



Cheng & Co
GROUP

MALAYSIA

2022

BUDGET HIGHLIGHTS

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BAJET
2022

Executive Summary

Dear Reader

This unprecedented COVID-19 has presented us with new challenges, particularly in public health and economic management. Although 2021 was expected to be a recovery year, the impact of the pandemic still lingers on and delays the nation's aspiration for greater economic development. This Budget 2022 unveils the “Keluarga Malaysia, Makmur Sejahtera” approach that are aligned with policies and strategies outlined in the 12th Malaysia Plan.

The theme “Keluarga Malaysia, Makmur Sejahtera” of this highly anticipated Budget 2022's has outlined these three key focus, namely :

1. Rakyat's Well Being;
2. Resilient Business; and
3. A Prosperous and Sustainable Economy

The record-high expansionary national budget allocation up to RM332.1 billion reflects government's commitment in returning the economy to normalcy. In addition to that, many assistances and economic stimulus packages totaling RM530 billion were introduced by the government since the Covid-19 outbreak.

Executive Summary

(CONTS.)

This prolonged battle against this COVID-19 pandemic may not be over yet. However, I strongly believe that there will be better days ahead. In addition to that, government's implementation of the National Covid-19 Immunisation Programme (PICK), has shown some positive results in curbing the COVID-19. Hence, we should continue to work together in rebuilding our companies, our nation into a better and more resilient shape.

Yours faithfully,

Lam Kwai Soon
COO & Tax Managing Director,
Cheng & Co Group

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1.0 GOALS

Section Highlights

1. Goal 1 – The Rakyat's Well Being
2. Goal 2 – Resilient Businesses
3. Goal 3 – A Prosperous & Sustainable Economy

Goal 1

The Rakyat's Well Being

1. The government will introduce Bantuan Keluarga Malaysia (BKM) cash assistance with specific enhancements worth of RM8.2 billion and it is expected to benefit up to 9.6 million recipients.
2. The budget allocation from the health ministry is the second largest after the education ministry with a total of RM32.4 billion will be provided for operating and development expenditure.
3. A total of RM4 billion will be allocated as an aid to endure the agenda on managing COVID-19 pandemic. RM2 billion to fund the vaccination program and another RM2 billion to enhance the capacity of public health service facilities.
4. Third doses of COVID-19 vaccine booster shot worth 88 million will be given to all adults to further enhance the National COVID-19 Immunization Program.

Goal 1

The Rakyat's Well Being

(CONTS.)

5. Employers will be given individual tax relief and tax deduction on costs associated with the adoption of self-funded booster vaccines.
6. In order to foster a healthy lifestyle, excise duty will be imposed on sugary drink products as well liquid or gel products containing nicotine for e-cigarettes and vaping.
7. To further empower the rakyat's healthcare, RM70 million will be allocated to ensure mental health issues are continuously supported by health advocacy programs and strengthen the role of NGOs and other mental health programs. Furthermore, there will further expansion on the scope for individual income tax relief for mental health related expenses.
8. In addition, tax relief of RM8,000 on medical expenses for self, spouse or child suffering from a serious disease will extend to 2022.

Goal 1

The Rakyat's Well Being

(CONTS.)

9. The government continues to prioritize education as the most important segment of public expenditure with an allocation of RM52.6 billion to the Ministry of Education (MoE), and RM14.5 billion to the Ministry of Higher Education (MoHE) as the most important segment of public expenditure for this federal budget.
10. 3 million eligible students will be receiving RM150 aid per student as Early Schooling Assistance and RM400 million will be allocated to the Supplementary Food Program (RMT) to ensure students from low-income families receive nutritional intake for wholesome physical and mental development.
11. RM450 million from the government and RM65 millions from the telecommunication companies (telcos) will be allocated under PerantiSiswa Keluarga Malaysia as an initiative to supply a tablet to 600,000 B40 students.

Goal 1

The Rakyat's Well Being

(CONTS.)

12. Furthermore, special individual income tax relief of up to RM2,500 on purchase of electronic devices.
13. In order to encourage a responsible attitude towards debt, the Government has agreed to provide a discount on the repayment of PTPTN. Borrowers from the National Higher Education Fund (PTPTN) will enjoy a discount up to 15% on repayment from 1 November 2021 to 30 April 2022.
14. To reduce the unemployment rate in Malaysia, RM4.8 billion will be allocated under Jamin Kerja Keluarga Malaysia (JaminKerja) as an initiative to guarantee 600,000 job opportunities with RM2 billion with a target of 300,000 people will benefit from JaminKerja via SOCSO.

