KEY CHANGES

- CORPORATE TAX
- PERSONAL TAX
- TAX INCENTIVE
- OTHERS

BUDGET COMMENTARY

MALAYSIA : 2025 BUDGET SPEECH HIGHLIGHTS

18th October 2024

Dear Valued Clients and Business Associates,

UHY is pleased to provide you with the newsletter for third Madani Budget 2025 tabled by our Prime Minister and Minister of Finance Yang Amat Berhormat Dato' Seri Anwar Ibrahim on 18th October 2024, based on MADANI Economy Framework with three main focuses on *"Revitalising the economy; Catalyzing transformative change; and Improving the overall well-being of the people."*

Government revenue collection for the year 2025 is expected to see an increase to RM 322 billion (year 2024: RM 308 billion). Government will allocate RM 421 billion in spending, which is the largest ever budget, which made up of:

i. RM 335 billion for operating expenditure; and
ii. RM 86 billion for development expenditure excluding contingency reserves of RM 2 billion.

In order to broaden the tax base, the Government has introduced 2% tax on dividend income received by individual shareholders which exceed RM 100,000 annually effective from year of assessment (YA) 2025.

Further, to encourage the purchase of a first residential home among *rakyat* and to increase disposable income, the Government has proposed individual income tax relief be given on the interest payments for the first residential home loan (individually or jointly owned) up to RM 7,000 for house price up to RM 500,000; and RM 5,000 for house price between RM 500,000 to RM 750,000.

To encourage the full implementation of e-Invoicing, the Government has proposed that the expenses for the purchase of information and communication technology (ICT) equipment, computer software packages and consulting fees be given accelerated capital allowance effective from YA 2024 until YA 2025.

Aside, the Government has proposed to impose sales tax on non-essential items such as imported premium goods and expand the scope of service tax to include new services such as commercial service transactions between businesses (B2B).

This modest Budget is a positive move by the 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,

Alvin Tee

DATUK ALVIN TEE PJN

Outlined below are some of the key tax changes :

<table>
<tr><th colspan="2">BUDGET HIGHLIGHTS</th><th>EFFECTIVE DATE</th></tr>
<tr><th colspan="3">CORPORATE TAX</th></tr>
<tr><td>Tax incentives for implementation of e-Invoicing</td><td>Currently, the capital expenditure for ICT equipment and computer software packages and consultation, licensing and incidental fees related to customised computer software development are eligible to claim initial allowance (IA) of 40% and annual allowance (AA) of 20%.

To encourage taxpayers in implementing e-Invoicing, it is proposed the expenses for the purchase of ICT equipment, computer software packages and consulting fees be given accelerated capital allowance that can be fully claimed within a period of 2 years as follows:

<table>
<tr><th>Qualifying expenditure</th><th>Capital allowance rates</th></tr>
<tr><td>Purchase of ICT equipment and computer software packages</td><td rowspan="2">IA: 20%
AA: 40%</td></tr>
<tr><td>Consultation, licensing and incidental fees related to customised computer software development</td></tr>
</table>
</td><td>From YA 2024 until YA 2025.</td></tr>
<tr><td>Extension of tax deduction for sponsorship of Smart Artificial Intelligence Driven Reverse Vending Machine (RVM)</td><td>Currently, tax deductions under subsection 34(6)(h) of the Income Tax Act (ITA) 1967 is given to contributions for community projects, including sponsorships of Smart AI Driven RVM for applications received by the Ministry of Finance from 1 April 2023 until 31 December 2024.

It is proposed that the current tax deductions given to contributions or sponsorships of Smart AI Driven RVM be extended for two (2) years.</td><td>From 1 January 2025 until 31 December 2026.</td></tr>
<tr><td>Review of tax deduction on the cost of developing new courses at private higher education institutions</td><td>Currently, Private Higher Education Institutions (PHEIs) are eligible for tax deduction on expenses incurred for:

i) development of new courses; and
ii) compliance with regulatory requirements for introducing new courses.

The tax deduction is allowed from the year of completion of development of new courses over a period of three (3) years.

