

MALAYSIA 2022 BUDGET HIGHLIGHTS

“Keluarga Malaysia, Makmur Sejahtera”



BUDGET 2022 INDIVIDUAL TAX



Individual Tax Highlights

Items	Current	Proposed 2022
Medical expenses for taxpayer, spouse and children on serious diseases [Maximum RM8,000, including RM1,000 for medical examination expenses and RM1,000 for vaccination expenses]	-	Expanded on medical treatment expenses included registered psychiatrist, clinical psychologists, counsellors
Tax relief for expenses on study fees [Maximum RM7,000, including RM1,000 fees for attending up-skilling and self enhancement courses]	RM1,000 fees for attending up-skilling and self enhancement courses (Effective for YA2021 and YA2022)	RM2,000 fees for attending up-skilling and self enhancement courses (Extended until YA2023)
Social Security Organisation (SOCSO) Scheme	RM250	RM350 (including Employment Insurance Scheme)
Fees paid to child care centers and kindergartens [Maximum RM3,000]	RM3,000 (Effective until YA2021)	RM3,000 (Extended until YA2023)
Approved provident fund contributions (Employees Provident Fund) [Maximum RM4,000]	-	Extended to include self voluntary contribution

Individual Tax Highlights (Cont'd)

Items	Current	Proposed 2022
Deferred Annuity and Private Retirement Scheme [Maximum RM3,000]	RM3,000 (Effective until YA2021)	RM3,000 (Extended until YA2025)
Qualifying domestic travel expenses (Special Tax Relief) [Maximum RM1,000]	RM1,000 (Effective until YA2021)	RM1,000 (Extended until YA2022)
Purchase of handphones, notebooks or tablets (Special Tax Relief) [Maximum RM2,500]	RM2,500 (Effective until YA2021)	RM2,500 (Extended until YA2022)
PTPTN borrowers	-	10% - 15% discounts
E-sports tournament prize money	Expected to be tax under Section 4(f)	100% tax exemption
Reduction of minimum EPF contribution rate of 9%	Effective from 1 January 2021 until 31 December 2021	Extended to 30 June 2022
Income tax be imposed to residents in Malaysia on income derived from foreign sources and received in Malaysia	Tax exemption	Taxable (Effective from 1 January 2022)

Individual Tax Highlights (Cont'd)

Items	Current	Proposed 2022
Cash contribution to Social Enterprise (Perusahaan Social) accredited by MEDAC (Kementerian Pembangunan Usahawan dan Koperasi)	10% on aggregate income	Full exemption for 3 year of assessment (Required to apply and approve by MOF)
Self-funded booster vaccine	-	Entitled for tax deduction
Special tax exemption for building/commercial unit owners who gives at least 30% rental discount	Effective until 30 June 2021	Effective from 1 January 2022 to 30 June 2022
Self Voluntary Disclosure Program from Malaysia Custom Department	-	<ul style="list-style-type: none"> Phase 1 – 100% penalty waive Phase 2 – 50% penalty waive
Purchase and installation, rental and hire purchase of Electrical Vehicle (“EV”) charging facilities including payment of EV charging facility subscription fees	-	Up to RM2,500

BUDGET 2022 CORPORATE TAX



Corporate Tax Highlights

Items	Current	Proposed 2022
Tax deduction for renovation and refurbishing business premises [Maximum RM300,000]	RM300,000 (Effective until YA2021)	RM300,000 (Extended until YA2022)
Unutilised business losses carried forward	Maximum 7 years from year 2018	Maximum 10 years from year 2018
Cukai Makmur [Special tax on a one-off basis to companies generating high profits]	-	<ul style="list-style-type: none"> On first RM100 million chargeable income at 24% On subsequent chargeable income at 33%
Double deduction on Structured Internship Programme (Require to apply with Talent Corporation Malaysia Berhad)	Effective until YA2021	Extended until YA2025
Self-funded booster vaccine	-	Entitled for tax deduction
Windfall profit levy threshold for crude palm oil prices	RM2,500 per tons (Peninsular Malaysia) RM3,000 per tons (Sabah and Sarawak)	RM3,000 per tons (Peninsular Malaysia) RM3,500 per tons (Sabah and Sarawak)