Goal 2

Resilient Businesses

1. To further facilitate the micro entrepreneurs, microcredit financing worth RM1.8 billion will be provided through various agencies as TEKUN, Agrobank, BSN, Bank Rakyat and Bank Negara.
2. RM14.2 billion worth of funds will be available in 2022 for SMEs, through SME Bank, PUNB, BPMB, AgroBank, MIDF, and MARA as well as BNM's Funds for SMEs.
3. In order to enable SMEs to obtain financing especially during difficult times, the business financing guarantee limit is increased by up to RM10 billion, in addition to the RM20 billion announced under the PEMULIH.
4. In addition, 100% stamp duty exemption on restructuring or rescheduling of loan/financing agreement between borrowers and financial institutions starting 1 January 2022 to 31 December 2022.

Goal 2

Resilient Businesses (CONTS.)

5. As the Government is committed to making Malaysia a preferred destination for investment, a special fund for strategic investments up to RM2 billion will be prepared to attract strategic foreign investments.
6. To strengthen the nation's business recovery, RM25 million is allocated under the Budget to explore high impact investments and new export markets through the Trade and Investment Mission.
7. To further intensify the R&D activities, the government will allocate RM423 million under MOSTI and KPT in applying new innovations in line with the development of science and technology.
8. RM30 million will be prepared to implement the Innovation Hub; Industrial Revolution 4.0 is expected to benefit and provide exposure to 10,000 potential entrepreneurs.

Goal 2

Resilient Businesses (CONTS.)

9. To boost the tourism industry that was severely impacted by the COVID-19 pandemic, RM1.6 billion is allocated to revive the sector.
10. Special tax relief for individual income tax on domestic tourism expenses is extended until the year of assessment 2022.
11. To facilitate the agriculture industry, food security and commodities, RM1.7 billion will be allocated for subsidies and incentives for the agriculture and fisheries industries.

Goal 3

A Prosperous & Sustainable Economy

1. A sum of RM450 million will be provided to various ministries to empower the environment and biodiversity.
2. Bank Negara Malaysia will provide a Low Carbon Transition Facility with a fund value of RM1 billion, which will be based on matching fund arrangements with participating financial institutions.
3. The Voluntary Carbon Market (or VCM) initiative will be launched under the advocacy of Bursa Malaysia.
4. The Government proposes to provide import duty, excise duty and sales tax exemptions on electric vehicles (EVs).

Goal 3

A Prosperous & Sustainable Economy (CONTS.)

5. To empower the community, RM100 million will continue to be provided in the form of a matching grant with the contribution of GLC-owned foundations to fund various social program assisting the vulnerable in terms of education, income generation and mental health.
6. Sustainability Sukuk denominated in Ringgit Malaysia of up to RM10 billion to be channeled to eligible social or environmentally friendly projects.
7. Under the development project for recovery, the government will continue the implementation of national infrastructure development projects worth RM3.5 billion.
8. To increase digital adoption among SMEs, the Government will enhance the SME Digitization Grant Scheme initiative of the total funding scheme of RM200 million.

2.0 CORPORATE TAX

Section Highlights

1. Windfall Tax (Cukai Makmur)
2. Tax Rebate
3. Palm Oil Windfall Tax
4. Social Enterprise
5. Unabsorbed Business Loss Carry Forward
6. Special Tax Deduction For Rental Reduction
7. Double Tax Deduction
8. Tax Incentives For Scholarship
9. Special Voluntary Disclosure Program
10. Revising Tax Rebate
11. EPF
12. Income from Outside Malaysia

1. Windfall Tax (Cukai Makmur)

- For companies other than MSMEs, a one-off special tax (Cukai Makmur) will be imposed for the year of assessment 2022. The chargeable income up to the first RM100 million is taxed at 24%, while the remaining chargeable income is taxed at 33%.
- Appendix 10

2. Tax Rebate

- New MSMEs (including those that perform online business) established not later than 31 December 2022 are given yearly tax rebate of up to RM20,000 for the first 3 years of assessment.
- Appendix 32

3. Palm Oil Windfall Tax

- The amount of the palm oil windfall tax will increase from RM 2,500 to RM 3,000, and from RM3,000 to RM 3,500 in West and East Malaysia respectively.
- *Appendix 42*