To promote a highly skilled and competitive workforce in the industrial revolution era with a focus on digital technology and innovation, it is proposed a tax deduction on cost of developing new courses by PHEIs be allowed to be fully claimed within the same year of assessment. This incentive is also extended to include the development of Technical and Vocational Education and Training (TVET) courses by private skills training institutions.</td><td>From YA 2025 until YA 2030.</td></tr>
</table>

BUDGET HIGHLIGHTS		EFFECTIVE DATE
CORPORATE TAX		
Double deduction Structured Training Programs (MySIP)	It is proposed that double deduction given on expenses incurred by companies implementing the MySIP under Talent Corp to be extended to students undertaking structured training by industry regulatory body and extended until YA 2030.	The effective date is to be confirmed.
Tax incentive for hiring disabled person and ex-convicts	It is proposed that an incentive of RM600 per month for a total of 3 months which managed by SOCSO, be given to employer who hired disabled person and ex-convicts.	The effective date is to be confirmed.

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BUDGET HIGHLIGHTS		EFFECTIVE DATE
PERSONAL TAX		
Review of individual income tax relief on medical treatment expenses for self, spouse and child	Currently, the limit for individual income tax relief on medical treatment expenses has been increased from RM8,000 to RM10,000. The scope of medical treatment expenses includes: i) serious illness for self, spouse or child; ii) fertility treatment for self or spouse; iii) vaccination for self, spouse or child, limited to RM1,000; iv) dental examination and treatment expenses for self, spouse or child, limited to RM1,000; v) full medical check-up, mental health check-up or consultation and COVID-19 detection test inclusive of the purchase of self-test kit for self, spouse or child limited to RM1,000; and vi) assessment and diagnosis, early intervention programme and rehabilitation treatment for children aged below 18 years with learning disability such as autism, attention deficit hyperactivity disorder (ADHD), global developmental delay (GDD), intellectual disability, down syndrome and specific learning disabilities, limited to RM4,000. It is proposed that the current relief for full medical check-up, mental health check-up or consultation and COVID-19 detection test limited to RM1,000, be expanded as follows: i) full medical check-up, mental health check-up or consultation; ii) purchase of self-test kit, such as COVID-19 and influenza test kit; iii) purchase of self-testing medical devices such as glucometer, pulse oximeter, blood pressure monitor and thermometer; and iv) fees for disease detection examination conducted at clinic or hospital, such as blood test, ultrasound, mammogram and pap smear. Lastly, it is proposed that for relief of assessment and diagnosis, early intervention programme and continuous rehabilitation treatment for children aged below 18 years with learning disability such as autism, ADHD, GDD, intellectual disability, down syndrome and specific learning disabilities, the limit be increased from RM4,000 to RM6,000.	From YA 2025.

BUDGET HIGHLIGHTS		EFFECTIVE DATE
PERSONAL TAX		
Review of individual income tax relief for disabled person	Currently, each individual taxpayer is provided personal income tax relief of RM9,000. Disabled taxpayers registered with the Department of Social Welfare are given further tax relief of RM6,000. In addition, individual taxpayers are also eligible to claim tax relief, as follows: i) further tax relief of RM5,000 for disabled spouse; and ii) further tax relief of RM6,000 for unmarried children with disabilities. It is proposed that the tax relief for the disabled be reviewed as follows: i) further tax relief for the disabled individual taxpayer, be increased from RM6,000 to RM7,000; ii) further tax relief for the individual taxpayer with a disabled spouse, be increased from RM5,000 to RM6,000; and iii) further tax relief for the individual taxpayer with unmarried disabled children, be increased from RM6,000 to RM8,000.	From YA 2025.
Review of individual income tax relief on education and medical insurance	Currently, individual income tax relief of up to RM3,000 is given on premiums paid for education and medical insurance for self, spouse and child. It is proposed that the tax relief be increased from RM3,000 to RM4,000.	From YA 2025.
Extension of individual income tax relief for nursery or kindergarten fees	Currently, the tax relief limit has been increased from RM2,000 to RM3,000 for fees paid to Child Care Centres (TASKA) registered with the Department of Social Welfare or Kindergartens (TADIKA) registered with the Ministry of Education Malaysia, for children up to 6 years old for a limited period from the YA 2020 until the YA 2024.This tax relief can only be claimed by either parent. It is proposed that the tax relief be extended for 3 years.	From YA 2025 to YA 2027.
Individual income tax relief on expenses for the purchase of domestic food waste composting machine	Currently, individual income tax relief up to RM2,500 on expenses related to installation, rental, purchasing including hire-purchase equipment or subscription fees for electric vehicle (EV) charging facilities is given from YA 2022 to YA 2027. It is proposed to expand the scope of relief on expenses for EV charging equipment to include the purchase of food waste composting machines for household use, with the relief limit remaining at RM2,500. The relief for the purchase of food waste composting machines be allowed to be claimed once within three (3) years of assessment.	From YA 2025 to YA 2027.

