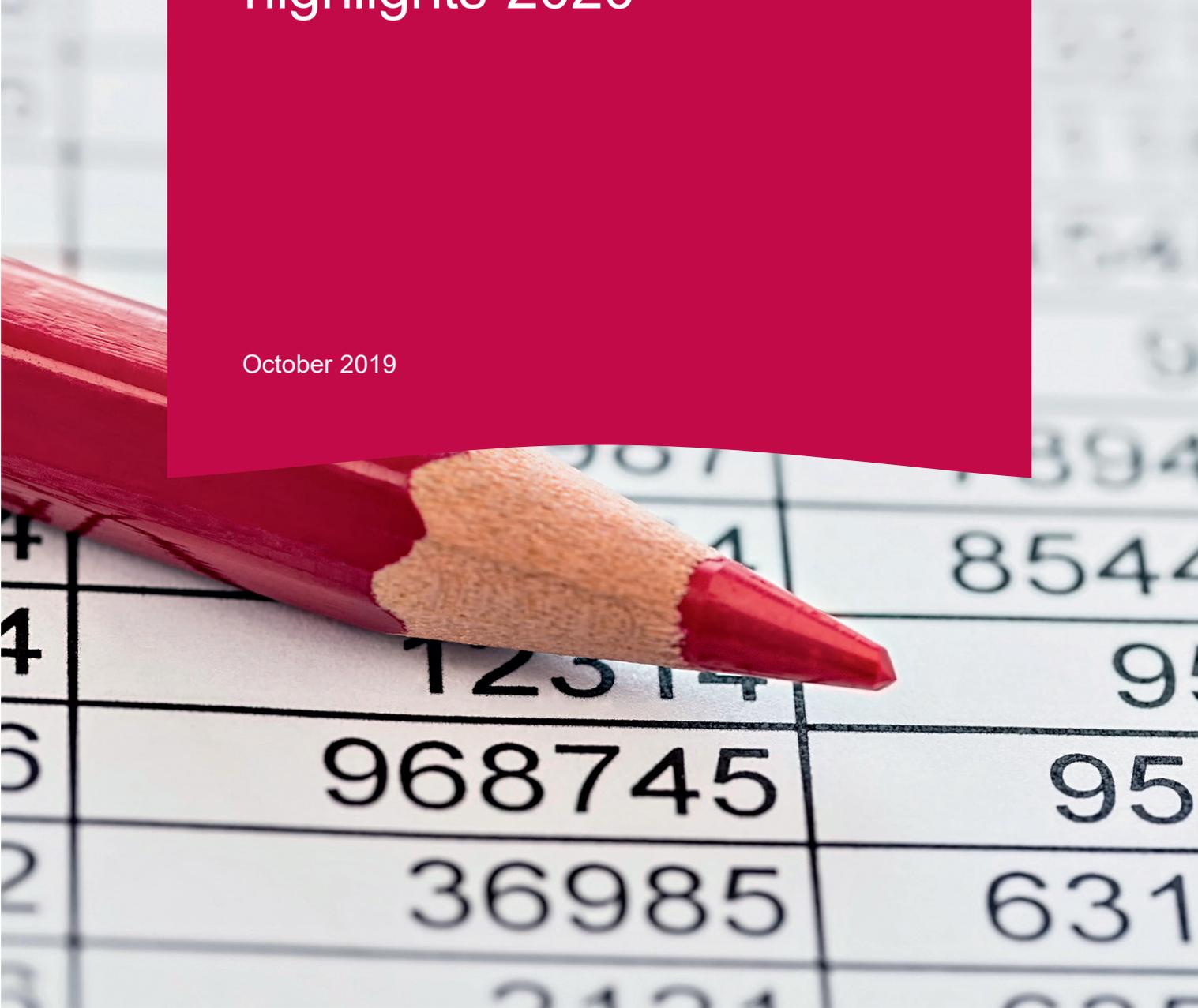


Luther.

Malaysia News:

Malaysia's Budget
highlights 2020

October 2019

A red pencil with a sharpened lead tip lies diagonally across a grid of numbers. The grid contains various numerical sequences, including '12314', '968745', '36985', '8544', '95', and '631'. The pencil is positioned over the '968745' and '36985' rows.

