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Belanjawan 2025
**MALAYSIA
MADANI**

2025 BUDGET HIGHLIGHTS

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ABBREVIATIONS

Abbreviations	Description
AA	Annual Allowance
ACA	Accelerated Capital Allowance
ADHD	Attention Deficit Hyperactivity Disorder
AI	Artificial Intelligence
ASNB	Amanah Saham Nasional Bumiputera
B2B	Business to Business
CA	Capital Allowance
CCUS	Carbon Capture, Utilisation and Storage
COVID-19	Coronavirus Disease 2019
CPO	Crude Palm Oil
EPF	Employees Provident Fund
FFB	Fresh Fruit Bunches
FWA	Flexible Work Arrangements
GDD	Global Developmental Delay
GDP	Gross Domestic Product
GTFS	Green Technology Financing Scheme
IA	Initial Allowance
IC	Integrated Circuit
ICT	Information and Communication Technology
IEO	Initial Exchange Offering
IMFC-J	Invest Malaysia Facilitation Centre – Johor
IoT	Internet of Things
IR	Industrial Revolution
IRBM	Inland Revenue Board of Malaysia
ITA	Investment Tax Allowance
JSSEZ	Johor–Singapore Special Economic Zone
JV	Joint Venture
LIBFC	Labuan International Business and Financial Centre
LTAT	Lembaga Tabung Angkatan Tentera
MATRADE	Malaysia External Trade Development Corporation
MIDA	Malaysian Investment Development Authority
MITA	Malaysian Income Tax Act 1967
MNE	Multinational Enterprise
MOF	Ministry of Finance
MRO	Maintenance, Repair and Overhaul
MSME	Micro, Small and Medium Enterprise
PHEI	Private Higher Education Institution
PRS	Private Retirement Schemes
QCE	Qualifying Capital Expenditure
RM	Ringgit Malaysia
RON	Research Octane Number
SCM	Securities Commission Malaysia
SI	Statutory Income
SLC	Smart Logistics Complex
SPM	Skim Pembiayaan Mikro
SSPN	Skin Simpanan Pendidikan Nasional
SST	Sales and Service Tax
STSDS	Self-Assessment Stamp Duty System
TCMB	Talent Corporation Malaysia Berhad
TVET	Technical and Vocational Education and Training
WHT	Withholding Tax
YA	Year of Assessment

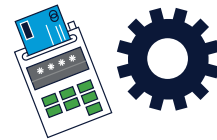
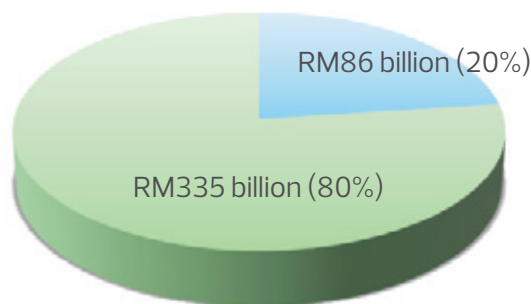


EXECUTIVE SUMMARY

Prime Minister Datuk Seri Anwar Ibrahim, who is also the Finance Minister, unveiled Budget 2025 on 18 October 2024.

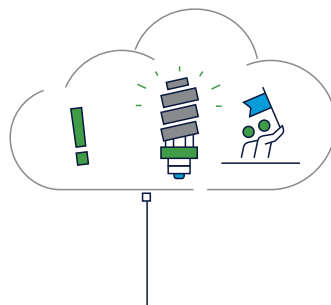
In this budget, the total allocation was RM421 billion, surpassing the previous Budget 2024 (RM393.8 billion). Budget 2025 is the largest budget ever presented – RM335 billion was allocated for operating expenditure and RM86 billion for development.

Budget 2025 Allocation



- Development Expenditure
- Operating Expenditure

2025 revenue is expected to be RM340 billion (as compared to RM322 billion in year 2024). Fiscal deficit for year 2025 is expected to reduce to 3.8% of GDP (4.3% in year 2024) – with the aim to reduce it to 3% in medium term. The country's GDP is expected to grow in the range of 4.8% to 5.3% in year 2024 (previously projected at 4% to 5%) whereas inflation rate is expected to be in the range of 2% to 3.5% in year 2025 (as compared to the revised estimate range of 1.5% to 2.5% in year 2024).