BUDGET HIGHLIGHTS | **EFFECTIVE DATE**

PERSONAL TAX

Individual income tax relief for sports activities, health and elderly care

It is proposed as follows:

A. The scope of individual income tax relief for sports activities, health and medical care be reviewed as follows:

Current tax relief	Expanded to	Amount
Individual income tax relief on expenses for sports equipment and activities for self, spouse or child	Parents	Up to RM1,000
Individual income tax relief on medical treatment, special needs and parental care expenses, covering: i) medical treatment at clinics and hospitals; ii) treatment and homecare nursing, day care centres, and residential care centres; iii) dental treatment not including cosmetic dental treatment; and	Grandparents	Up to RM8,000
iv) full medical check-up expenses for parents limited to RM1,000.	Grandparents and include vaccination	

B. The individual income tax exemption of up to RM3,000 per year given on child care allowance received by employees or paid directly by employers to child care centres for children aged 12 years and below be expanded to include elderly care (parents / grandparents).

C. The further tax deductions on child care allowance paid by employers to employees for the following expenses:

i) provision and maintenance of child care centres; and
ii) child care allowance paid by employers to employees.

be expanded to include elderly care (parents / grandparents).

Effective date: From YA 2025.

BUDGET HIGHLIGHTS		EFFECTIVE DATE
PERSONAL TAX		
Extension of individual income tax relief on contribution to Private Retirement Schemes and deferred annuities	Currently, individual income tax relief of up to RM3,000 is given on contributions to Private Retirement Scheme (PRS) approved by the Securities Commission Malaysia and on premiums paid for deferred annuities. The relief is available from the YA 2012 until the YA 2025. Withholding tax at the rate of 8% is imposed on the withdrawal of contributions before reaching the age of 55, except for permitted purposes as follows: i) permanent total disability; ii) serious illness; iii) mental incapacity; iv) death; v) permanent departure from Malaysia; vi) healthcare; and vii) housing. It is proposed that the individual income tax relief of up to RM3,000 on contributions to PRS and premiums paid for deferred annuities be extended for 5 years. The current withholding tax at the rate of 8% on the withdrawal of contributions remain unchanged.	From the YA 2026 until the YA 2030.
Extension of individual income tax relief on net savings in the National Education Savings Scheme (Skim Simpanan Pendidikan Nasional - SSPN)	Currently, individual income tax relief of up to RM8,000 is given on net annual savings in SSPN effective from the YA 2007 until the YA 2024. It is proposed that the tax relief be extended for 3 years, subject to the additional conditions as below: a) the tax relief can only be claimed by either parent, for SSPN savings, with maximum claim limited to RM8,000; and b) withdrawals from the SSPN fund intended to finance education costs for further studies will be excluded in the calculation of net savings for that particular year and will not affect the eligible amount for tax relief.	From YA 2025 to YA 2027.

BUDGET HIGHLIGHTS		EFFECTIVE DATE
PERSONAL TAX		
Individual income tax relief on housing loan interest payment for first residential home	Previously, individual income tax relief of up to RM10,000 per year was given on housing loan interest payment, subject to the following conditions: i) the taxpayer is a Malaysian citizen and resident; ii) limited to one residential property including flats, apartments or condominiums; and iii) the sales and purchase agreement executed from 10 March 2009 until 31 December 2010. which was given for three (3) consecutive YA, commencing from the first year the housing loan interest was paid. It is proposed that the tax relief be given on the interest payments for the first residential home loan (individually or jointly owned), as follows:	From 1 January 2025 until 31 December 2027.

House Price	Total tax relief per year
Up to RM500,000	RM7,000
Above RM500,000 up to RM750,000	RM5,000

It is subject to the following conditions:

i) the residential home must not be used to generate any income;
ii) the sales and purchase agreement must be executed from 1 January 2025 until 31 December 2027;
iii) the amount of individual income tax relief on allowable interest payments is applicable for three (3) consecutive years of assessment, commencing from the first year the housing loan interest is paid; and
iv) two or more individuals are eligible to claim tax relief on housing loan interest for the same residential home based on apportionment of the interest payment.