4	12314	95
4	968745	95
6	36985	631
2		
3		

Tax Highlights

On 11 October 2019, Minister of Finance Lim Guan Eng delivered the annual budget speech in the Dewan Rakyat (the “**Budget Speech**”). This is the second budget to be tabled under the Pakatan Harapan Government. The theme of the 2020 Budget Speech was “**Driving Growth And Equitable Outcomes Towards Shared Prosperity**”, consistent with the Shared Prosperity Vision 2030. It mainly focuses on four matters: (i) driving economic growth in the new economy and digital era, (ii) investing in Malaysians by “levelling up human capital”, (iii) creating a united, inclusive and equitable society, and (iv) the revitalisation of public institutions and finances.

Among the numerous proposals included in the Budget Speech, it is worth highlighting some that are particularly significant:

- **For Businesses:** the Government intends to make Malaysia the “preferred destination for investments” by supporting businesses through the following proposals:
 - Small and Medium Enterprises (“SMEs”) and Limited Liability Partnerships (“LLPs”) will benefit from a reduced corporate income tax rate of 17% on the first MYR 600,000 of chargeable income;
 - Some new tax incentives are proposed and others expanded/extended, mainly: strategic push to attract targeted Fortune 500 companies and global unicorns in high technology, manufacturing, creative and new economic sectors; incentives for Intellectual Property (“IP”) to enhance Research & Development (“R&D”) framework and encourage IP development activities; and incentives for Electrical and Electronics (“E&E”) to transition into 5G digital economy and industry;
 - Tax incentives in the tourism sector in preparation for Visit Malaysia 2020;
 - Regarding indirect taxes, the Government declared that it has no intention to reinstate Goods and Services Tax. Furthermore, to tackle major refund issues regarding Sales and Services Tax (“SST”), it intends to improve the existing facility to drawback sales tax paid for goods subsequently exported; and
 - No new tax is introduced but the government confirmed that the 6% Digital Service Tax shall be implemented as from 1 January 2020.
- For Individuals: The government is keen to reduce wealth gaps and support the creation of a skilled workforce in Malaysia.
- **For resident individuals:** the top marginal tax rate shall be increased from 28% to 30% on the portion of chargeable income exceeding MYR 2 million;
- For non-resident individuals: the fixed income tax rate shall be increased from 28% to 30%; and
- The threshold on high-rise property prices in urban areas for foreign ownership shall be lowered from MYR 1 million to MYR 600,000 in 2020.
- **For administrative procedures:** The Budget Speech highlights the government’s commitment to simplify and make administrative procedures more efficient.
 - A Tax Identification Number (“TIN”) shall be created as from January 2021; and
 - The Special Commissioner of Income Tax (for appeals against decisions of the Director General of the Inland revenue Board (“IRB”)) (“SCIT”) and the Customs Appeal Tribunal (for appeals against decisions of the Director General of Royal Malaysian Customs Department (“RMCD”)) (“CAT”) shall be merged into a new Tax Appeal Tribunal.

The main Budget proposals announced by the Minister of Finance are summarized in the table herein below. This tax newsletter is solely based on the contents of the 2020 Budget Speech and its appendices. Where needed, Luther can provide you with further details in order to assist you in analysing the potential consequences of these changes for your company.

Subject matter	Nature of the proposal	Effective date	Details of the proposal
A. BUSINESSES			
I. Corporate tax			
SMEs and LLPs income tax	Revision	YA 2020	<p>The amount of chargeable income subjected to the preferential 17% rate will be increased from MYR 500,000 to MYR 600,000, subject to:</p> <ul style="list-style-type: none"> • the SME / LLPs having paid-up capital (SME) / capital contributions (LLP) of not more than MYR 2.5 million; and • annual sales of not more than MYR 50 million (in addition to the previous share capital/capital contribution requirement). <p><i>Comment: the 2020 Budget Speech has not clarified the scope of “annual sales”.</i></p>
Special allowances for Small Value Assets (“SVA”)	Expansion	YA 2020	<p>Capital allowance on SVA shall be increased as follows:</p> <ul style="list-style-type: none"> • For both SMEs and non-SMEs, the value of assets eligible to be fully claimed will be increased from MYR 1,300 to MYR 2,000; and • For non-SMEs only, the limit of qualifying capital allowance eligible to be claimed shall be increased from MYR 13,000 to MYR 20,000 for each year of assessment.
Tax deduction on secretarial fees and tax filing fees	Revision	YA 2020	<p>Previously, tax deduction was given for secretarial fees up to MYR 5,000 and tax filing fees up to MYR 10,000 for each year. The tax deduction limit on expenses incurred on secretarial fees and tax filing fees shall be combined and allowed up to MYR 15,000 for each YA.</p>