Some of the key highlights of Budget 2025: –

Dividend received by an individual shareholder exceeding RM100,000 per annum will be subject to tax at 2% effective YA 2025.

Exemption on foreign-sourced income received by resident individuals in Malaysia be extended from 31 December 2026 to 31 December 2036.

Effective 1 May 2025, progressive SST regime will be implemented. The Government will undertake industry consultation with relevant stakeholders before finalising the scope and applicable tax rates. It was announced that the scope on Sales Tax shall be expanded to include non-essential items such as imported premium goods and Service Tax be expanded to include new services such as commercial service, including fee-based financial services.

ACA (claimable within 2 years) be given for qualifying expenditure incurred for E-Invoicing implementation, e.g. purchase of ICT equipment, software and consulting fees.

Self-assessment system for stamp duty be implemented in phases starting 1 January 2026.

100% stamp duty exemption for 2 years be given on loan or financing agreements executed by MSMEs with investors through IEO platforms registered with SCM.

Minimum wage rate be increased to RM1,700 with effect from 1 February 2025 except for companies with less than 5 employees (which will be postponed until 1 August 2025).

Fuel subsidy for RON95 be introduced by mid of year 2025.

Introduction of Carbon Tax by year 2026 on iron, steel and energy sectors in Malaysia.

EPF contributions be made mandatory in phases for non-citizens.

New Investment Incentive Framework (including strategic investment fund of RM1 billion) be introduced to facilitate high-value activities in Malaysia.

RM40 million is provided under MATRADE as reimbursement grants to facilitate Malaysian exporters in promoting products and services made in Malaysia, especially in exploring new markets in Africa, Latin America, and the Middle East.

RM40 billion is provided as loan facilities and business financing guarantees for MSMEs.

Implementation of GTFS be continued with a funding of RM1 billion until year 2026.

Special incentives be given to JSSEZ to attract high quality investments and create high value jobs (to be announced towards the end of 2024). IMFC-J be established to facilitate investment in JSSEZ.

Tax incentives, e.g. ITA or income tax exemption be provided for CCUS activities.

Special income tax rate be introduced in 21 economic sectors in states such as Perlis, Kedah, Kelantan, Terengganu, Sabah and Sarawak (to be based on economic spillover).

Supply chain resilience tax incentives be introduced where the Budget Speech outlines the following:–

- Double deduction (for 3 consecutive years) for MNEs spending up to RM2 million per year.
- MNEs or their suppliers who make JV investments with other local suppliers be given tax deduction on the investment amount.
- Local suppliers be given an outcome-based tax incentive package.



1.0 CORPORATE TAX AND TAX INCENTIVES

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1.1 TAX INCENTIVES FOR IMPLEMENTATION OF E-INVOICING

CA rates for purchase of ICT equipment and computer software are as follows: –

QCE	Current		Proposed	
	Effective	CA rates	Effective	CA rates
Purchase of ICT equipment and computer software packages	YA 2024	IA: 40%* AA: 20%*	YAs 2024 to 2025	IA: 20% AA: 40%
Consultation, licensing and incidental fees related to customised computer software development				

**yet to gazette*

The period to claim the CA has been accelerated to 2 years.



Effective Date: YAs 2024 to 2025



1.2 EXTENSION OF TAX DEDUCTION FOR SPONSORSHIP OF SMART AI-DRIVEN REVERSE VENDING MACHINE

Currently, a tax deduction under Section 34(6)(h) of the MITA is given to companies and other than companies (i.e. individuals, partnerships, trusts and cooperatives having business income) that make donations or sponsorships of smart AI-driven reverse vending machines – for applications received by the MOF from 1 April 2023 until 31 December 2024.

It is proposed that the tax deduction be extended for a period of 2 years until 31 December 2026.



Effective Date: For contribution / sponsorship and applications received by MOF from 1 January 2025 until 31 December 2026

1.3 EXPANSION OF INCOME TAX EXEMPTION FOR ISLAMIC FINANCIAL ACTIVITIES UNDER LIBFC

Currently, full income tax exemption for a period of 5 years (from YAs 2024 to 2028) is given to Labuan trading entity that undertakes Islamic financial-related trading activities such as Islamic digital banking, Islamic digital bourses, ummah-related companies and Islamic digital token issuers.

