

UHY COMMENTARY

MALAYSIA : 2023 BUDGET (RETABLED) SPEECH HIGHLIGHTS

24TH FEBRUARY 2023



Dear Valued Clients and Business Associates,

UHY is pleased to provide you with the Budget 2023 revised edition of its newsletter re-tabled by our Prime Minister cum Finance Minister Yang Amat Berbahagia Datuk Seri Anwar Ibrahim on 24th February 2023, themed "**Membangun Malaysia Madani (Developing Malaysia Madani)**". This Budget takes a more holistic and inclusive approach to improve and evolve Malaysia by emphasising the importance of merging the human component with economic development to ensure a more humane economy in line with the concept of 'Karamah Insaniah' and six core values in Madani.

A total of RM388.1 billion has been allocated for Budget 2023. It is an upward revision from the RM372.3 billion Budget tabled by the previous government in October 2022, which is an increase of 4.2% as compared to the initial Budget. It is proposed that this Budget provides RM289.1 billion for Administrative Expenses, RM99 billion for Development Expenses.

In dealing with high cost of living and to increase disposable income among middle-income Rakyat, it is proposed that the income tax rate of medium-income Rakyat be reduced by two (2) percentage points while high income earner be increased between half (0.5) to two (2) percentage points in order to make the individual income tax structure more progressive.

Aside, the Government will take a more progressive approach to broaden the tax base by introducing a luxury goods tax on items such as luxury watches and fashion items. The Government will conduct study to introduce low-rate capital gains tax for the disposal of unquoted share by companies from year 2024.

There will be a reimplementation of Special Voluntary Disclosure Program by the Inland Revenue Board and Royal Malaysian Customs Department comes with 100% penalty waiver with effect from 1st June 2023 to 31st May 2024.

This modest Budget is a positive move by the New Malaysian Government in view of the need to maintain fiscal discipline amid revenue challenges, focus on people, businesses, and the economy.

from the Desk of Group Managing Partner

DATUK ALVIN TEE P.J.N

KEY CHANGES

- ❖ PERSONAL TAX
- CORPORATE TAX
- ❖ INCENTIVES
- ❖ OTHERS

Outlined below are the key tax changes:

BUDGET HIGHLIGHTS		COMMENTS																																
PERSONAL TAX																																		
Review of income tax rates for resident individuals	<p>It is proposed the resident individual income tax rate for the following income bands: -</p> <table border="1"> <thead> <tr> <th>Chargeable Income (RM)</th> <th>Existing rates (%)</th> <th>Proposed rates (%)</th> <th>(Reduction) / Increasing (%)</th> </tr> </thead> <tbody> <tr> <td>35,001 - 50,000</td> <td>8</td> <td>6</td> <td>(2)</td> </tr> <tr> <td>50,001 - 70,000</td> <td>13</td> <td>11</td> <td>(2)</td> </tr> <tr> <td>70,001 - 100,000</td> <td>21</td> <td>19</td> <td>(2)</td> </tr> <tr> <td>100,001 - 250,000</td> <td>24</td> <td>25</td> <td>1</td> </tr> <tr> <td>250,001 - 400,000</td> <td>24.5</td> <td>25</td> <td>0.5</td> </tr> <tr> <td>400,001 - 600,000</td> <td>25</td> <td>26</td> <td>1</td> </tr> <tr> <td>600,001 - 1,000,000</td> <td>26</td> <td>28</td> <td>2</td> </tr> </tbody> </table> <p><i>(Effective from the Year of Assessment (“YA”) 2023)</i></p>	Chargeable Income (RM)	Existing rates (%)	Proposed rates (%)	(Reduction) / Increasing (%)	35,001 - 50,000	8	6	(2)	50,001 - 70,000	13	11	(2)	70,001 - 100,000	21	19	(2)	100,001 - 250,000	24	25	1	250,001 - 400,000	24.5	25	0.5	400,001 - 600,000	25	26	1	600,001 - 1,000,000	26	28	2	This proposal aims to increase disposable income among middle-income Rakyat.
Chargeable Income (RM)	Existing rates (%)	Proposed rates (%)	(Reduction) / Increasing (%)																															
35,001 - 50,000	8	6	(2)																															
50,001 - 70,000	13	11	(2)																															
70,001 - 100,000	21	19	(2)																															
100,001 - 250,000	24	25	1																															
250,001 - 400,000	24.5	25	0.5																															
400,001 - 600,000	25	26	1																															
600,001 - 1,000,000	26	28	2																															
Tax relief on voluntary contribution to employees’ provident fund	<p>Currently, the income tax relief for employee’s provident fund (“EPF”) voluntary contribution is as follow: -</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Type of contribution</th> <th>Tax relief</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Contribution to approved schemes or voluntary contribution to EPF (not including private retirement scheme) or contribution under any written law</td> <td>Up to RM4,000</td> </tr> <tr> <td>2</td> <td>Life insurance premium or takaful contribution or voluntary contribution to EPF</td> <td>Up to RM3,000</td> </tr> </tbody> </table> <p>For civil servants under the pension scheme not voluntarily contributing to EPF, income tax relief on takaful contribution or life insurance premium payment can be claimed up to RM7,000.</p> <p>It is proposed tax relief for life insurance premium or takaful contribution be restructured as follows:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Type of contribution</th> <th>Tax relief</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Mandatory contribution to approved schemes or voluntary contribution to EPF (not including private retirement scheme) or contribution under any written law</td> <td>Up to RM4,000</td> </tr> <tr> <td>2</td> <td>Life insurance premium or takaful contribution or additional voluntary contribution to EPF or both</td> <td>Up to RM3,000</td> </tr> </tbody> </table> <p>This new treatment is applicable to civil servants under the pension scheme.</p> <p><i>(Effective from the YA 2023)</i></p>	No.	Type of contribution	Tax relief	1	Contribution to approved schemes or voluntary contribution to EPF (not including private retirement scheme) or contribution under any written law	Up to RM4,000	2	Life insurance premium or takaful contribution or voluntary contribution to EPF	Up to RM3,000	No.	Type of contribution	Tax relief	1	Mandatory contribution to approved schemes or voluntary contribution to EPF (not including private retirement scheme) or contribution under any written law	Up to RM4,000	2	Life insurance premium or takaful contribution or additional voluntary contribution to EPF or both	Up to RM3,000	This proposal aims to further encourage voluntary contribution to increase savings in preparation for old age.														
No.	Type of contribution	Tax relief																																
1	Contribution to approved schemes or voluntary contribution to EPF (not including private retirement scheme) or contribution under any written law	Up to RM4,000																																
2	Life insurance premium or takaful contribution or voluntary contribution to EPF	Up to RM3,000																																
No.	Type of contribution	Tax relief																																
1	Mandatory contribution to approved schemes or voluntary contribution to EPF (not including private retirement scheme) or contribution under any written law	Up to RM4,000																																
2	Life insurance premium or takaful contribution or additional voluntary contribution to EPF or both	Up to RM3,000																																

BUDGET HIGHLIGHTS		COMMENTS								
CORPORATE TAX										
Review of income tax rate for Micro, Small and Medium Enterprise (MSME)	<p>Currently, the MSME are subjected to income tax at the rate of 17% on first RM600,000 of chargeable income.</p> <p>It is proposed that the income tax rate on first RM150,000 of chargeable income to be taxed at the rate of 15%.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Chargeable Income</th> <th>Tax rate</th> </tr> </thead> <tbody> <tr> <td><i>First RM150,000</i></td> <td>15%</td> </tr> <tr> <td>RM150,001 to RM600,000</td> <td>17%</td> </tr> <tr> <td>RM600,001 and above</td> <td>24%</td> </tr> </tbody> </table> <p><i>(Effective from the YA 2023)</i></p>	Chargeable Income	Tax rate	<i>First RM150,000</i>	15%	RM150,001 to RM600,000	17%	RM600,001 and above	24%	This proposal aims to increase the competitiveness of MSME and promote economic growth.
Chargeable Income	Tax rate									
<i>First RM150,000</i>	15%									
RM150,001 to RM600,000	17%									
RM600,001 and above	24%									
Review of tax deduction on cost of listing in Bursa Malaysia	<p>Currently, a tax deduction of up to RM1.5 million from the YA 2020 to the YA 2022 is given on expenses incurred by technology-based companies for listing in Access, Certainty, Efficiency ("ACE") Market and by MSME in the Leading Entrepreneur Accelerator Platform ("LEAP") Market on the fees to authorities, professional fees and underwriting, placement and brokerage fees.</p> <p>It is proposed the treatment be reviewed as follows:</p> <ul style="list-style-type: none"> i the existing tax deduction of up to RM1.5 million on the cost of listing on the ACE and LEAP Markets is extended for a period of 3 years; and ii this tax deduction is also expanded to include the cost of listing technology-based companies on Bursa Main Market. <p><i>(Effective from YA 2023 until the YA 2025)</i></p>	This proposal aims to further encourage more technology-based companies and MSME to expand their business by increasing capital funds through listing in Bursa Malaysia.								
Special tax deduction for expenditure on Malaysian-made handicraft	<p>It is proposed special tax deduction be given for expenditure on qualified Malaysian-made handicraft purchased from local handicraft entrepreneur registered with Perbadanan Kemajuan Kraftangan Malaysia incurred by hoteliers limited to RM150,000.</p> <p>This deduction does not apply to expenditure that has been claimed under Section 33 or Schedule 3 of the Income Tax Act 1967 ("ITA 1967").</p> <p><i>(For qualifying handicraft products expenditure incurred from 1 January 2023 until 31 December 2025)</i></p>	This proposal aims to encourage hoteliers to use Malaysian-made handicraft products to support the recovery of the local handicraft industry.								