Subject matter	Nature of the proposal	Effective date	Details of the proposal
II. Indirect tax			
Sales tax: introduction of Approved Major Exporter Scheme (“ AMES ”)	New	From 1 July 2020	<p>The AMES shall be introduced under the Sales Tax Act 2018. The traders or manufacturers of exempted goods (for export) who export at least 80% of their annual sales will be eligible to 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.</p> <p>The approved traders and manufacturers of exempted goods are:</p> <ul style="list-style-type: none"> • Eligible for a 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. <p>Sales tax shall need to be paid for:</p> <ul style="list-style-type: none"> • The portion of trading goods or manufactured exempted goods that are not exported or sold in local market, based on the prescribed formula; and • 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. <p><i>Comment: This proposal is a significant improvement of the situation of importer-exporters in Malaysia. Traders will no longer need to follow the burdensome process of paying the sales tax upfront and applying for the drawback.</i></p>

Subject matter	Nature of the proposal	Effective date	Details of the proposal
Service tax: relaxation of the condition for group relief	Expansion	From 1 January 2020	<p>The Service Tax Regulation 2018 provides for a group relief facility under the service tax.</p> <p>Such group relief shall be allowed for the qualifying taxable services under professional group provided by a company to a third party who is not within the same group or company (previously not allowed), provided that the value of the services does not exceed 5% of the total value of services provided by that company within 12 months.</p> <p><i>Comment: it might be difficult to determine whether the 5% threshold is breached. In practice, it will be necessary to track precisely the value of services provided to third parties outside the same group of companies, which can be very burdensome.</i></p>
Service tax: exemption for provisions of training and coaching services for disabled persons	Expansion	From 1 January 2020	<p>Service tax exemption shall be given on training and coaching services for disabled persons with hearing, visual, physical, speech, mental, and learning disabilities.</p>
Deferred payment facility for clearance of goods from customs control	New	To be determined	<p>The RMCD shall introduce a deferred payment facility to expedite the clearance process of cross border transactions. This proposal should reduce the time and cost of cross border trade significantly.</p> <p><i>Comment: further developments are to be expected with regard to this proposal (time of payment deferral, persons and goods concerned).</i></p>

Subject matter	Nature of the proposal	Effective date	Details of the proposal
III. Tax incentives			
Packaged investment incentives for Fortune 500 companies and global unicorns in high technology	New	To be determined	<p>Customised packaged investment incentives shall be available up to MYR 1 billion over 5 years, upon the following conditions:</p> <ul style="list-style-type: none"> • Invest at least MYR 5 billion in Malaysia, generating additional economic activities for SME; • Create 500,000 high quality jobs over the next 5 years; and • Strengthen the manufacturing and service ecosystems. <p><i>Comment: further developments are to be expected with regard to this proposal.</i></p>
Packaged investments incentives for Export-oriented businesses	New	To be determined	<p>Customised packaged investment incentives annually up to MYR 1 billion shall be available over 5 years for export-oriented businesses. These incentives are strictly conditional upon these companies proving their ability to grow and export their products and services globally.</p> <p><i>Comment: further developments are to be expected with regard to this proposal.</i></p>
Incentive for Electrical and Electronics sector	New	To be determined	<p>E&E companies shall be exempted from income tax when investing in selected knowledge-based services up to 10 years.</p> <p><i>Comment: further developments are to be expected with regard to this proposal (notably the scope of the “knowledge-base services”).</i></p>
		For applications received by Malaysian Investment Development Authority (“MIDA”) from 1 January 2020 until 31 December 2021	<p>In addition, E&E companies that have exhausted the Reinvestment Allowance shall be given an Income Tax Allowance (“ITA”) of 50% on qualifying capital expenditure incurred within a period of 5 years. This ITA will be able to be set-off against 50% of statutory income for each YA.</p>