Corporate Tax Highlights (Cont'd)

Items	Current	Proposed 2022
Special Reinvestment Allowances (RA)	Re-introduced for another 3 years from YA2020 to YA2022	Extended for another 2 years for YA2023 to YA2024
Special tax exemption for building/commercial unit owners who gives at least 30% rental discount	Effective until 30 June 2021	Effective from 1 January 2022 to 30 June 2022
Wages subsidies for tour operators whom experience decline in revenue of at least 30%	-	RM600 for each staff for 3 months [Maximum 500 staffs]
Accelerated capital allowances for tourism industry (new tour bus and assembly in Malaysia)	Initial allowance – 20% Annual allowance – 40% (Effective from YA2020 to YA2021)	Initial allowance – 20% Annual allowance – 40% (Extended from YA2022 to YA2024)
Tax exemption for tourism tax	Effective from 1 July 2020 to 31 December 2021	Extended to YA2022
Tax deduction for sponsoring arts, cultural and heritage activities	50% income tax exemption (Effective until YA2022)	Extended until YA2025

Corporate Tax Highlights (Cont'd)

Items	Current	Proposed 2022
Tax exemption for entertainment duty (apply to theme park, cinema and etc.)	Effective from 1 April 2020 to 31 December 2021	Extended until YA2022
Rebate on chargeable income for RM20,000 (SME)	RM20,000 each year (Incorporated from 1 July 2020 to 31 December 2021)	RM20,000 each year (Extended until 31 December 2022)
Rental expenditure for employee accommodation under Safe@Work Programme	Limited up to RM50,000 (Effective until YA2021)	Limited up to RM50,000 (Effective until YA2022)
Wages subsidies for employment of handicap (OKU), native (orang asli) and ex-convicts with minimum salary of RM1,200	-	<ul style="list-style-type: none"> • 30% incentive for first 6 months • 40% incentive for subsequent 6 months
Wages subsidies for employers who hire Malaysian who have not been actively employed with minimum salary of RM1,500	-	<ul style="list-style-type: none"> • 20% incentive for first 6 months • 30% incentive for subsequent 6 months
Incentive for employment of apprentice (perantis) aged between 18 to 30 years old	RM800	RM900 for 6 months

Corporate Tax Highlights (Cont'd)

Items	Current	Proposed 2022
Double deduction for scholarship of IPT (Institusi Pendidikan Tinggi)	Only apply for Electrical and Engineering course (Effective until YA2021)	Apply for all courses (Extended from YA2022 to YA2025)
Deferment of income tax instalment payments for MSMEs	-	<ul style="list-style-type: none">Allowed to postpone for 6 months until 30 June 2022Allowed to amend the estimated income tax payables on the 11th months before 31 October 2022



BUDGET 2022 OTHERS



Real Property Gain Tax (“RPGT”)

Items	Exemption	Who qualified?
Disposal of properties and real property company shares	100% exemption in the 6 th year after the date of acquisition and thereafter (Effective 1 January 2022)	Citizen and Permanent Resident-

Date of Disposal *	Current RPGT Rate	Proposed 2022 RPGT Rate
Within 2 years from date of acquisition	30%	30%
3 rd year from date of acquisition	30%	30%
4 th year from date of acquisition	20%	20%
5 th year from date of acquisition	15%	15%
6 th year from date of acquisition	5%	NIL

Extension of Sales Tax Exemption on the Purchase of Motor Vehicles

Items	Current	Proposed 2022
CKD (locally assembled) cars	100% (Until 31 December 2021)	100% (Extended until 30 June 2022)
CBU (fully imported) cars	50% (Until 31 December 2021)	50% (Extended until 30 June 2022)