BUDGET HIGHLIGHTS		COMMENTS								
INCENTIVES										
Tax incentives for Carbon Capture and Storage (“CCS”)	<p>It is proposed that:</p> <table border="1"> <thead> <tr> <th>Companies</th> <th>Tax incentives</th> </tr> </thead> <tbody> <tr> <td>Undertaking CCS in-house activity</td> <td> <ul style="list-style-type: none"> - Investment Tax Allowance (ITA) of 100% of qualifying capital expenditure for a period of 10 years and can be set-off against up to 100% of business statutory income; - full import duty and sales tax exemption on equipment for CCS technology commencing from 1 January 2023 until 31 December 2027; and - tax deduction for allowable pre-commencement expenses within 5 years prior to the date of commencement of operation. </td> </tr> <tr> <td>Undertaking CCS services</td> <td> <ul style="list-style-type: none"> - ITA of 100% of qualifying capital expenditure for a period of 10 years and can be set-off against up to 100% of statutory income; or - tax exemption of 70% on statutory income for a period of 10 years; and - full import duty and sales tax exemption on equipment for CCS technology starting 1 January 2023 until 31 December 2027. </td> </tr> <tr> <td>Engaging CCS services</td> <td> <ul style="list-style-type: none"> - tax deduction on fees incurred for use of CCS services </td> </tr> </tbody> </table> <p><i>(For application received by Ministry of Finance from 1 January 2023 until 31 December 2027, and tax deduction can be claimed through the Income Tax Return Form from the YA 2023 until the YA 2027)</i></p>	Companies	Tax incentives	Undertaking CCS in-house activity	<ul style="list-style-type: none"> - Investment Tax Allowance (ITA) of 100% of qualifying capital expenditure for a period of 10 years and can be set-off against up to 100% of business statutory income; - full import duty and sales tax exemption on equipment for CCS technology commencing from 1 January 2023 until 31 December 2027; and - tax deduction for allowable pre-commencement expenses within 5 years prior to the date of commencement of operation. 	Undertaking CCS services	<ul style="list-style-type: none"> - ITA of 100% of qualifying capital expenditure for a period of 10 years and can be set-off against up to 100% of statutory income; or - tax exemption of 70% on statutory income for a period of 10 years; and - full import duty and sales tax exemption on equipment for CCS technology starting 1 January 2023 until 31 December 2027. 	Engaging CCS services	<ul style="list-style-type: none"> - tax deduction on fees incurred for use of CCS services 	<p>This proposal is to recognize CCS technology activities as a new source of economic growth and in achieving net zero greenhouse gas emission to achieve Low Carbon Nation aspiration by year 2040.</p>
Companies	Tax incentives									
Undertaking CCS in-house activity	<ul style="list-style-type: none"> - Investment Tax Allowance (ITA) of 100% of qualifying capital expenditure for a period of 10 years and can be set-off against up to 100% of business statutory income; - full import duty and sales tax exemption on equipment for CCS technology commencing from 1 January 2023 until 31 December 2027; and - tax deduction for allowable pre-commencement expenses within 5 years prior to the date of commencement of operation. 									
Undertaking CCS services	<ul style="list-style-type: none"> - ITA of 100% of qualifying capital expenditure for a period of 10 years and can be set-off against up to 100% of statutory income; or - tax exemption of 70% on statutory income for a period of 10 years; and - full import duty and sales tax exemption on equipment for CCS technology starting 1 January 2023 until 31 December 2027. 									
Engaging CCS services	<ul style="list-style-type: none"> - tax deduction on fees incurred for use of CCS services 									
Review of accelerated capital allowance (“ACA”) in manufacturing, services and agriculture sector	<p>Currently, ACA of 100% is given on qualifying capital expenditure (“QCE”) incurred for automation equipment in which eligible capital expenditure that can be absorbed is 200% within a year [for applications received by Malaysian Investment Development Authority (MIDA) until 31 December 2023].</p> <p>It is proposed that:</p> <ul style="list-style-type: none"> - scope of automation to include the adaptation of Industry 4.0 elements; - scope of tax incentive is expanded to include agriculture sector; and - capital expenditure threshold for categories 1, 2 and agriculture be aligned and increased up to RM10 million. <p><i>(For applications received by MIDA and Ministry of Agriculture and Food Security (“MAFS”) from 1 January 2023 until 31 December 2027)</i></p>	<p>This proposal is to further drive the productivity and improve efficiency through automation.</p>								
Review of tax incentives for food production project	<p>Currently, tax deduction equivalent to the amount of investment made is given for a company investing in a subsidiary company engaging in new food production project.</p> <p>For a company engaging in food production project, a new project is given income tax exemption of 100% on statutory income for 10 YAs; or an expansion project for existing company is given income tax exemption of 100% on statutory income for 5 YAs.</p> <p>It is proposed that scope of tax incentive is expanded to include agricultural projects based on Controlled Environment Agriculture (CEA); and application period for tax incentives be extended for 3 years.</p> <p><i>(For applications received by from 1 January 2023 until 31 December 2025)</i></p>	<p>This proposal is to further promote participation of industry players in agriculture sector and to ensure the security of domestic food supply.</p>								