Subject matter	Nature of the proposal	Effective date	Details of the proposal
Review of tax incentive for automation	Extension / Expansion	Extended to applications received by MIDA until 31 December 2023	Both Accelerated Capital Allowance (“ ACA ”) for automation equipment in the manufacturing sector (i) for the first MYR 4 million incurred on qualifying capital expenditure in labour-intensive industries and (ii) for the first MYR 2 million incurred on other qualifying capital expenditure shall be extended for 3 years.
		For applications received by MIDA from YA 2020 to YA 2023	Furthermore, the incentive shall be expanded to include the services sector for the first MYR 2 million incurred on qualifying capital expenditure.
Incentive for development of IP	New	For applications received by MIDA from 1 January 2020 until 31 December 2022	An income tax exemption of 100% shall be given for a period of up to 10 years on qualifying IP generated income derived from patent and copyright software of qualifying activities. The Modified Nexus Approach will be adopted to ensure that the tax incentive only applies to income derived from IP developed in Malaysia.
Tax deduction on cost of living in Bursa Malaysia	New	From YA 2020 to YA 2022	Technology-based companies and SME’s that list through Access, Certainty, Efficiency (“ ACE ”) Market and Leading Entrepreneur Accelerator Platform (“ LEAP ”) Market shall be eligible for a tax deduction of up to MYR 1.5 million on the following costs: <ul style="list-style-type: none"> • Fees to authorities; • Professional fees; and • Underwriting, placement and brokerage fees.
Income tax exemption to religious institutions or organisations registered as a Company Limited By Guarantee (“ CLBG ”)	Expansion	YA 2020	Tax exemption on all income enjoyed by some religious institutions shall be extended to cover religious institutions registered as CLBG with SSM and approved by IRB.

Subject matter	Nature of the proposal	Effective date	Details of the proposal
Expansion of the scope of tax deductions on contributions to charity and community projects	Expansion	YA 2020	<p>To further encourage the involvement of the private sector in the implementation of Corporate Social Responsibility, tax deductions under 34(6)(h), Income Tax Act 1967 shall be enhanced to include:</p> <ul style="list-style-type: none"> • Environmental preservation and conservation projects; and • Maintenance and conservation projects for heritage buildings.
Incentive for organising arts, cultural, sports and recreational activities in Malaysia	New	From YA 2020 to YA 2022	<p>Income tax exemptions of 50% on statutory income shall be given to companies that organise:</p> <ul style="list-style-type: none"> • Arts and cultural activities approved by the Ministry of Tourism, Arts and Culture; and • International sports and recreational competitions approved by Ministry of Youth and Sports.
Incentive for the purchase of tourism vehicles	New	From YA 2020 to YA 2021	<p>ACA shall be given on expenses incurred in the purchase of new locally assembled excursion buses, with initial allowance of 20% and an annual allowance of 40%, to be fully claimed within 2 years.</p>
Review of tax deduction limit for the sponsorship of arts, cultural and heritage activities in Malaysia	Revision	YA 2020	<p>Tax deduction limits on companies sponsoring arts, cultural and heritage activities shall be increased from MYR 700,000 up to MYR 1 million a year.</p> <p>Tax deduction limit for sponsoring foreign arts, cultural and heritage activities shall remain up to MYR 300,000 a year.</p>

Subject matter	Nature of the proposal	Effective date	Details of the proposal
Expansion of scope of tax incentives for tourism projects	Expansion	For applications received by MIDA from 1 January 2020	<p>Integrated tourism and sports tourism projects shall be eligible for tax incentives as follows:</p> <ul style="list-style-type: none"> • Pioneer Status (“PS”) with income tax exemption of 70% on statutory income for a period of 5 years; or • ITA of 60% on qualifying capital expenditure incurred within 5 years. This allowance will be able to be set-off against up to 70% of the statutory income for each year of assessment. <p>International theme parks shall be eligible for tax incentives as follows:</p> <ul style="list-style-type: none"> • PS with income tax exemption of 100% on statutory income for 5 years; or • ITA of 60% on the qualifying capital expenditure incurred within 5 years. This allowance will be able to be set-off against up to 70% of statutory income.
Incentive for organising conferences in Malaysia	Expansion	From YA 2020 until YA 2025	Income tax exemption of 100% statutory income shall be extended to any entity whose main activities are other than promoting and organizing conferences provided that the organizer brings in at least 500 foreign participants annually.
Incentive for National Dual Training Scheme	Extension	Extended until 31 December 2021	Double deduction on expenses incurred by companies participating in National Dual Training Scheme for Industry4WRD programs shall be extended for 2 years.
Incentive for Structured Internship Programme (“ SIP ”)	Extension / Expansion	Extended from YA 2020 to YA 2021	<p>Double deduction shall be given on qualifying expenditure incurred by companies that implement SIP.</p> <p>Existing tax incentives for SIP shall be expanded to include Bachelor’s degree, Diploma, Vocational (DKM Level 4 and 5) and SKM Level 3 students in all academic fields and extended for 2 years.</p>