Others

- ❖ Extension on Coverage Products for Excise Duty:
 - Sugary drink products in the form of pre-mix chocolate or cocoa, malt, coffee and tea.
 - Liquid and gel-based vaping e-liquids with nicotine for the use of electronic and non-electronic cigarette and vape.
- ❖ Compulsory for public-listed companies to appoint at least one (1) female director on their boards.
- ❖ Full exemption on import, excise duties and sales tax for electric vehicles.
- ❖ Sales tax to be imposed on low-value items sourced overseas that are sold online sellers and sent to Malaysia via air courier, effective from 1 January 2023.
- ❖ Services tax to be imposed on delivery services provided by service providers including e-commerce platforms, except for food and beverage deliveries and logistics services, effective from 1 July 2022.
- ❖ Contract note stamp duty is raised to 0.1% from 0.15% and its RM200 ceiling is removed.
- ❖ Sales tax will no longer be imposed on stock trading brokerage activities, effective from 1 January 2022.

TAX INCENTIVE



Micro Credit Scheme

Agency	Program/Scheme	Financing terms
TEKUN	Informal and micro loan scheme	<ul style="list-style-type: none"> • Loan rate: 0% • Size: Up to RM 10,000 • Duration: Up to 5 years (Including moratorium) • Moratorium: 12 months
TEKUN	Various micro credit schemes	<ul style="list-style-type: none"> • Loan rate: 0% • Size: Up to RM 10,000 • Duration: Up to 5 years • Moratorium: 6 months
BSN	Various easy micro financing schemes	<ul style="list-style-type: none"> • Loan rate: 0% for 6 first month, 4% for next • Size: Up to RM 75,000 • Duration: Up to 5 years • Moratorium: 6 months
Agrobank	Micro credit scheme	<ul style="list-style-type: none"> • Loan rate: 0% for first month, 3% for next • Size: Up to RM 75,000 • Duration: Up to 5 years

Business Financing

Agency	Program/Scheme	Financing terms
PUNB	Financing programs	<ul style="list-style-type: none"> • Loan rate: 0% for first month, 5.0% - 8.0% next • Size: Up to RM 10 million • Duration: Up to 7 years • Moratorium: 6 months
MIDF	Jumpstart financing	<ul style="list-style-type: none"> • Loan rate: 2.0% - 3.0% • Size: Up to RM 500,000 • Duration: Up to 7 years • Moratorium: 18 months
Agrobank	Food financing programmes	<ul style="list-style-type: none"> • Loan rate: 0% for 6 first month, 3.0% next • Up to RM 500,000 • Duration: Up to 8 years • Moratorium: 6 months
BPMB	Working Capital Scheme	<ul style="list-style-type: none"> • Loan rate: 4% • Size: RM 1 million – RM 10 million • Duration: Up to 3 years

Business Financing (Cont'd)

Agency	Program/Scheme	Financing terms
SME Bank	IBS Promotion Fund (IBS2.0)	<ul style="list-style-type: none"> • Loan rate: Based on risk • Size: Up to RM 10 million • Duration: Up to 15 years • Moratorium: None
SME Bank	Young Entrepreneur Fund (YEF 2.0)	<ul style="list-style-type: none"> • Loan rate: 5% • Size: Up to RM 1 million • Duration: Up to 10 years
SME Bank	SME Recapitalisation Fund	<ul style="list-style-type: none"> • Dividend \pm 6% • Size: Up to RM 5 million • Duration: Up to 5 years • Moratorium: 6 months
BNM	Targeted Relief and Recovery Facility	<ul style="list-style-type: none"> • Loan rate: Up to 3.5% per annum (including warranty fee) • Size: Up to RM 500,000 • Duration: Up to 7 years (Including moratorium) • Moratorium: At least 6 months

Business Financing (Cont'd)

