and Shariah-compliant loan agreements in foreign currency are subject to stamp duty at an ad valorem rate of RM 5 for every RM 1,000 of the loan amount, capped at RM500 for each loan agreement.

It is proposed that capped amount of RM500 be increased to RM 2,000.

(For loan agreement executed from 1 January 2020).

Review of Real Property Gains Tax (RPGT) treatment

Currently, the market value of real properties on 1 January 2000 is adopted as the acquisition price in determining the chargeable gain/loss for the disposal by Malaysian citizens and permanent residents of real properties acquired prior to year 2000 .

It is proposed that the market value as of 1 January 2000 be replaced by the market value as of 1 January 2013 as the acquisition price for the disposal of real properties acquired prior to year 2013 by Malaysian citizens and permanent residents.

(Effective for the disposal of real properties made from 12 October 2019)

Donation reporting threshold

Donation reporting threshold has been increased from RM5,000 to RM10,000 under Section 44(6) of the Income Tax Act, 1967 effective 5 September 2019. It is proposed that the threshold will be increased to RM20,000 beginning 2020.

Tax Appeal Tribunal

To improve the efficiency of management of taxpayer appeals, the Special Commissioners of Income Tax and Customs Appeal Tribunal will be merged into the Tax Appeal Tribunal which will be in operation in 2021. Taxpayers may submit tax related appeals under all applicable tax laws to the Tax Appeal Tribunal.

Tax Identification Number (TIN)

Malaysians above the age of 18 and corporate entities will be assigned a TIN beginning January 2021. Engagement sessions with all stakeholders will commence in 2020 for the implementation of this initiative.

Review and revamp of existing incentive framework

The Government has embarked on a comprehensive review and revamp of the existing incentive framework, comprising the Promotion of Investment Act 1986, Special Incentive Package and incentive under the Income Tax Act 1967. A new incentive framework is expected to be ready by 1 January 2021.

PwC Budget 2020 Seminar

Kuala Lumpur

Date:	21 October 2019
Time:	8.30 am to 5.00 pm
Venue:	Mandarin Oriental, Kuala Lumpur
Contact:	Fazlina Jaafar / Fiona Ren (03) 2173 3830 / (03) 2173 1313
Email:	events.info@my.pwc.com

Online registration:
http://bit.ly/PwCBudget2020Seminar

Johor Bahru

Date:	23 October 2019
Time:	8.30 am to 5.00 pm
Venue:	DoubleTree by Hilton, Johor Bahru
Contact:	Jasmine Law / Hanisah Azman (07) 218 6186 / (07) 218 6199
Email:	jasmine.yx.law@pwc.com hanisah.azman@pwc.com

Kuching

Date:	24 October 2019
Time:	8.15 am to 12.30 pm
Venue:	Hilton, Kuching
Contact:	Bryan Chen / Claira Simba Jasmy (082) 527 218
Email:	bryan.chen@pwc.com claira.simba.jasmy@pwc.com

Penang

Date:	30 October 2019
Time:	8.30 am to 5.00 pm
Venue:	Eastern & Oriental Hotel, Penang
Contact:	Ann Yew / Ong Bee Ling (04) 238 9291 / (04) 238 9170
Email:	siew.lay.yew@pwc.com bee.ling.ong@pwc.com

Melaka

Date:	31 October 2019
Time:	8.30 am to 5.00 pm
Venue:	Ramada Plaza, Melaka
Contact:	Lydia Chue / Roslena Yaakup (06) 283 6169
Email:	lydia.s.chue@pwc.com roslena.yaakup@pwc.com

Connect with us

Kuala Lumpur
Jagdev Singh
jagdev.singh@pwc.com
+60(3) 2173 1469

Penang & Ipoh
Tony Chua
tony.chua@pwc.com
+60(4) 238 9118

Johor Bahru
Benedict Francis
benedict.francis@pwc.com
+60(7) 218 6000

Melaka
Benedict Francis
benedict.francis@pwc.com
+60(7) 218 6000
Tan Hwa Yin
hwa.yin.tan@pwc.com
+60(6) 283 6169

Kuching
Bryan Chen
bryan.chen@pwc.com
+60(82) 527 218

Labuan
Jennifer Chang
jennifer.chang@pwc.com
+60(3) 2173 1828

CORPORATE TAX COMPLIANCE & ADVISORY

Consumer & Industrial Product Services
Margaret Lee
margaret.lee.seet.cheng@pwc.com
+60(3) 2173 1501
Steve Chia
steve.chia.siang.hai@pwc.com
+60(3) 2173 1572

Emerging Markets
Fung Mei Lin
mei.lin.fung@pwc.com
+60(3) 2173 1505

Energy, Utilities & Mining
Lavindran Sandragasu
lavindran.sandragasu@pwc.com
+60(3) 2173 1494

Financial Services
Jennifer Chang
jennifer.chang@pwc.com
+60(3) 2173 1828

Technology, Media, and Telecommunications
Heather Khoo
heather.khoo@pwc.com
+60(3) 2173 1636

SPECIALIST SERVICES

Corporate Services
Lee Shuk Yee
shuk.yee.x.lee@pwc.com
+60(3) 2173 1626

Global Mobility Services
Sakaya Johns Rani
sakaya.johns.rani@pwc.com
+60(3) 2173 1553
Hilda Liow
hilda.liow.wun.chee@pwc.com
+60(3) 2173 1638

International Tax Services / Mergers and Acquisition
Gan Pei Tze
pei.tze.gan@pwc.com
+60(3) 2173 3297

Dispute Resolution
Tai Weng Hoe
weng.hoe.tai@pwc.com
+60(3) 2173 1600

Indirect Tax
Raja Kumaran
raja.kumaran@pwc.com
+60(3) 2173 1701
Yap Lai Han
lai.han.yap@pwc.com
+60(3) 2173 1491
Chan Wai Choong
wai.choong.chan@pwc.com
+60(3) 2173 3100

Tax Technology
Yap Sau Shiung
sau.shiung.yap@pwc.com
+60(3) 2173 1555

Transfer Pricing
Jagdev Singh
jagdev.singh@pwc.com
+60(3) 2173 1469

China Desk
Lorraine Yeoh
lorraine.yeoh@pwc.com
+60(3) 2173 1499

Japanese Business Consulting
Yuichi Sugiyama
yuichi.sugiyama@pwc.com
+60(3) 2173 1191
Clifford Yap
clifford.eng.hong.yap@pwc.com
+60(3) 2173 1446

www.pwc.com/my/tax