Subject matter	Nature of the proposal	Effective date	Details of the proposal
Real Estate Investment Trusts (“REIT”) tax treatment	Extension	Extended from YA 2020 to YA 2025	The current tax rates applied to REIT investors that receive profit distributions from a REIT listed on Bursa Malaysia shall be extended for 6 years.
Extension of period of tax incentive for issuance of <i>Sukuk Wakalah</i>	Extension	Extended from YA 2021 to YA 2025	Tax deductions for issuance cost and additional issuance costs of <i>Sukak</i> under the principle of <i>Wakalah</i> shall be extended to YA 2025. Tax deductions for issuance costs of <i>Sukuk</i> under <i>Ijarah</i> shall be eligible to be claimed until YA 2020.
Extension of period of tax incentives for issuance of Sustainable and Responsible Investments (“SRI”) <i>Sukuk</i>	Extension	Extended from YA 2021 to YA 2023	The existing tax deduction for issuance cost of SRI <i>Sukuk</i> either approved by, authorized by, or lodged with Securities Commission of Malaysia (“SCM”) shall be extended for 3 years.
Extension of the tax exemption on management fee income for SRI Funds	Extension	Extended from YA 2021 to YA 2023	Tax exemption on the management fee income in managing conventional SRI and <i>Shariah</i> -compliant SRI funds approved by the SCM is extended for 3 years.
Extension of the tax exemption on management fee income for <i>Shariah</i> -compliant fund	Extension	Extended from YA 2021 to YA 2023	Tax exemption for companies that provide <i>Shariah</i> -compliant fund management services approved by the SCM, on management fees received from foreign investors, local investors, business trusts and REITs, shall be extended for 3 years.
Extension of period of the tax incentive for angel investors	Extension	Extended to applications received by the Ministry of Finance until 31 December 2023	Tax exemptions for angel investors that are equivalent to the amount of investment made in a qualifying investee company, shall be extended for 3 years.
Extension of period of tax incentive for venture capital	Extension	The qualifying investment period being extended until 31 December 2026, for applications received by SCM until 31 December 2023	The existing tax incentives for venture capital shall be extended for 4 years.

Subject matter	Nature of the proposal	Effective date	Details of the proposal
Green technology incentives	Revision	Extension to applications received by MIDA until 31 December 2023	Regarding the Green Investment Tax Allowance (“ GITA ”), an ITA of 100% shall be granted on capital expenditure for qualifying green activities for an extended period of 3 years. This allowance will be able to be set-off against up to 70% of statutory income.
		Extension to applications received by MIDA from 1 January 2020 until 31 December 2023	<p>Regarding the Green Income Tax Exemption (“GITE”), an income tax exemption of 70% (previously 100%) of statutory income shall be given for qualifying green services activity.</p> <p>Furthermore, a new tax incentive for solar leasing activities with income tax exemption of 70% of statutory income for a period of up to ten years of assessment shall be granted to solar leasing companies certified by Sustainable Energy Development Authority.</p>

Subject matter	Nature of the proposal	Effective date	Details of the proposal																										
B. INDIVIDUALS / PERSONAL INCOME TAX																													
Review of individual income tax rate	Revision	YA 2020	<p>Income tax rate for individuals shall be increase as follows:</p> <ul style="list-style-type: none"> For resident individuals: <table border="1" data-bbox="898 465 1444 1055"> <thead> <tr> <th>Chargeable income (MYR)</th> <th>New tax rate (%)</th> </tr> </thead> <tbody> <tr> <td>0 – 5,000</td> <td>0</td> </tr> <tr> <td>5,001 – 20,000</td> <td>1</td> </tr> <tr> <td>20,001 – 35,000</td> <td>3</td> </tr> <tr> <td>35,001 – 50,000</td> <td>8</td> </tr> <tr> <td>50,001 – 70,000</td> <td>14</td> </tr> <tr> <td>70,001 – 100,000</td> <td>21</td> </tr> <tr> <td>100,001 – 250,000</td> <td>24</td> </tr> <tr> <td>250,001 – 400,000</td> <td>24.5</td> </tr> <tr> <td>400,001 – 600,000</td> <td>25</td> </tr> <tr> <td>600,001 – 1,000,000</td> <td>26</td> </tr> <tr> <td>1,000,001 – 2,000,000</td> <td>28</td> </tr> <tr> <td>Exceeding 2,000,000</td> <td>30</td> </tr> </tbody> </table> For non-resident individuals: the fixed income tax rate shall be increased from 28% to 30%. <p><i>Comment: the 2% point increase from the current 28% top marginal rate should affect only about 2,000 taxpayers.</i></p>	Chargeable income (MYR)	New tax rate (%)	0 – 5,000	0	5,001 – 20,000	1	20,001 – 35,000	3	35,001 – 50,000	8	50,001 – 70,000	14	70,001 – 100,000	21	100,001 – 250,000	24	250,001 – 400,000	24.5	400,001 – 600,000	25	600,001 – 1,000,000	26	1,000,001 – 2,000,000	28	Exceeding 2,000,000	30
Chargeable income (MYR)	New tax rate (%)																												
0 – 5,000	0																												
5,001 – 20,000	1																												
20,001 – 35,000	3																												
35,001 – 50,000	8																												
50,001 – 70,000	14																												
70,001 – 100,000	21																												
100,001 – 250,000	24																												
250,001 – 400,000	24.5																												
400,001 – 600,000	25																												
600,001 – 1,000,000	26																												
1,000,001 – 2,000,000	28																												
Exceeding 2,000,000	30																												
Private retirement Scheme (“ PRS ”)	New	To be determined	Pre-retirement withdrawals for the PRS for the purposes of healthcare and housing shall be allowed with the same terms and conditions as that allowed by EPF and shall not be subject to any penalty for early withdrawal (currently, there is an 8% penalty).																										
Increase in minimum wage	Revision	Effective from 2020	<p>The minimum wage was increased to MYR 1,100 per month effective January 2019.</p> <p>The Government now proposes to increase the minimum wage rate only in major cities to MYR 1,200 per month.</p>																										