BUDGET HIGHLIGHTS		EFFECTIVE DATE
PERSONAL TAX		
Imposition of tax on dividends received by individual shareholders	Since the YA 2008, income tax has been imposed at a single level (single-tier) on dividends distributed by companies. Under this single-tier tax system, the tax on company profits is final, and dividends distributed are exempted from tax at the shareholder level. It is proposed that a Dividend Tax be introduced to cover the following scope: i. dividend income received by individual shareholders for dividends paid, credited or distributed from company profits; and ii. individual shareholders consist of resident individuals, non-residents and individuals who hold shares through nominees. Individual shareholder with annual dividend income **exceeding RM100,000** will be taxed at a rate of **2%** on chargeable dividend income after taking into account allowances and deductions. The above excludes: i) dividend income from abroad; ii) dividend income distributed from the profits of companies that received pioneer status and reinvestment allowances; iii) dividend income paid, credited or distributed from the profits of shipping companies that is exempted from tax; iv) dividend income distributed by cooperatives; v) dividend income declared by closed-end funds; vi) dividend income received by residents from Labuan entities; and vii) any exemption given on dividend income at shareholder level. However, Dividend Tax is not applicable to profit distributions made to contributors and depositors by: • Kumpulan Wang Simpanan Pekerja (KWSP); • Lembaga Tabung Angkatan Tentera (LTAT); • Amanah Saham Nasional Bumiputera (ASNB); or • any unit trust.	From YA 2025.

BUDGET HIGHLIGHTS		EFFECTIVE DATE
TAX INCENTIVE		
Expansion of Income Tax Exemption for Islamic Financial Activities Under Labuan International Business and Financial Centre	Currently, income tax exemption is provided for 5 years from the YA 2024 until the YA 2028 to Labuan trading entities that undertake Islamic finance activities such as Islamic digital banking, Islamic digital bourses, ummah-related companies and Islamic digital token issuers. It is proposed that full income tax exemption given to Labuan trading entities that undertake Islamic finance activities be expanded to include qualifying Labuan takaful business activities and Labuan takaful related activities as follows:	From YA 2025 until 2028.

No.	Labuan Trading Entity	Qualifying Activities
1.	Labuan insurer; Labuan reinsurer; Labuan takaful operator; or Labuan re-takaful operator.	Takaful and re-takaful businesses that comply with Shariah principles: (i) risk management; or (ii) product development
2.	Labuan captive insurer; or Labuan captive takaful.	Takaful and re-takaful businesses that comply with Shariah principles where takaful participants are related companies or associated companies or as approved by the Labuan Financial Services Authority: (i) risk management; or (ii) product development
3.	Labuan underwriting manager; or Labuan underwriting takaful manager	Provides underwriting services including administration related to Labuan takaful business.
4.	Labuan insurance manager; or Labuan takaful manager	Provides management or administrative services related to Labuan takaful business.
5.	Labuan insurance broker; or Labuan takaful broker	Provides services such as: (i) arrange Labuan takaful and re-takaful business; or (ii) financial analysis

BUDGET HIGHLIGHTS		EFFECTIVE DATE
TAX INCENTIVE		
Tax incentive for Smart Logistics Complex	The Smart Logistics Complex (SLC) is a modern warehouse that uses technologies such as the Internet of Things (IoT) and Artificial Intelligence (AI) to automate various warehouse operations, reduce costs and enhance overall supply chain performance. However, there are no specific incentives for companies in Malaysia that incorporate Fourth Industrial Revolution (IR4.0) elements in smart warehousing. For Integrated Logistics Services (ILS) such as delivery, transportation and warehousing, tax incentives are provided as follows: i) Pioneer Status with a tax exemption of 70% of statutory income for a period of 5 years; or ii) Investment Tax Allowance (ITA) of 60% on qualifying capital expenditure incurred within 5 years. This allowance can be set-off against up to 70% of statutory income for each year of assessment. Additionally, tax incentives for automation in the form of Accelerated Capital Allowance and income tax exemptions equivalent to the ITA are available to companies in the services sector that invest in machinery and automation equipment with IR4.0 elements. The qualifying capital expenditure for the first RM10 million can be claimed under this incentive. The incentive is available for applications received by the Malaysian Investment Development Authority (MIDA) until 31 December 2027. It is proposed that income tax exemption equivalent to an ITA of 60% on qualifying capital expenditure incurred for a period of 5 years be provided to SLCs. This allowance can be set-off against up to 70% of statutory income for each year of assessment, subject to the following conditions: A. Eligible SLC companies i) SLC Investor and Operator that invest in the construction of smart warehouses and undertake eligible logistics services activities; or ii) SLC Operator that leases a smart warehouse under a long-term lease of at least 10 years and undertakes eligible logistics services activities B. Eligible logistics services i) regional distribution centres; ii) integrated logistics services; iii) storage of hazardous goods; or iv) cold chain logistics. C. Warehouse with a minimum build-up area of 30,000 square metres; D. Adaptation of at least three IR4.0 elements; and E. Other conditions as prescribed.	For applications received by MIDA from 1 January 2025 until 31 December 2027.