BUDGET HIGHLIGHTS		COMMENTS
INCENTIVES		
Tax incentive for company renting non-commercial electric vehicle	<p>Currently, Companies renting non-commercial motor vehicles, including electric vehicle (EV) are given tax deduction under Section 39(1)(k), ITA 1967 as follows:</p> <ul style="list-style-type: none"> i. cost of vehicle not exceeding RM150,000, the maximum rental amount allowed for tax deduction is limited up to RM100,000; and ii. cost of vehicle exceeding RM150,000, the maximum rental amount allowed for tax deduction is limited to RM50,000. The tax treatment is effective from year of assessment 2002. <p>It is proposed that the Company that rent non-commercial EV is given tax deduction on the rental amount up to RM300,000.</p> <p><i>(Effective from the YA 2023 until the YA 2025)</i></p>	To encourage the use of low-carbon vehicles.
Tax incentives for chicken rearing in closed house system	<p>In Budget 2003, RA for a period of 15 consecutive years was given to chicken and duck rearers who shifted from opened house system to closed house system. This incentive was expanded to cover expansion projects from the YA 2009.</p> <p>This RA was given until the YA 2010.</p> <p>It is proposed tax incentives be given as follows:</p> <ul style="list-style-type: none"> i. ACA 100% on the qualifying capital expenditure; and ii. Income tax exemption of 100% equivalent to the QCE. <p>Hence, the QCE that can be claimed amounting to 200% within a year.</p> <p><i>(Effective from the YA 2023 until the YA 2025)</i></p>	To encourage more chicken rearers to adopt environmental-friendly closed house system as well as to increase productivity.