Subject matter	Nature of the proposal	Effective date	Details of the proposal
Increase in limit of tax relief for fees paid to childcare centres and kindergartens	Expansion	YA 2020	The individual tax relief given to taxpayers who enrol their children aged up to 6 years in childcare centres and kindergartens will be increased from MYR 1,000 to MYR 2,000.
Extension of tax exemption for women returning to work from a career break	Extension	Extended to applications received by TalentCorp from 1 January 2020 until 31 December 2023	Income tax exemption given on employment income for a maximum of 12 consecutive months to women who return to work after a career break shall be extended for a period of 4 years.
Fertility Incentive	Expansion	YA 2020	The income tax relief of up to MYR 6,000 given on expenses incurred for medical treatment of serious illnesses shall be expanded to include expenses incurred on fertility treatment.
Expansion of scope of income tax deduction on <i>Perbadanan Tabung Pendidikan Tinggi Nasional</i> (“PTPTN”) loan amount paid by employers on behalf of employees	Extension	Extended to repayment made from 1 January 2020 until 31 December 2021	The income tax deduction on <i>Perbadanan Tabung Pendidikan Tinggi Nasional</i> (“PTPTN”) loan amount paid by employers on behalf of employees is extended for a period of 2 years.
Income tax rebate for departure levy imposed on outbound air passengers performing <i>umrah</i> and pilgrimage to holy places	Expansion	YA 2019	Individual income tax rebate on the departure levy imposed on outbound air passengers performing <i>umrah</i> and pilgrimage to holy places shall be given and can be claimed twice in a lifetime.
Donation for charitable and sports activities and projects of national interest	Revision / expansion	YA 2020	For taxpayers other than companies, the tax deduction on contribution for charitable and sports activities and projects of national interest shall be increased from 7% to 10% of aggregate income. Furthermore, the tax deduction is expanded to cash <i>wafak</i> contributions to state religious authorities and some public universities, and cash endowment to public universities.

Subject matter	Nature of the proposal	Effective date	Details of the proposal
Real estate ownership of foreigners	Revision	2020	The threshold on high rise property prices in urban areas for foreign ownership is lowered from MYR 1 million to MYR 600,000.
Eligibility to Social Security Organization (“SOCSSO”) contribution will be expanded to cover self-employed individuals in 18 key sectors and eligible spouse under i-Suri programme	Expansion	From 2020	<p>The current Self-Employment Social Security Scheme by the SOCSSO will be expanded to enable contributions by other self-employed groups across 18 key sectors, such as fishermen, farmers, sole proprietors and partnerships.</p> <p>Furthermore, the i-Suri programme shall be expanded whereby a husband may voluntarily elect to contribute 2% from his 11% EPF employee contribution to his wife’s EPF Account.</p>
C. TAX ADMINISTRATIVE			
Donation reporting threshold	Expansion	2020	Effective 5 September 2019, the donation reporting threshold has been increased from MYR 5,000 to MYR 10,000 under Subsection 44(6) of the Income Tax Act 1967 (gift or money given to the Government, a State Government, a local authority or an institution or organization or a fund). This will subsequently be increased to MYR 20,000.
Tax Appeal Tribunal	Revision	2021	<p>The SCIT and the CAT shall be merged into the Tax Appeal Tribunal.</p> <p><i>Comment: further developments are to be expected with regard to this proposal (notably the future Tax Appeal Tribunal procedure as SCIT’s and CAT’s administrative procedures currently differ).</i></p>
Tax Identification Number	New	January 2021	Malaysians above the age of 18 and corporate entities will be assigned a TIN.
Review and revamp of existing incentive framework	Revision	The new framework is expected to be ready by 1 January 2021	The Government shall review and revamp the existing incentive framework, comprising the Promotion of Investments Act 1986, Special Incentive Package and incentives under the Income Tax Act 1967.