It is proposed that the Islamic finance activities be expanded to include qualifying Labuan takaful business activities and Labuan takaful related activities as follows: –



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.



Effective Date: YAs 2025 to 2028

Zifan
One of the
RSM team



1.4 TAX INCENTIVE FOR SLC

It is proposed that income tax exemption equivalent to an ITA of 60% on QCE incurred for a period of 5 years be provided to SLCs which includes the use of IR4.0 elements such as AI, IoT and blockchain. This allowance can be set-off against up to 70% of SI for each YA, 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


E. Other conditions as prescribed

 **Effective Date:** For applications received by MIDA from 1 January 2025 until 31 December 2027

1.5 TAX INCENTIVE FOR EMPLOYERS IMPLEMENTING FWA

Employers implementing FWA were given a double tax deduction on eligible expenses capped at RM500,000 for consultancy fees, capacity building for FWA including employee training costs and cost of acquiring virtual working environments software from 1 July 2020 until 31 December 2022.


It is proposed that a 50% further deduction on expenses for capacity building and software acquisition incurred by employers for implementing FWA. The eligible expenses for further deduction are limited to RM500,000, subject to a one-off claim and to be verified by TCMB.

 **Effective Date:** For applications received by TCMB from 1 January 2025 until 31 December 2027

1.6 TAX INCENTIVE FOR EMPLOYERS PROVIDING CAREGIVING LEAVE BENEFIT

Currently, employers who provide paid leave benefits to their employees are eligible for tax deductions under Section 33 of the MITA.

It is proposed that 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.

 **Effective Date:** For applications received by TCMB from 1 January 2025 until 31 December 2027


1.7 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 (applications received by TCMB from 1 January 2018 to 31 December 2027).

Employers are eligible for tax deductions on employee salary payments.



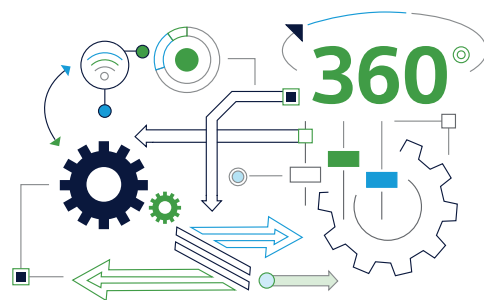
It is proposed that a 50% further deduction be given to employers on employment expenses paid for a period of 12 months for hiring women returning to work.

 **Effective Date:** For applications received by TCMB from 1 January 2025 until 31 December 2027

1.8 TAX INCENTIVE FOR INCREASED EXPORTS

Effective YA 2002, companies engaged in selected service activities and successfully increased exports are eligible to claim income tax exemption up to 70% of SI equivalent to 50% of the value of increased exports. The selected services activities are as follows: –

- legal;
- accounting;
- architecture;
- marketing;
- business consultancy;
- office services;
- construction management;
- building management;
- plantation management;
- private education;
- publishing;
- printing;
- information technology and communication;
- engineering; and
- local franchise.



It is proposed that the increased export incentive for the services sector be expanded to IC Design services.

 **Effective Date:** From YA 2025



1.9 REVIEW OF TAX DEDUCTION ON THE COST OF DEVELOPING NEW COURSES AT PRIVATE HIGHER EDUCATION INSTITUTIONS

Effective YA 2006, 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 3 years.

It is proposed that a tax deduction on costs of developing new courses by PHEIs be fully claimable within the same YA. The incentive is also extended to include the development of TVET courses by private skills training institutions.



Effective: From YAs 2025 until 2030

1.10 OTHER INCENTIVES INTRODUCED UNDER NEW INVESTMENT INCENTIVE FRAMEWORK

1. Supply chain resilience tax incentive be introduced (based on Budget speech):-
 - a. Double deduction be given for 3 consecutive years in respect of MNEs spending up to RM2 million per annum;
 - b. Tax deduction on investment amount made by MNEs or their suppliers who participate in JV investments with Malaysian suppliers; and
 - c. Local suppliers be eligible for an outcome-based tax incentive package.
2. Special income tax rate be given for investment in 21 economic sectors in states such as Perlis, Kedah, Kelantan, Terengganu, Sabah and Sarawak.
3. For ESG-based investment, tax incentives such as ITA or income tax exemption be given for CCUS activities.