BUDGET HIGHLIGHTS		COMMENTS
INCENTIVES		
Review of tax incentives for BioNexus status company	<p>Currently, a company investing in a BioNexus status subsidiary company engaging in new project is given tax deduction equivalent to the amount of investment made in the basis year the investment is made.</p> <p>A company undertaking biotechnology activity and being approved with BioNexus status:</p> <ol style="list-style-type: none"> i. income tax exemption of 70% on statutory income commencing from the first statutory income for a period of 10 or 5 years, subject to new or existing business (expansion project); ii. concessionary tax rate of 20% on income from qualifying activities for 10 years upon the expiry of the tax exemption period; iii. double tax deduction on research & development expenditure; iv. Industrial Building Allowance on building for biotechnology research activities; and v. import duty exemption on raw materials/components and machinery/equipment. <p>(For applications received by Malaysian Bioeconomy Development Corporation from 1 January 2021 until 31 December 2022).</p> <p>It is proposed that income tax exemption rate on statutory income of BioNexus status company be increased from 70% to 100%, and application period for tax incentives be extended for 2 years.</p> <p><i>(For applications received from 1 January 2023 until 31 December 2024)</i></p>	To attract more biotechnology industry players.

BUDGET HIGHLIGHTS		COMMENTS										
OTHERS												
<p>Stamp duty treatment for transfer of property by way of love and affection</p>	<p>Effective from 1 January 2019, stamp duty rate on the instrument of transfer of property as follows:</p> <table border="1" data-bbox="440 409 1106 689"> <thead> <tr> <th>Sales Price / Market value of property (whichever is higher)</th> <th>Stamp duty rate</th> </tr> </thead> <tbody> <tr> <td>First RM100,000</td> <td>1%</td> </tr> <tr> <td>Next RM100,001 to RM500,000</td> <td>2%</td> </tr> <tr> <td>Next RM500,001 to RM1,000,000</td> <td>3%</td> </tr> <tr> <td>Next RM1,000,001 and above</td> <td>4%</td> </tr> </tbody> </table> <p>Stamp duty remission of 50% is given on the instruments of transfer of property executed between parents and children of Malaysian citizenship.</p> <p>It is proposed that the duty stamp on the instruments of transfer of property be fully exempted, limited to first RM1 million of the property's value. The remaining balance of the property's value is subject to ad valorem duty rate and is given 50% remission on the stamp duty imposed. This stamp duty treatment applies to the recipients who are Malaysian citizens.</p> <p><i>(For instrument of transfer of property executed from 1 April 2023)</i></p>	Sales Price / Market value of property (whichever is higher)	Stamp duty rate	First RM100,000	1%	Next RM100,001 to RM500,000	2%	Next RM500,001 to RM1,000,000	3%	Next RM1,000,001 and above	4%	<p>This proposal is to reduce the cost of stamp duty for the transfer of property by way of love affection between parents and children, grandparents and grandchildren.</p>
Sales Price / Market value of property (whichever is higher)	Stamp duty rate											
First RM100,000	1%											
Next RM100,001 to RM500,000	2%											
Next RM500,001 to RM1,000,000	3%											
Next RM1,000,001 and above	4%											
<p>Stamp duty treatment for educational loan / scholarship agreement</p>	<p>Currently, stamp duty on educational loan/scholarship agreement to pursue tertiary education level (diploma and above) at higher learning institutions is imposed at a fixed duty of RM10 pursuant to Item 22(4) of the First Schedule, Stamp Act 1949, whilst for other levels are charged at ad valorem rate.</p> <p>It is proposed that the imposition of a fixed duty of RM10 be expanded to include educational loan/scholarship agreement to pursue education at all levels including certificate (education / skills / professionals) in any educational and training institutions.</p> <p><i>(For educational loan / scholarship agreement executed from 1 June 2023)</i></p>	<p>This proposal is to streamline stamp duty treatment for all levels of education.</p>										