4. Social Enterprise

- For social enterprise, tax exemption to be given on all income for up to 3 years of assessment subject to the validity period of Social Enterprise Accreditation and approval of the new establishment of a Joint Committee on Accreditation comprising Yayasan Hasana and the MEDC.
- *Appendix 11*

5. Unabsorbed Business Loss Carry Forward

- The current unabsorbed business losses that can be carried forward from the year of assessment 2019 are extended from a maximum period of 7 consecutive years to a maximum period of 10 years. The accumulated unabsorbed losses up to the year of assessment 2018 that can be carried forward till the year of assessment 2025 is extended until the year of assessment 2028.
- Appendix 12

6. Special Tax Deduction For Rental Reduction

- For rental reduction of at least 30% from the original rental rate from January 2022 to June 2022, a special tax deduction equivalent to the amount of the rental reduction is given to the owners of buildings or business premises.
- *Appendix 13*

7. Double Tax Deduction

- Double tax deduction is extended to the year of assessment 2025 for companies that sponsor scholarships to Malaysian students in all fields of study at the Technical and Vocational, Diploma, Degree including Master's and Doctorate.
- *Appendix 25*

8. Special Voluntary Disclosure Program

- The Royal Malaysian Customs Department will introduce a Special Voluntary Disclosure Program in phases with a penalty remission incentive of 100% for the first phase and a penalty remission of 50% for the second phase. Tax remission will also be considered for certain cases.
- Initiative 2, 245

9. Deferment of CP204 tax instalment payments

- 6 months deferment of CP204 tax instalment payments for SMEs, effective from January 2022 until June 2022.

10. Revising Tax Rebate

- All businesses are allowed to revise the tax estimate at the 11th month, as long as the 11th month falls within 31 Oct 2022.

11. EPF

- EPF will maintain the minimum employee contribution rate at 9% until June 2022.

12. Income from Outside Malaysia

- Tax resident company in Malaysia has income derived from the source outside Malaysia and received in Malaysia will be subject to tax effective from 1 January 2022.

PERSONAL TAX

Section Highlights

1. Medical
2. Education
3. Travelling
4. Lifestyle & Vehicle
5. PRS/ EFP / SOSCO
6. Property
7. Income Tax
8. Income From Outside Malaysia

1. Medical

- a. Tax relief of RM8,000 on medical expenses for self, spouse or child suffering from a serious disease extend to 2022.
- b. Scope of individual income tax relief for full medical check-up expenses is expanded to cover the cost of check-up or consultation service related to mental health from a psychiatrist, psychologist and counsellor registered with the respective councils, starting from the year of assessment 2022.
- c. Government to provide individual tax relief, company tax deduction on costs of Covid-19 vaccine booster shots.

2. Education

- a. Discounts are given on the repayment of the National Higher Education Funds (PTPTN) loans that are structured as follow:
 - 15% discount on the outstanding debt for full settlement;
 - 12% discount for repayment of at least 50% of the outstanding debt made in a single payment; and
 - 10% discount for repayment through salary deductions or direct debit according to the repayment schedule.
- b. Limit of individual income tax relief for upskilling and self-enhancement course fees will be increased to RM2,000 and extended to the year of assessment 2023.
- c. Tax relief of childcare or kindergarten fees of up to RM3,000 is extended until the year of assessment 2023.

3. Traveling

- a. Tax relief for domestic tourism is given to individual up to RM1,000 will be extended until the 31 December 2022 covering:
 - i. accommodation expenses in accommodation premises registered with the Ministry of Tourism, Arts and Culture Malaysia (MOTAC); and
 - ii. entrance fee to tourist attractions.
 - The scope of this special exemption will be extended to travel package purchase expenses through local travel agents registered with MOTAC, including:
 - local tour guide service fees;
 - purchase of local handicraft products;
 - food and drinks; and
 - transportation includes hop-on hop-off.
- b. Tourism tax exemption (RM10.00/room/night) is extended until 31 December 2022 for Malaysian tourists and permanent residents.

4. Lifestyle & Vehicle

- a. Tax relief for purchase of personal computer, smartphone or tablet up to RM2500 effective till 2022.
- b. Personal tax relief up to RM2,500 for cost incurred on installing, renting, purchase including hire purchase Electrical Vehicle effective from 1 January 2022 to 31 December 2023.