Subject matter	Nature of the proposal	Effective date	Details of the proposal
D. MISCELLANEOUS			
I. Stamp Duty			
Stamp duty exemption for Rent-To-Own (“RTO”) Scheme	New	<p>For SPA executed from 1 January 2020 to 31 December 2022 regarding the transfer of residential homes from housing developers to financial institutions,</p> <p>For rental agreements executed from 1 January 2020 to 31 December 2022 regarding the transfer of residential homes from financial institutions to final buyers</p>	<p>RTO is an alternative financing scheme to assist home ownership whereby financial institutions will initially rent out the house and the tenant is subsequently given the option to purchase.</p> <p>For the purchase of first homes, with a property value of up to MYR 500,000, stamp duty exemption shall be given on the instruments of transfer, that is to say both the transfer of residential home from housing developer to financial institution, and the transfer of residential home from financial institution to final buyer.</p> <p>This stamp duty exemption is subject to the following:</p> <ul style="list-style-type: none"> • Financial institutions regulated by Bank Negara Malaysia (“BNM”) that provide home financing under this RTO scheme must obtain approval from BNM; and • Housing developers collaborating with financial institutions that provide RTO schemes must be registered with NHD, KPKT.
Stamp duty remission for transfer of property by way of love and affection	Restriction	For instrument of real property transfer executed from 1 January 2020	Stamp duty remission of 50% on the instrument of real property transfer between parents and children and vice versa by way of love and affection shall be restricted to Malaysian citizens only (previously expanded to non-citizens).
Stamp duty on foreign currency loan agreement	Revision	For loan agreements executed from 1 January 2020	Loan agreements in foreign currency shall be subject to stamp duty at an <i>ad valorem</i> rate of MYR 5 for every MYR 1,000 of the loan amount, with a maximum amount of stamp duty increasing from MYR 500 to MYR 2,000.

Subject matter	Nature of the proposal	Effective date	Details of the proposal																						
II. Real Property Gains Tax																									
Review of Real Property Gains Tax (“RPGT”) treatment	Revision	Effective for the disposal of real properties made from 12 October 2019	For disposal of properties acquired before 1 January 2013 and after 5 years from the date of acquisition, the current base year of 1 January 2000 shall be replaced by a revised base year for asset acquisition at 1 January 2013 for the purpose of RPGT computation.																						
E. CUSTOMS DUTIES																									
Review of export duty rate on Crude Palm Oil (“CPO”)	Revision	From 1 January 2020	Export duty rate on CPO shall be reviewed as follows: <table border="1" data-bbox="898 734 1444 1153"> <thead> <tr> <th>CPO Market Price (FOB MYR/tonne)</th> <th>New export duty rate (%)</th> </tr> </thead> <tbody> <tr> <td>< 2,250</td> <td>NIL</td> </tr> <tr> <td>2,250 – 2,400</td> <td>3.0</td> </tr> <tr> <td>2,401 – 2,550</td> <td>4.5</td> </tr> <tr> <td>2,551 – 2,700</td> <td>5.0</td> </tr> <tr> <td>2,701 – 2,850</td> <td>5.5</td> </tr> <tr> <td>2,851 – 3,000</td> <td>6.0</td> </tr> <tr> <td>3,001 – 3,150</td> <td>6.5</td> </tr> <tr> <td>3,151 – 3,300</td> <td>7.0</td> </tr> <tr> <td>3,301 – 3,450</td> <td>7.5</td> </tr> <tr> <td>> 3,450</td> <td>8.0</td> </tr> </tbody> </table>	CPO Market Price (FOB MYR/tonne)	New export duty rate (%)	< 2,250	NIL	2,250 – 2,400	3.0	2,401 – 2,550	4.5	2,551 – 2,700	5.0	2,701 – 2,850	5.5	2,851 – 3,000	6.0	3,001 – 3,150	6.5	3,151 – 3,300	7.0	3,301 – 3,450	7.5	> 3,450	8.0
CPO Market Price (FOB MYR/tonne)	New export duty rate (%)																								
< 2,250	NIL																								
2,250 – 2,400	3.0																								
2,401 – 2,550	4.5																								
2,551 – 2,700	5.0																								
2,701 – 2,850	5.5																								
2,851 – 3,000	6.0																								
3,001 – 3,150	6.5																								
3,151 – 3,300	7.0																								
3,301 – 3,450	7.5																								
> 3,450	8.0																								
Excise duty exemption for tourism vehicles	Expansion	From 1 January 2020 until 31 December 2021	Excise duty exemption of 50% for locally assembled vehicles shall be given to tour operators for the purchase of qualified new tourism vehicles (before, this exemption was restricted to four wheel drive vehicles only).																						
Digital Service Tax	New	From 1 January 2020	The Digital Services Tax shall be implemented to include services such as, but not limited to downloaded software, music, video or digital advertising. Foreign service providers can commence registration with the RMCD as of 1 October 2019.																						