Effective: More details to be announced



2.0 PERSONAL TAX

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2.1 REVIEW OF INDIVIDUAL INCOME TAX RELIEF ON MEDICAL TREATMENT EXPENSES FOR SELF, SPOUSE AND CHILD

Effective YA 2023, the income tax relief limit on medical expenses has been increased from RM8,000 to RM10,000. The scope of medical treatment expenses covers: –

(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]

(vi) assessment and diagnosis, early intervention programme and rehabilitation treatment for children aged below 18 years with learning disability such as autism, ADHD, GDD, intellectual disability, down syndrome and specific learning disabilities [limited to RM4,000]

It is proposed that the following income tax relief for medical expenses be reviewed: –

A. Relief for full medical check-up, mental health check up or consultation and COVID-19 detection tests (limited to RM1,000), be expanded as follows: –

- i. Full medical / mental health check-up or consultation;
- ii. Purchase of self-test kits, including 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 clinics or hospitals, including blood test, ultrasound, mammogram, and pap smear.

B. Increase Relief for Item (vi) above from RM4,000 to RM6,000



Effective Date: YA 2025

2.2 REVIEW OF INDIVIDUAL INCOME TAX RELIEF FOR DISABLED PERSON

Currently, each individual taxpayer is entitled to a 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 eligible for the following tax relief: -

Further tax relief of RM5,000 for disabled spouse

Further tax relief of RM6,000 for unmarried children with disabilities



It is proposed that tax relief for individuals with disabilities be reviewed as follows: -





- i. Tax relief for disabled individual taxpayer be increased from RM6,000 to RM7,000;
- ii. Tax relief for individual taxpayer with disabled spouse be increased from RM5,000 to RM6,000; and
- iii. Tax relief for individual taxpayer with unmarried disabled children be increased from RM6,000 to RM8,000.



Effective Date: YA 2025

2.3 INDIVIDUAL INCOME TAX RELIEF FOR SPORTS ACTIVITIES, HEALTH AND ELDERLY CARE

Currently, income tax relief is given for expenses related to sports activities, health, and child care at registered child care centres as follows: –

No.	Tax Relief	Amount
1.	Individual income tax relief on expenses for sports equipment and activities for self, spouse, or child	Up to RM1,000
2.	Individual income tax relief on medical treatment, special needs and parental care expenses, which includes: – <ul style="list-style-type: none">  Medical treatment at clinics and hospitals;  Treatment and homecare nursing, day care centres and nursing home;  Dental treatment (excluding cosmetic procedures); and  Full medical check-up (limited to RM1,000). 	Up to RM8,000

In addition, tax exemption of up to **RM3,000** per year is given on child care allowances received by employees or directly paid by employers to child care centres for children aged 12 years and below.

The employers are eligible to claim further tax deductions on the following expenses: –

- i. Provision and maintenance of child care centres; and
- ii. Child care allowance paid by employers to employees

To promote the continuous well-being, welfare and care of the elderly as our country transitions toward an aging nation, the following enhancements are proposed: –

A. Individual Income Tax Relief

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

- i. Tax relief of up to RM1,000 for expenses on sports equipment and activities be expanded to parents.
- ii. Full medical check-up expenses for parents limited to RM1,000 be expanded to include vaccination.
- iii. Medical treatment, special needs and parental care expenses be expanded to grandparents, covering: –
 - a. Medical treatment at clinics and hospitals;
 - b. Treatment and homecare nursing, day care centres and residential care facilities;
 - c. Dental treatment (excluding cosmetic procedures); and
 - d. Full medical check-up and vaccinations, limited to RM1,000.

B. Individual Income Tax Exemption

Tax exemption of up to RM3,000 per year provided for child care allowance received by employees or paid directly by employers to child care centres be expanded to include elderly care (parents/grandparents).

C. Further Tax Deduction

Tax deductions for child care allowance paid by employers to employees be expanded to include elderly care (parents / grandparents).