5. PRS/ EPF / SOSCO

- a. Income tax relief for contribution in Private Retirement Scheme (PRS) is extended until the year of assessment 2025.
- b. The SOCSO is exempted for RM250, and the ceiling is increased to RM 350

Contribution	Maximum Relief Amount	Remark
Payment of life insurance premiums or takaful contributions	Up to RM3,000	Expand to contract worker, freelancer and government servant
Contributions to approved schemes (NOT including private retirement schemes) or contributions under any written law.	Up to RM4,000	
Total	Up to RM7,000	

6. Property

- RPGT exemption, disposal of property 6th years and above, 0% RPGT

Period of Ownership	Existing RPGT Rate	Proposed RPGT Rate
0 - 3 years	30%	30%
4th year	20%	20%
5th years	15%	15%
6th year and above	5%	0%

7. Income from Outside Malaysia

- Tax resident individual in Malaysia has income derived from the source outside Malaysia and received in Malaysia will be subject to tax effective from 1 January 2022.

4.0 TAX INCENTIVE

Section Highlights

(A) Company Incentive

1. General
2. Oil & Gas
3. Information Technology & Communication
4. Manufacturing
5. Sports & Arts
6. Recreation & Tourism

(B) Personal Incentive

(A) COMPANY INCENTIVE

1. General

- a. Jamin Kerja Keluarga Malaysia (JaminKerja) initiatives include the followings:
 - i. Employers that recruit Malaysians who have not been actively employed would receive a 20% monthly wage bonus for the first six months and a 30% monthly salary incentive for the next six months under Jamin Kerja Keluarga Malaysia (JaminKerja) initiative, provided the job pays RM1,500 or more.
 - ii. Employers that hire people from targeted groups such as the disabled, Orang Asli, and ex-convicts would receive a 30% monthly salary incentive for the first six months and a 40% monthly salary incentive for the next six months if the job pays RM1,200 or more. The same goes for companies that hire women such as single moms and housewives who have been out of the job market for more than 365 days.
- Initiative 4, 60-62

(A) COMPANY INCENTIVE

1. General (CONTS.)

- b. Tax deduction on costs of renovation and refurbishment of business premises of up to RM300,000 is extended till 31st December 2022.
- *Appendix 34*
- c. Companies that has exhausted their Reinvestment Allowance (RA) will enjoy extension of Additional Reinvestment Allowance (RA) until the year of assessment 2024. Such extension will make up the total period of additional RA to 5 years.
- *Appendix 33*

(A) COMPANY INCENTIVE

1. General (CONTS.)

- d. Companies that implement Structured Internship Programme (SIP) approved by Talent Corporation Malaysia Berhad will be eligible for double tax deduction for year of assessment 2022 until 2025.
- *Appendix 23*

Existing	Proposed
<p>Companies are eligible when hire intern who:</p> <ul style="list-style-type: none"> i. Are Malaysian citizens; ii. Completed an approved internship program before the end of final semester; iii. Have minimum internship duration of at least 10 weeks; iv. Receive minimum monthly allowance of at least RM500 for each student; and v. Academic level of Bachelor's Degree level, Diploma, Vocational (DKM Level 4 and 5) or SKM Level 	<p>Extended to students at the academic level of:</p> <ul style="list-style-type: none"> i. Master's Degree; ii. Professional Certificate; And iii. SKM Level 1 and 2.

(A) COMPANY INCENTIVE

1. General (CONTS.)

- e. Companies that invest in Green Technology will enjoy expanded scope of tax incentives if their applications are received by MIDA from 1 January 2022 to 31 December 2023. - *Appendix 26*

Existing	Proposed
<p>Green Investment Tax Allowance (GITA)</p> <ul style="list-style-type: none"> Investment tax allowance up to 100% on capital expenditure for eligible green activities has been extended for 3 years. This allowance can be set-off against up to 70% of statutory income. 	<p>Include Rainwater Harvesting System (RHS) projects that is verified by the Malaysian Green Technology Corporation (MGTC)</p>
<p>Green Investment Tax Exemption (GITE)</p> <ul style="list-style-type: none"> Income tax exemption of 70% on statutory income for eligible green service activities extended to 3 years of assessment New tax incentive for solar leasing activities with income tax exemption of 70% of statutory income for up to 10 years of assessment be given to solar leasing companies certified by Sustainable Energy Development Authority (SEDA). 	