Subject matter	Nature of the proposal	Effective date	Details of the proposal
F. ENTERTAINMENT DUTIES			
Exemption of entertainment duty for stage performances	Expansion	From 1 January 2020 until 31 December 2021	In conjunction with Visit Malaysia 2020, full entertainments duty exemption shall be given on admission tickets for stage performances that include concerts, singing, music, dances and theatres including cultural and artistic performances by local and international artists held at any venue in the Federal Territory of Kuala Lumpur, Labuan and Putrajaya, subject to approval by the relevant local authorities.

Your Contact



Pascal Brinkmann, LL.M. (Stellenbosch)
Partner

Phone +60 3 2166 0085
pascal.brinkmann@luther-services.com



Constance Holman
Associate

Phone +60 3 2166 0085
constance.holmann@luther-services.com



David Martiny
Counsel

Phone +65 6408 8000
david.martiny@luther-lawfirm.com

Imprint

Luther Rechtsanwalts-gesellschaft mbH, Anna-Schneider-Steig 22, 50678
Cologne, Phone +49 221 9937 0, Fax +49 221 9937 110,
contact@luther-lawfirm.com

Editor: Pascal Brinkmann, LL.M. (Stellenbosch), Managing Director, Unit 17-2,
Level 17, Wisma UOA II, No. 21, Jalan Pinang, Phone: +60 (0)3-21660085,
pascal.brinkmann@luther-services.com

Copyright: These texts are protected by copyright. You may make use of the
information contained herein with our written consent, if you do so accurately and
cite us as the source. Please contact the editors in this regard
contact@luther-lawfirm.com

Disclaimer

Although every effort has been made to offer current and correct information,
this publication has been prepared to provide information on recent regulatory
and legal developments in Malaysia only. It is not exhaustive and thus does not
cover all topics with which it deals. It will not be updated and cannot substitute
individual legal and/or tax advice. This publication is distributed with the
understanding that Luther, the editors and authors cannot be held responsible for
the results of any actions taken on the basis of information contained herein or
omitted, nor for any errors or omissions in this regard.

Luther Corporate Services Sdn. Bhd.

Luther Corporate Services, the Corporate Services arm of Luther lawfirm enables us to offer our clients a “one-stop” solution for all their business needs. Our accountants, company secretaries and tax consultants provide the whole range services, which our clients expect from such a one-stop concept, from corporate secretarial services, outsourced administration, payroll and accounting to tax compliance. We assist our clients comprehensively in all stages of a business lifecycle, from the formation of a business vehicle, to ongoing support and statutory compliance matters and to the dissolution of a company.

Delhi-Gurugram, Kuala Lumpur, Shanghai, Singapore, Yangon

Luther Corporate Services Sdn Bhd (872040W) | Unit 17-2, Level 17 | Wisma UOA II | No. 21, Jalan Pinang | 50450 Kuala Lumpur | Malaysia Phone +60 3 2166 0085 | Fax +60 3 2166 0087

Your contact:

Pascal Brinkmann, pascal.brinkmann@luther-services.com

Further contacts can be found on our website www.luther-services.com.



Hits the mark. Luther.