Effective Date: YA 2025



2.4 EXTENSION OF INDIVIDUAL INCOME TAX RELIEF ON CONTRIBUTION TO PRS AND DEFERRED ANNUITIES

Currently, tax relief of up to RM3,000 is given on contributions to PRS approved by the SCM, as well as for premiums paid on deferred annuities. This relief has been in effect since YA 2012 and will continue until YA 2025.

A WHT of 8% is imposed on withdrawals of contributions made before the age of 55, except for the following permitted purposes: –

- i. Permanent total disability;
- ii. Serious illness;
- iii. Mental incapacity;
- iv. Death;
- v. Permanent departure from Malaysia;
- vi. Healthcare expenses; and
- vii. Housing-related purposes.

To further encourage the *rakyat* to save for retirement, it is proposed to extend the individual income tax relief of up to RM3,000 on contributions to PRS and premiums paid for deferred annuities for an additional 5 years.

The current WHT rate of 8% will remain applicable on any amounts withdrawn, except for those made for permitted purposes.

 **Effective Date:** YAs 2026 to 2030

2.5 REVIEW OF INDIVIDUAL INCOME TAX RELIEF ON EDUCATION AND MEDICAL EXPENSES

Currently, tax relief of up to RM3,000 is given for premiums paid on education and medical insurance covering self, spouse and children.

To encourage children's education savings and improve access to medical care, it is proposed to increase the tax relief on premiums paid for education and medical insurance from RM3,000 to RM4,000.

 **Effective Date:** YA 2025

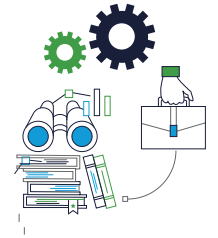


2.6 EXTENSION OF INDIVIDUAL INCOME TAX RELIEF ON NET SAVINGS IN SSPN

Currently, taxpayers enjoy tax relief of up to RM8,000 on net annual savings made in the SSPN with effect from YA 2007 until YA 2024.

It is proposed that tax relief of up to RM8,000 on net annual savings in SSPN be extended for 3 years, with the following additional conditions: -

- i. Only one parent can claim the relief limited to RM8,000; and
- ii. Withdrawals from the SSPN fund used to cover education expenses for further studies will not be taken into account in the calculation of net savings for that particular year and will not affect the amount eligible for tax relief.



Effective Date: YAs 2025 to 2027

2.7 INDIVIDUAL INCOME TAX RELIEF ON HOUSING LOAN INTEREST PAYMENT FOR FIRST RESIDENTIAL HOME

Tax relief of up to RM10,000 per year was granted for housing loan interest payments, subject to the following conditions: -

Taxpayer must be a Malaysian citizen and resident

Relief is limited to one residential property including flats, apartments or condominiums

Sales and purchase agreement was executed from 10 March 2009 until 31 December 2010

This tax relief was given for 3 consecutive YAs, starting from the first year the housing loan interest was paid.

To support first-time home buyers, it is proposed that tax relief for interest payments on housing loan be given as follows: -

No.	House Price	Total Tax Relief Per Year
1.	Up to RM500,000	RM7,000
2.	Above RM500,000 up to RM750,000	RM5,000

The tax relief on housing loan interest payment is subject to the following conditions: -

- i. The residential home must not be used to generate any income;
- ii. Sales and purchase agreement must be executed between 1 January 2025 and 31 December 2027;
- iii. Tax relief on allowable interest payments is applicable for 3 consecutive YAs, starting from the first year the housing loan interest is paid; and
- iv. Where the property is jointly owned by two or more individuals, each person is eligible to claim tax relief on housing loan interest for the same residential home based on apportionment of the interest payment.



Effective Date: For sales and purchase agreement of the first residential home executed between 1 January 2025 and 31 December 2027.

2.8 EXTENSION OF INDIVIDUAL INCOME TAX RELIEF FOR NURSERY OR KINDERGARTEN FEES

It is proposed that the tax relief of up to RM3,000 [for fees paid to child care centres (*TASKA*) or kindergartens (*TADIKA*) for children up to 6 years old] be extended for 3 years.