(A) COMPANY INCENTIVE

1. General (CONTS.)

- f. Anchor companies that sign MoU signed with Ministry of Entrepreneur Development and Cooperatives (MEDAC) from 1 January 2021 to 31 December 2025 to participate in the developing more competitive local Bumiputera vendors under the Vendor Development Programme (VDP) will enjoy further tax incentives refer to table below:
- *Appendix 24*

[Refer Table Next Page >](#)

(A) COMPANY INCENTIVE

1. General (CONTS.)

Existing	Proposed
<p>Double tax deduction on operating expenses</p> <ul style="list-style-type: none"> i. Cost of product development, research and development (R&D), innovation and quality improvement ii. Cost of enhancing the capabilities of vendor companies such as ISO/Kaizen/5S certification, program evaluation and business process reengineering iii. Vendor skills training costs, capacity building, lean management system and financial management system. 	<ul style="list-style-type: none"> i. deduction for eligible operating expenses, increased up to RM500,000 per year of assessment ii. tax incentive extended for 5 years for signed MoU between anchor companies and MEDAC iii. deductions are given for 3 consecutive years of assessment.
<p>The eligibility criteria for this two-time tax cut:</p> <ul style="list-style-type: none"> i. eligible operating expenses must be confirmed by MITI/MEDAC before the anchor company demands deductions ii. deduction for eligible operating expenses, limited up to RM300,000 per year of assessment iii. deductions are given for 3 consecutive years of assessment. 	

(A) COMPANY INCENTIVE

2. Oil & Gas

- a. Investors of high-risk oil and gas operations which are awarded Late-Life Assets (LLA) Production Sharing Contracts between 1 January 2020 and 31 December 2029 will be entitled to further tax incentives.

- Appendix 21

[Refer Table Next Page >](#)

Qualifying Project	Tax incentives	
	Existing	Proposed
Marginal Field	<ul style="list-style-type: none"> i. The income tax rate reduced from 38% to 25% ii. Capital allowance accelerated from 10 years to 5 years iii. Exemption of export duty on petroleum products produced. 	<ul style="list-style-type: none"> i. Petroleum income tax rate at 25% ii. Accelerated Capital Allowance within 2 years; iii. losses from decommissioning activities are allowed to be carried back and set-off against the income for 2 consecutive immediately preceding years of assessment. Any unabsorbed carry back losses will be disregarded
<ul style="list-style-type: none"> ▪ Enhancement Oil Recovery ▪ High Carbon Dioxide Gas ▪ High Pressure High Temperature - (HPHT) ▪ Deepwater ▪ Infrastructure asset 	<ul style="list-style-type: none"> i. Investment Tax Allowance (ITA) of 60% of qualifying capital expenditure to be deducted from 70% of statutory income for a period of 10 years for oil production activities ii. Qualified exploration expenses are allowed to be deducted with income from Production Sharing Contract (PSC) areas that do not share boundaries. 	<ul style="list-style-type: none"> iv. export duty exemption on petroleum products.

(A) COMPANY INCENTIVE

3. Information Technology & Communication

- Companies carrying out approved activities under the Multimedia Super Corridor (MSC) which application received by Malaysian Investment Development Authority (MIDA) from 30 October 2021 to 31 December 2025.
- Appendix 22

[Refer Table Next Page >](#)

Existing	Proposed
<p>i. Premises within the MSC location</p> <ul style="list-style-type: none"> ▪ Income tax exemption of 100% for 10 years ▪ Investment Tax Allowance of 100% of the qualifying capital expenditure to be set-off against 70% of the statutory income for each year of assessment for 5 years. <p>ii. Premises outside the MSC location</p> <ul style="list-style-type: none"> ▪ Income tax exemption of 70% for 5 years. <p>In addition, the Government also provides tax incentives for companies relocating their operation to Malaysia and undertaking new investment in selected services sectors including companies adapting Industrial Revolution 4.0 technology and digitalisation as follows:</p> <p>i. New company Income tax rate of 0% to 10% for up to 10 years.</p> <p>ii. Existing company with new services segment Income tax rate of 10% for up to 10 years.</p> <p>For applications received by Malaysian Investment Development Authority (MIDA) from 7 November 2020 to 31 December 2022</p>	<p>i. Digital Technology Provider</p> <ul style="list-style-type: none"> ▪ New company to enjoy an income tax rate of 0% to 10% for up to 10 years. ▪ Existing company that diversifies in new service activities or new service segments to enjoy an income tax rate of 10% for up to 10 years. <p>ii. Digital Infrastructure Provider Investment Tax Allowance (ITA) of 100% on capital expenditure for qualifying activities for up to 10 years. This allowance can be set-off against up to 100% of statutory income.</p>