Agency	Program/Scheme	Financing terms
BNM	Low Carbon Transition Facility	<ul style="list-style-type: none">• Loan rate: Up to 5% per annum (for the portion channelled by BNM)• Size: Up to RM 5million (for parts channelled by BNM)• Duration: Up to 10 years
BNM	Business Recapitalisation Facility	<ul style="list-style-type: none">• Loan rate: Up to 3.5% per annum (for credit financing) + dividends (determined by equity financier)• Size: Up to RM 5 million• Duration: Up to 10 years
BNM	Agrofood Facility	<ul style="list-style-type: none">• Loan rate: Up to 3.75% per annum (including warranty fee)• Size: Up to RM 5 million• Duration: Up to 8 years

Business Financing (Cont'd)

Agency	Program/Scheme	Financing terms
BNM	Micro Enterprises Facility	<ul style="list-style-type: none"> • Loan rate: determined by the institution financial • Size: Micro Enterprise (including part-time employees who using digital platforms and self-employed workers) : RM50,000 • Duration: Up to 5 years
BNM	SME Automation and Digitalisation Facility	<ul style="list-style-type: none"> • Loan rate: UP to 4% per annum (including warranty fee) • Size: Up to RM 3 million • Duration: Up to 10 years
BNM	PENJANA Tourism Financing	<ul style="list-style-type: none"> • Loan rate: Up to 3.5% per annum (including warranty fee) • Size: Up to RM 300,000 • Duration: Up to 7 years (inclusive moratorium period) • Moratorium: At least 6 months

Business Financing (Cont'd)

Agency	Program/Scheme	Financing terms
BNM	All Economic Sectors Facility	<ul style="list-style-type: none">• Loan rate: Up to 7% per annum (including warranty fee)• Size: Up to RM 5 million• Duration: Up to 5 years
BNM	High Tech Facility National Investment Aspirations	<ul style="list-style-type: none">• Loan rate: Up to 3.5% per annum (excluding warranty fee); Up to 5% per annum (including fee)• Size: Up to RM 1 million for working capital; Up to RM 5 million for capital expenditure• Duration: Up to 7 years

Grant

	Proposed 2022
Smart automation – matching grant	RM 100 million
Collaborative Research in Engineering, Science and Technology	RM 12 million
Register homestay owner	RM 30 million
Tourisms, art and culture – related program	RM 50 million
Technology RRIM Hydrobes	RM 5 million
Transition for low carbon	RM 1 billion
Geran Pendigitalan PKS	RM 200 million

Skim Digital Ecosystem Acceleration

	Current	Proposed 2022
Promoted activity under Multimedia Super Corridor (MSC)	Tax exemption for 70% to 100% (5 to 10 years)	
i. Digital Technology Provider		
❖ New company	Tax rate at 0% up to 10% (for 10 years)	Tax rate at 0% up to 10% (for 10 years)
❖ Existing company with new business segment	Tax rate at 10% (Up to 10 years)	Tax rate at 10% (Up to 10 years)
ii. Digital Infrastructure Provider		
❖ Investment tax allowance	5 years 100% on Capital Expenditure (Up to 70% of Statutory Income)	10 years 100% on Approved Capital Expenditure (Up to 100% of Statutory Income)
<i>* Effective from 30 October 2021 to 31 December 2025</i>		

Green Technology Incentive

	Proposed 2022
Expanded to include Rainwater Harvesting System (RHS) projects	
i. GITA (Qualifying for RHS Activities)	100% on Capital Expenditure and restricted to 70% of Statutory Income
ii. GITE (Qualifying for RHS Services Activities)	Restricted to 70% of Statutory Income
<i>* Effective from 1 January 2020 to 31 December 2023</i>	

Notes to existing Tax Incentives:

- i. GITA (Qualifying Green Activities) – 100% on Capital Expenditure, restricted to 70% of Statutory Income for up to 6 years
- ii. GITE (Qualifying Green Services Activities)
 - ❖ Approved Green activities - restricted to 70% on Statutory Income for up to 6 years
 - ❖ Solar leasing (Recognised by SEDA): 70% on Statutory Income for up to 10 years



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