BUDGET HIGHLIGHTS		EFFECTIVE DATE
TAX INCENTIVE		
Tax incentive for employers providing caregiving leave benefit	Currently, employers who provide paid leave benefit for employees are eligible for tax deductions under Section 33 of the ITA 1967. However, there are no tax incentives for employers who provide additional paid leave to employees caring for children or ill or disabled family members. It is proposed a 50% further deduction be given to employers who provide additional paid leave of up to 12 months for employees caring for children or ill or disabled family members.	For applications received by Talent Corporation Malaysia Berhad from 1 January 2025 until 31 December 2027.
Tax incentive for hiring women returning to work	Currently, women on a career break for at least 2 years and return to work are eligible for income tax exemption on remuneration received for a maximum period of 12 consecutive months. This incentive is provided for applications received by Talent Corporation Malaysia Berhad from 1 January 2018 to 31 December 2027. Employers are eligible for tax deductions on employee salary payments under Section 33 of the ITA 1967. It is proposed that a 50% further deduction be given to employers on employment expenses paid for a period of 12 months for hiring women returning to work.	For applications received by Talent Corporation Malaysia Berhad from 1 January 2025 until 31 December 2027.
Tax incentive for increased exports	Currently, companies engaged in selected service activities and successfully increase exports are eligible to claim tax exemption up to 70% of the statutory income equivalent to 50% of the value of increased exports. The selected services activities are as follows: i) legal; ii) accounting; iii) architecture; iv) marketing; v) business consultancy; vi) office services; vii) construction management; viii) building management; ix) plantation management; x) private education; xi) publishing; xii) printing; xiii) information technology and communication; xiv) engineering; and xv) local franchise. This incentive has been in effect since the YA 2002. It is proposed that the increased export incentive for the services sector be expanded to IC Design services.	From YA 2025.

BUDGET HIGHLIGHTS		EFFECTIVE DATE
TAX INCENTIVE		
Tax incentive for employers implementing flexible work arrangements	Previously, double tax deduction was given to employers who implemented or made improvements to the Flexible Working Arrangements (FWA), verified by Talent Corporation Malaysia Berhad from 1 January 2014 until 31 December 2016. Meanwhile, under the National Economic Recovery Plan, employers implementing FWA were given a double tax deduction on eligible expenses capped at RM500,000 for consultancy fees, capacity building for flexible work arrangements, including employee training costs and the cost of acquiring virtual working environment software from 1 July 2020 until 31 December 2022. It is proposed that expenses for capacity building and software acquisition incurred by employers for implementing FWA be given a 50% further deduction. The expenses eligible for further deduction is capped at RM500,000 and to be verified by Talent Corporation Malaysia Berhad.	For applications received by Talent Corporation Malaysia Berhad from 1 January 2025 until 31 December 2027.
Tax incentive for Carbon Capture Utilisation and Storage (CCUS) activities	It is proposed that investment tax allowances or income tax exemptions will be provided for CCUS activities.	The effective date is to be confirmed.

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BUDGET HIGHLIGHTS | **EFFECTIVE DATE**

OTHERS

Review of excise duty rate on sugar sweetened beverages

Effective 1 July 2019, an excise duty of 40 sen per litre was imposed on sugar sweetened beverages based on the threshold of sugar content. This rate was increased to 50 sen per litre from 1 January 2024, involving the following types of beverages:

Tariff Code	Type of Beverages	Sugar Content Threshold
22.02	Beverages including carbonated drink containing added sugar or other sweetening matter or flavoured and other non-alcoholic beverages	>5g/100ml
	Flavoured milk-based beverages containing lactose	>7g/100ml
20.09	Fruit juices and vegetable juices whether or not containing added sugar or other sweetening matter	>12g/100ml

It is proposed that the excise duty on sugar sweetened beverages be increased in phases starting from 1 January 2025 at 40 sen per litre.