Effective Date: YAs 2025 to 2027



2.9 INDIVIDUAL INCOME TAX RELIEF ON EXPENSES FOR THE PURCHASE OF DOMESTIC FOOD WASTE COMPOSTING MACHINE

It is proposed that the current tax relief for expenses on electric vehicle charging equipment be expanded to include the purchase of household food waste composting machines. The relief will remain capped at RM2,500 and can be claimed once within a 3-year assessment period.



Effective Date: YAs 2025 to 2027

2.10 IMPOSITION OF TAX ON DIVIDENDS RECEIVED BY INDIVIDUAL SHAREHOLDERS

Currently, under the single-tier tax regime, the tax on company's profits is final and dividends distributed by companies are exempted from tax at the shareholder level.

It is proposed that annual dividend income exceeding RM100,000 received by an individual shareholder (i.e. resident individual, non-resident or individual who hold shares through nominee) in respect of dividends paid, credited or distributed from company profits to be taxed at the rate of 2% on chargeable dividend income after taking into account allowances and deductions.

The following are exempted from dividend tax: –

- 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.

The proposed dividend tax will not apply to profit distributions made to contributors and depositors by EPF, LTAT, ASNB or unit trusts.



Effective Date: From YA 2025



3.0 STAMP DUTY

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3.1 REVIEW OF STAMP DUTY ON THE ASSIGNMENT OF LIFE INSURANCE POLICY AND FAMILY TAKAFUL CERTIFICATE

Currently, the deed of assignment for life insurance policy and family takaful certificate is subject to stamp duty at *ad-valorem* rates ranging from 1% to 4% under Item 32(a), First Schedule, Stamp Act 1949.

It is proposed that the stamp duty for deed of assignment for life insurance policy and family takaful certificate given by way of love and affection or through a trustee, be imposed at fixed rates as follows: –

No.	Ownership Transfer Value	Stamp Duty Rate
1.	The first RM100,000	RM10
2.	Above the first RM100,000 to RM500,000	RM100
3.	Above RM500,000 to RM1 million	RM500
4.	More than RM1 million	RM1,000



Effective Date: For deed of assignment for life insurance policy and family takaful certificate executed from 1 January 2025.

3.2 REVIEW OF STAMP DUTY ON LOAN OR FINANCING AGREEMENTS BASED ON SHARIAH PRINCIPLES

Currently, loan or financing agreements (excluding hire purchase) for the purchase of goods based on Shariah principles such as *Murabahah* and *Tawarruq* are subject to an *ad-valorem* stamp duty rate of 0.5%.

To streamline the imposition of stamp duty on loan or financing agreement based on Shariah principles for the purchase of goods under First Schedule of the Hire Purchase Act 1967, it is proposed that a fixed stamp duty rate of RM10 be imposed on loan or financing agreement for the purchase of goods based on Shariah principles, other than hire purchase.



Effective Date: For loan or financing agreements based on Shariah principles executed from 1 January 2025

3.3 EXEMPTION OF STAMP DUTY ON LOAN OR FINANCING AGREEMENTS THROUGH THE IEO PLATFORM FOR MSMEs

Currently, stamp duty is charged on loan or financing agreements executed by MSMEs and investors through IEO platforms at a rate between 0.05% and 0.5% under Item 27, First Schedule, Stamp Act 1949.

It is proposed that 100% stamp duty exemption for 2 years be given on loan or financing agreements executed by MSMEs and investors through IEO platforms registered with the SCM.



Effective Date: For loan or financing agreements executed from 1 January 2025 until 31 December 2026

3.4 REVISION OF STAMP DUTY EXEMPTION ON LOAN OR FINANCING AGREEMENTS FOR SPM

Currently, stamp duty exemption is given for loan or financing agreements under the SPM, approved by the National Small and Medium Enterprises Development Council for amounts of up to RM50,000 between MSMEs and financial institutions. This exemption applies to agreements executed on or after 1 January 2012.

It is proposed that stamp duty exemption be given for SPM loan or financing agreements, for amounts up to RM100,000.



Effective Date: For loan or financing agreements under the SPM executed from 1 January 2025

3.5 IMPLEMENTATION OF SELF-ASSESSMENT SYSTEM FOR STAMP DUTY

Currently, the IRBM assess stamp duty payments and issue assessment notice to the duty payers.

It is proposed that STSDS which requires duty payers or appointed agents to self-assess the value of stamp duties and make payments within the specified time frame, be implemented in phases based on the types of instruments or agreements.