(A) COMPANY INCENTIVE

4. Manufacturing

- a. The manufacturer or service company relocating their operation from overseas to Malaysia eligible tax incentive of 0% to 15% tax rate. The additional tax incentive is given to the top management post held by non-citizens limited to 5 individuals that are eligible to get a tax incentive of fixed tax rate at 15%. The tax incentive will expire at the end 2021 and will be extended to the end of 2022. - *Appendix 27*

- b. Manufacturing and manufacturing-related services companies will receive extended tax deduction for rental expenses of premises use as housing and accommodation for employees which incurred from 1 January 2022 to 31 December 2022. - *Appendix 35*

(A) COMPANY INCENTIVE

5. Sports & Arts

- 50% income tax exemption on statutory income for organising arts and cultural activities approved by the Ministry of Tourism, and international sports and recreational activities approved by the Ministry of Youth and Sports has been extended for 3 years, until the year of assessment 2025.

(A) COMPANY INCENTIVE

6. Recreation & Tourism

- a. Malaysian tourists and permanent residents are exempted from tourism tax from 1 January 2022 to 31 December 2022 .
- *Appendix 30*
- b. Recreation tax exemption in the Federal Territories extended by 1 year
- c. Tax incentive for the purchase of tourism vehicles, particularly the capital expenditure incurred on the purchase of new locally assembled excursion buses, is eligible to claim Accelerated Capital Allowance (ACA) is extended for 3 years, from the year of assessment 2022 until the year of assessment 2024.
- *Appendix 29*

Existing	Proposal
<p>Capital expenditure on the purchase of new locally assembled tour buses is eligible to claim accelerated Capital Allowance ACA with an initial allowance of 20% and an annual allowance of 40%. This allowance can be claimed from the year of assessment 2020 until year of assessment 2021.</p>	<p>To assist and support the tourism industry in Malaysia affected by the COVID-19 pandemic, it is proposed that the existing tax incentive be extended From the year of assessment 2022 until the year of assessment 2024.</p>

(B) PERSONAL INCENTIVE

- a. Individual or household who are more affected are given greater attention in Bantuan Keluarga Malaysia (BKM) cash assistance program as summarised in table below

Monthly Income and Household Condition		Cash Assistance
Below RM2,500	No child	RM1,000
	1-2 children	RM1,500
	3 children & above	RM2,000
RM2,500 - RM5,000	No child	RM400
	1-2 children	RM600
	3 children & above	RM800
Single Parent		Additional RM500
Elderly Individual		Additional RM300

(B) PERSONAL INCENTIVE **(CONTS.)**

- b. The Government will fully bear the Motor Vehicle Road Tax for 2022 on all private vehicles owned by the disabled (OKU).
- c. A one-off payment of RM150 will be credited into the e-wallet accounts of youths aged 18 to 20 as well as full-time students at institutions of higher learning under the eStart Programme (or e-Skim Transaksi Tanpa Tunai).
- d. Every student will be provided an Early Schooling Assistance of RM150 for the year 2022.

(B) PERSONAL INCENTIVE (CONTS.)

- e. Non-resident individuals who hold key positions in companies investing in new strategic investments will enjoy the extension of special income tax rate until 31 December 2022, subject to the approval of Malaysian Investment Development Authority (MIDA).
- Appendix 27

Note

The Government through PENJANA has announced a tax incentive, namely the imposition of an income tax rate of 0% to 15 years to manufacturing and services companies that are moving their operations to Malaysia.

As an added incentive, individual income tax at an average rate of 15% is given to non-citizens holding primary positions (C-Suites) for 5 consecutive years.

This tax incentive is limited to 5 non-citizen individuals working in each company subject to compliance with the following conditions:

- i. receive a monthly salary of not less than RM25,000; And
- ii. is a tax resident in Malaysia for each year of assessment throughout the period of service of flat rate income tax.

This tax incentive is given for applications received by the Malaysian Development and Investment Authority (MIDA) from 7 November 2020 to 31 December 2021.