From 1 January 2025.

Review of threshold value for windfall profit levy

The windfall profit levy is imposed on the production of fresh fruit bunches (FFB) when the market price of crude palm oil (CPO) exceeds the threshold. Currently, the threshold of windfall profit levy for Peninsular Malaysia, Sabah and Sarawak is as follows:

Location	Threshold of CPO Prices (RM/metric tonne)	Rates of Levy
Peninsular Malaysia	3,000	3%
Sabah and Sarawak	3,500	3%

It is proposed that the threshold of windfall profit levy for Peninsular Malaysia, Sabah and Sarawak be revised as follows:

Location	Threshold of CPO Prices (RM/metric tonne)	Rates of Levy
Peninsular Malaysia	3,150	3%
Sabah and Sarawak	3,650	3%

From 1 January 2025.

<table>
<tr><th colspan="2">BUDGET HIGHLIGHTS</th><th>EFFECTIVE DATE</th></tr>
<tr><th colspan="3">OTHERS</th></tr>
<tr>
<td>Sales tax exemption on mastectomy bra for breast cancer patients</td>
<td>Currently, mastectomy bras for cancer patients are subject to following duties / taxes:
<table>
<tr><th>Product</th><th>Tariff Code</th><th>Import Duty</th><th>Sales Tax</th></tr>
<tr><td>Mastectomy bra (made from cotton)</td><td>6212.10.1100</td><td>0%</td><td>10%</td></tr>
<tr><td>Mastectomy bra (made from other textile materials)</td><td>6212.10.9100</td><td></td><td></td></tr>
</table>
It is proposed that sales tax exemption be given for mastectomy bras.</td>
<td>For applications received by the Ministry of Finance from 1 November 2024 until 31 December 2027.</td>
</tr>
<tr>
<td>Review of the rates of sales tax and the expansion of service tax scope</td>
<td>Sales tax is imposed on taxable goods manufactured in Malaysia as well as imported goods. Under the Sales Tax Act 2018, different sales tax rate of 0%, 5%, 10% or specific rates are imposed depending on the types of goods.

Service tax is imposed on taxable services provided by service providers including imported taxable services and digital services as specified in the Service Tax Regulations 2018 and Service Tax Regulations (Digital Services) 2019. Different service tax rates of 6%, 8% or specific rates are imposed depending on the services provided.

Currently, the following treatments have been given:

i) Sales tax exemption on manufacturing inputs used by registered manufacturers to produce taxable goods under the Sales Tax Act 2018;
ii) B2B exemption for professional services, logistics, advertising and telecommunications;
iii) Service tax exemption for maintenance, repair and overhaul (MRO) services; and
iv) Group Relief facility under service tax.

It is proposed that sales tax and service tax will be reviewed as follows:

i) Sales tax exemption be maintained on basic food items consumed by the rakyat;
ii) Sales tax be increased on non-essential items such as imported premium goods; and
iii) The scope of service tax be expanded to include new services such as commercial service transactions between B2B.</td>
<td>From 1 May 2025.</td>
</tr>
</table>

BUDGET HIGHLIGHTS		EFFECTIVE DATE
OTHERS		
Review of export duty exemption on crude palm oil (CPO)	Effective 1 January 2020, the export duty for CPO was revised through a partial exemption as follows:	From 1 November 2024.

CPO Market Price (RM/metric tonne)	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%

It is proposed that export duty for CPO, taking into accounts the partial exemption, be revised as follows:

CPO Market Price (RM/metric tonne)	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%
3,451 – 3,600	8.0%
3,601 – 3,750	8.5%
3,751 – 3,900	9.0%
3,901 – 4,050	9.5%
> 4,050	10.0%