BUDGET HIGHLIGHTS		COMMENTS
OTHERS		
<p>Extension of stamp duty exemption on restructuring or rescheduling of loan / financing agreement</p>	<p>Currently, full stamp duty exemption is given on restructuring or rescheduling of loan / financing agreement between borrowers and financial institutions executed from 1 January 2022 until 31 December 2022 subject to the following conditions:</p> <ul style="list-style-type: none"> the original loan / financing agreement has been duly stamped; and restructuring or rescheduling of the loan / financing agreement does not have the element of additional value to the original amount of loan / financing. <p>It is proposed that full stamp duty exemption on restructuring or rescheduling of the loan / financing agreement be extended for a period of 2 years.</p> <p><i>(For restructuring or rescheduling of loan / financing agreement executed from 1 January 2023 until 31 December 2024)</i></p>	<p>This proposal is to reduce the cost of borrowing and to improve borrowers' cash flow.</p>
<p>Import duty and sales tax exemption on studio and filming production equipment</p>	<p>Currently, importation of specific equipment for the creative industry such as cameras and broadcast equipment, audio and video systems, studio equipment and filming production equipment is subject to import duty between 5% to 30% and sales tax of 10%.</p> <p>It is proposed that import duty and sales tax exemptions on studio and filming production equipment be given to providers of studio equipment, production and post-production services for a period of 3 years.</p> <p><i>(For applications received by the Ministry of Finance from 1 April 2023 until 31 March 2026)</i></p>	<p>This proposal is to boost the level of creativity of industry players in creating high value creative content in the domestic and international markets as well as attracting foreign film producers to carry out filming activities in Malaysia.</p>
<p>Review of excise duty and sales tax exemption on the sale or transfer of individually owned taxis and hired cars</p>	<p>Currently, In Budget 2012, excise duty and sales tax exemption were given on the sale / transfer / private use / disposal of budget taxis and hired cars subject to the following conditions:</p> <ul style="list-style-type: none"> limited to individually owned budget taxis and hired cars only; and age of vehicle must exceed 7 years from the date of registration. <p>It is proposed that excise duty and sales tax exemption on sale / transfer / private use / disposal of individually owned taxis and hired cars be reviewed as follows:</p> <ul style="list-style-type: none"> exemption granted based on these licenses and services: <ol style="list-style-type: none"> taxis (budget taxis, executive taxis and TEKS1M); airport taxis (budget and family); and hired cars vehicle age condition is relaxed to at least 5 years from the date of registration. <p><i>(For applications received by the Royal Malaysian Customs Department from 1 March 2023)</i></p>	<p>This proposal is to assist individual taxi owners affected by the COVID-19 pandemic.</p>

BUDGET HIGHLIGHTS		COMMENTS																						
OTHERS																								
Import duty and sales tax exemption on nicotine replacement therapy	<p>Currently, there are two Nicotine Replacement Therapy (“NRT”) products in the market that are subject to import duty and sales tax as follows:</p> <table border="1"> <thead> <tr> <th>Product</th> <th>Tarif code</th> <th>Import duty</th> <th>Sales tax</th> </tr> </thead> <tbody> <tr> <td>Nicotine Gum</td> <td>2404.91.1000</td> <td>15%</td> <td>5%</td> </tr> <tr> <td>Nicotine Patch</td> <td>2404.92.1000</td> <td>0%</td> <td>10%</td> </tr> </tbody> </table> <p>It is proposed that import duty and sales tax exemption be given to nicotine gum and nicotine patch for a period of 3 years. <i>(For applications received by the Ministry of Finance from 1 April 2023 until 31 March 2026)</i></p>	Product	Tarif code	Import duty	Sales tax	Nicotine Gum	2404.91.1000	15%	5%	Nicotine Patch	2404.92.1000	0%	10%	This proposal is to support the mQuit Programme and encourage the use of NRT as an option for smoking cessation.										
Product	Tarif code	Import duty	Sales tax																					
Nicotine Gum	2404.91.1000	15%	5%																					
Nicotine Patch	2404.92.1000	0%	10%																					
Extension of tax incentives to support the development of electric vehicle industry	<p>In Budget 2022, to support the development of EV industry and encourage domestic demand in line with Low Carbon Mobility Blueprint – LCMB, EV Roadmap and National Automotive Policy – (NAP) 2020, tax exemptions for EV consist of passenger vehicles (including SUV and MPV), commercial vehicles and motorcycles are given as follows:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Tax Measures</th> <th>Incentive Period</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Full import duty exemption on components for locally assembled EV</td> <td rowspan="2">01.01.2022 to 31.12.2025</td> </tr> <tr> <td>2.</td> <td>Full excise duty exemption and sales tax on Completely Knocked-Down (CKD) EV</td> </tr> <tr> <td>3.</td> <td>Full import duty and excise duty exemption on imported Completely Built-Up (CBU) EV</td> <td>01.01.2022 to 31.12.2023</td> </tr> </tbody> </table> <p>It is proposed tax incentives for EV be extended as follows:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Tax Measures</th> <th>Incentive Period</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Full import duty exemption on components for locally assembled EV</td> <td rowspan="2">Until 31.12.2027</td> </tr> <tr> <td>2.</td> <td>Full excise duty and sales tax exemption on locally assembled CKD EV</td> </tr> <tr> <td>3.</td> <td>Full import duty and excise duty exemption on CBU EV</td> <td>Until 31.12.2025</td> </tr> </tbody> </table>	No.	Tax Measures	Incentive Period	1.	Full import duty exemption on components for locally assembled EV	01.01.2022 to 31.12.2025	2.	Full excise duty exemption and sales tax on Completely Knocked-Down (CKD) EV	3.	Full import duty and excise duty exemption on imported Completely Built-Up (CBU) EV	01.01.2022 to 31.12.2023	No.	Tax Measures	Incentive Period	1.	Full import duty exemption on components for locally assembled EV	Until 31.12.2027	2.	Full excise duty and sales tax exemption on locally assembled CKD EV	3.	Full import duty and excise duty exemption on CBU EV	Until 31.12.2025	To spur domestic demand and encourage the growth of locally assembled EV activity.
No.	Tax Measures	Incentive Period																						
1.	Full import duty exemption on components for locally assembled EV	01.01.2022 to 31.12.2025																						
2.	Full excise duty exemption and sales tax on Completely Knocked-Down (CKD) EV																							
3.	Full import duty and excise duty exemption on imported Completely Built-Up (CBU) EV	01.01.2022 to 31.12.2023																						
No.	Tax Measures	Incentive Period																						
1.	Full import duty exemption on components for locally assembled EV	Until 31.12.2027																						
2.	Full excise duty and sales tax exemption on locally assembled CKD EV																							
3.	Full import duty and excise duty exemption on CBU EV	Until 31.12.2025																						