INDIRECT TAX

Section Highlights

1. STAMP DUTY
2. SERVICE TAX
3. SALES TAX
4. EXCISE TAX

1. STAMP DUTY

- a. 100% stamp duty exemption to be given on P2P loan/financing agreement executed from 1 January 2022 to 31 December 2026, provided that the P2P financing is made through P2P financing platform registered with and recognised by the Securities Commission Malaysia.
- b. Starting from 1 January 2022, the rate of stamp duty on contract notes will be increased to 0.15% (equivalent to RM1.50 for every RM1,000), while the stamp duty limit of RM200 for each related contract note is removed.

1. STAMP DUTY (CONTS.)

- c. From 1 January 2022 to 31 December 2022, 100% stamp duty exemption on restructuring or rescheduling of loan/financing agreement between borrowers and financial institutions.
- d. MSMEs that carry out merger or acquisition schemes approved by MEDC from 1 July 2021 to 30 June 2022 are given stamp duty exemption on instruments executed until 31 December 2022.

1. STAMP DUTY (CONTS.)

- e. Increase of the annual premium for insurance policies or annual contribution for takaful certificates eligible for stamp duty exemption from RM100 to RM150.
 - i. Stamp duty exemption to be given to individuals on the purchase of other insurance policies/takaful certificates with an annual premium or contribution value not exceeding RM150; and
 - ii. Stamp duty exemption to be given to MSMEs on the purchase of insurance policies or takaful certificates with an annual premium or contribution value not exceeding RM250.

1. STAMP DUTY (CONTS.)

iii. Insurance policies or takaful certificates for stamp duty exempt products such as items (ii) and (iii) are as follows:

- Fire Insurance;
- Business Interruption Insurance Due to Fire;
- Personal Accident Insurance;
- Travel Insurance;
- Liability Insurance; and
- Engineering Insurance

2. Service Tax

- a. Starting from 1st July 2022, services tax will be imposed on goods delivery services provided from service providers including e-commerce platforms, except for food and beverage deliveries and logistics services.
- b. Services tax exemption on brokerage fees for both recipients and brokerage service providers related to trading of shares listed on Bursa Malaysia, starting from 1st January 2022.
- c. Tourism tax exemption (RM10.00/room/night) is extended until 31 December 2022 for Malaysian tourists and permanent residents.
- d. Entertainment duty exemption in the federal territories of Kuala Lumpur, Labuan and Putrajaya is extended for 1 year till 31st December 2022.

3. Sales Tax

- a. Sales tax exemption on passenger cars (including SUV and MPV); 100% sales tax exemption on Completely-Knocked-Down (CKD) whereas 50% sales tax exemption on new and used imported Completely Built-Up (CBU), until 30th June 2022.
- b. Starting from 1st January 2023, sales tax will be imposed on Low Value Goods - LVG not exceeding RM500 from abroad that are sold online by seller and delivered to consumers in Malaysia.

4. Excise Duty

- a. Scope of excise duty to include liquid or gel containing nicotine used for electronic cigarettes and vape. Such excise duty for both nicotine and non-nicotine liquid or gel is imposed at RM1.20 per millilitre.
- b. Starting from 1 April 2022, scope of excise duty is expanded on sugar-containing beverages such as chocolate or cocoa, malt, coffee, and tea-based premix drinks. For the pre-mixed preparation products with sugar content threshold exceeding 33.3g/100g, excise duty will be imposed at the rate of RM0.47 per 100g.

4. Excise Duty (CONTS.)

- c. Tax incentives for EVs which includes passenger vehicles (including SUV and MPV), commercial vehicles and electric motorcycles be given as follows:

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 CKD EV.	
3.	Full import duty and excise duty exemption on imported CBU EV.	01.01.2022 to 31.12.2023
4.	Individual income tax relief up to RM2,500 on expenses related to cost of installation, rental, purchasing including hire-purchase equipment or subscription fees for EV charging facilities.	YA 2022 and YA 2023

Meet Our Taxation Team



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MALAYSIA BUDGET 2022 WORKSHOP

GEAR UP FOR STRONGER BUSINESS REBOUND



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12 & 13 NOVEMBER 2021

Key takeaways from this workshop

1. Access to the full insights of federal budget 2022
2. Hear expert's view on Malaysia 2022 Economic Outlook
3. Get updated on the latest tax changes and government grants and incentives
4. Learn to develop an effective business strategy for 2022
5. Learn to achieve an optimal finance operation

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