<table>
<tr><th colspan="2">BUDGET HIGHLIGHTS</th><th>EFFECTIVE DATE</th></tr>
<tr><th colspan="3">OTHERS</th></tr>
<tr><td>Review of stamp duty on the assignment of life insurance policy and family takaful certificate</td><td>Currently, the stamp duty under Item 32(a), First Schedule, Stamp Act 1949 is at <i>ad-valorem</i> rates as follows:
<table>
<tr><th>Ownership Transfer Value</th><th>Stamp Duty Rate</th></tr>
<tr><td>The first RM100,000</td><td>1%</td></tr>
<tr><td>Above the first RM100,000 to RM500,000</td><td>2%</td></tr>
<tr><td>Above RM500,000 to RM1,000,000</td><td>3%</td></tr>
<tr><td>More than RM1,000,000</td><td>4%</td></tr>
</table>
It is proposed that a fixed rate of stamp duty on the deed of assignment of life insurance policy and family takaful certificate given by way of love and affection or through a trustee is as follows:
<table>
<tr><th>Ownership Transfer Value</th><th>Stamp Duty Rate</th></tr>
<tr><td>The first RM100,000</td><td>RM10</td></tr>
<tr><td>Above the first RM100,000 to RM500,000</td><td>RM100</td></tr>
<tr><td>Above RM500,000 to RM1,000,000</td><td>RM500</td></tr>
<tr><td>More than RM1,000,000</td><td>RM1,000</td></tr>
</table></td><td>From 1 January 2025.</td></tr>
<tr><td>Review of stamp duty on loan or financing agreements based on Shariah principles</td><td>Currently, a fixed stamp duty of RM10 in accordance with Item 22(6), First Schedule, Stamp Act 1949 is imposed on the loan or financing agreements for the purchase of goods through hire purchase under the First Schedule of the Hire Purchase Act 1967 based on conventional methods or Shariah principles.

The loan or financing agreements for the purchase of goods other than hire purchase based on Shariah principles is subject to <i>ad-valorem</i> stamp duty rate of 0.5%.

It is proposed that the loan or financing agreement for the purchase of goods based on Shariah principles, other than hire purchase to be subjected with a fixed stamp duty of RM10.</td><td>From 1 January 2025.</td></tr>
<tr><td>Exemption of stamp duty on loan or financing agreements through the Initial Exchange Offering (IEO) platform for Micro, Small and Medium Enterprises (MSMEs)</td><td>Currently, the stamp duty for loan or financing agreements executed by MSMEs and investors through the IEO platform is imposed at a rate between 0.05% and 0.5% under Item 27, First Schedule, Stamp Act 1949.

It is proposed that the stamp duty for loan or financing agreements executed by MSMEs and investors through the IEO platforms registered with the Securities Commission Malaysia is given full exemption.</td><td>From 1 January 2025 to 31 December 2026.</td></tr>
</table>

<table>
<tr><th colspan="2">BUDGET HIGHLIGHTS</th><th>EFFECTIVE DATE</th></tr>
<tr><th colspan="3">OTHERS</th></tr>
<tr><td>**Revision of stamp duty exemption on loan or financing agreements for *Skim Pembiayaan Mikro (SPM)***</td><td>Currently, the loan or financing agreements under the SPM for amounts of up to RM50,000 between MSMEs and financial institutions are exempted from stamp duty.

It is proposed that a stamp duty exemption up to RM100,000 will be given for SPM loan or financing agreements.</td><td>From 1 January 2025.</td></tr>
<tr><td>**Implementation of self-assessment system for stamp duty**</td><td>Currently, the Stamp Assessment and Payment System (STAMPS) is the primary platform for online stamping process, and the assessment of stamp duty remains the responsibility of the Inland Revenue Board of Malaysia (IRBM). The duty payers will make stamp duty payments based on the assessment notice issued by IRBM through STAMPS.

It is proposed that the self-assessment stamp duty system (STSDS) be implemented in three phases based on the types of instruments or agreements.

STSDS requires duty payers or appointed agents to upload information in STAMPS and undertake self-assessment of the value of stamp duties for the instruments or agreements, and subsequently make payments within the stipulated timeframe.

<table>
<tr><th>Phase</th><th>Types of Instruments</th></tr>
<tr><td>Phase 1</td><td>Instruments or agreements related to rental or lease, general stamping and securities</td></tr>
<tr><td>Phase 2</td><td>Instruments of transfer of property ownership</td></tr>
<tr><td>Phase 3</td><td>Instruments or agreements other than stated in Phase 1 and Phase 2</td></tr>
</table>
</td><td>Phase 1:
From 1 January 2026.

Phase 2:
From 1 January 2027.

Phase 3:
From 1 January 2028.</td></tr>
</table>

LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

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