NB. The commentary above is based on the 2023 Budget Speech announced on 24 February 2023 and excludes any comments on the Finance Bill 2023.

LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

Datuk Alvin Tee PJN
Group Managing Partner
datukalvin@uhy-my.com

Kong Feck Keat
Managing Director
kfk@uhy-my.com

Michelle Lim
Audit Partner
michelle@uhy-my.com

Karen Lee
Executive Director
karenlee@uhy-my.com

Ho Yi Hui
Executive Director
ho.yh@uhy-my.com

Alex Liew
Associate Director
alexander.liew@uhy-my.com

Toon Siew Fung
Associate Director
toon.sf@uhy-my.com

Lee Chu Hong
Senior Manager
lee.ch@uhy-my.com

Ung Chui Theng
Senior Manager
ung.ct@uhy-my.com

Effazuwan B. Mohd Farid
Senior Manager
effazuwan@uhy-my.com

Chok Wei Hong
Manager
chok.wh@uhy-my.com

Huan Chan Yang
Manager
huan.cy@uhy-my.com

Yap Li Yee
Assistant Manager
yap.ly@uhy-my.com

CONTACT

UHY, KUALA LUMPUR OFFICE

Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia.

Phone : +60 (3) 2279 3088
Fax : +60 (3) 2279 3099
Email : uhy-kl@uhy-my.com

UHY, JOHOR BAHRU OFFICE

Lot 19.01, Level 19,
Public Bank Tower,
19, Jalan Wong Ah Fook,
80000 Johor Bahru, Malaysia.

Phone : +60 (7) 222 2828
Fax : +60 (7) 222 2829
Email : uhy-jb@uhy-my.com

UHY, PENANG OFFICE

51-16-D, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 George Town,
Penang, Malaysia.

Phone : +60 (4) 291 9872
Email : uhy.pg@uhy-my.com

Associate, Penang

UHY TAC

51-11-F, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 George Town,
Penang, Malaysia.

Phone : +60 (4) 2100 100
Fax : +60 (4) 2100 101
Email : uhy-pg@uhy-my.com

UHY, a Malaysian Partnership (the "Firm") is a member of Urbach Hacker Young International Limited, a UK company, and forms part of the international UHY network of legally independent accounting and consulting firms. UHY is the brand name for the UHY international network. The services described herein are provided by the Firm and not by Urbach Hacker Young International Limited or any other member firm of the UHY network. Neither Urbach Hacker Young International Limited, the UHY network, nor any member of UHY has any liability for services provided by other members