Effective Date: -

No.	Phase	Effective Date	Types of Instruments
1.	Phase 1	From 1 January 2026	Instruments or agreements related to rental or lease, general stamping and securities.
2.	Phase 2	From 1 January 2027	Instruments of transfer of property ownership.
3.	Phase 3	From 1 January 2028	Instruments or agreements other than stated in Phases 1 and 2.





4.0 INDIRECT TAXES

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4.1 REVIEW OF EXCISE DUTY RATE ON SUGAR SWEETENED BEVERAGES

On 1 July 2019, an excise duty of 40 sen per litre was imposed on sugar sweetened beverages based on specific sugar content thresholds.

Effective 1 January 2024, the rate was increased to 50 sen per litre for the following 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 will be gradually increased (in phases), starting at 40 sen per litre from 1 January 2025.

 **Effective Date:** From 1 January 2025



4.2 REVIEW OF EXPORT DUTY EXEMPTION ON CPO

It is proposed that the export duty for CPO, taking into account 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



Effective Date: 1 November 2024

4.3 REVIEW OF THRESHOLD VALUE FOR WINDFALL PROFIT LEVY

The windfall profit levy is imposed on the production of FFB when the market price of CPO exceeds the threshold.

It is proposed that the levy threshold be revised as follows: –

Location	Threshold of CPO Prices (RM/metric tonne)	Rates of Levy (%)
Peninsular Malaysia	3,150 (from 3,000)	3
Sabah and Sarawak	3,650 (from 3,500)	3



Effective Date: 1 January 2025

4.4 SALES TAX EXEMPTION ON MASTECTOMY BRA FOR BREAST CANCER PATIENTS

Mastectomy bras for cancer patients are subject to the following duties / taxes: –

Product	Tariff Code	Import Duty (%)	Sales Tax (%)
Mastectomy bra (made from cotton)	6212.10.1100		
Mastectomy bra (made from other textile materials)	6212.10.9100	0	10

In recognition of the need for compassionate healthcare support, it is proposed that Sales Tax exemption be given for mastectomy bras.



Effective Date: For applications received by MOF from 1 November 2024 until 31 December 2027





4.5 REVIEW OF SALES TAX RATES AND EXPANSION OF SERVICE TAX SCOPE

Sales Tax is imposed on both locally manufactured and imported taxable goods, with Sales Tax rates of 5%, 10% or specific rates depending on the type of goods.

Service Tax is imposed on taxable services, including imported taxable services and digital services at the rates of 6% and 8%.

Currently, the following treatments are applicable:

- i. Sales Tax exemption on manufacturing inputs used by registered manufacturers to produce taxable goods;
- ii. B2B exemption for professional services, logistics, advertising and telecommunications;
- iii. Service Tax exemption for MRO services; and
- iv. Intra-group relief facility under Service Tax.

It is proposed that Sales Tax and Service Tax 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 (examples provided were salmon and avocado); and
- iii. Expand the scope of Service Tax to cover new services such as commercial B2B transactions.

Consultations with businesses will be held to finalise the scope and applicable tax rates.



Effective Date: From 1 May 2025

2025 RSM TAX SEMINAR



7 November 2024, Thursday
9:00 AM – 5.00 PM
Parkroyal Collection Kuala Lumpur

Dear valued clients and business associates,

Join us at this year's RSM Tax Seminar which will provide participants with valuable insights, covering latest tax developments and also key tax changes outlined in Budget 2025 proposals.

Date 7 November 2024, Thursday

Time 9.00 am – 5:00 pm

Venue Parkroyal Collection Kuala Lumpur

Registration



Scan here to register

*Kindly register by 30 October 2024

Seminar Fees

RM 788
Per Participant

RM 698
Per Participant
(for group of 2 or more/
RSM clients)

HRD Corp Claimable

Scheme: HRD Corp Claimable Courses (SBL-KHAS)

MyCoID: 125828W (The Institute of Taxation Sdn Bhd)

Programme Code: 10001474940

Trainers: Cheah Kwok Kheong and Mayadevi a/p Karpayah

Certificate of Attendance

Participants will be presented with a Certificate of Attendance which can be used to register CPE hours /CPD points

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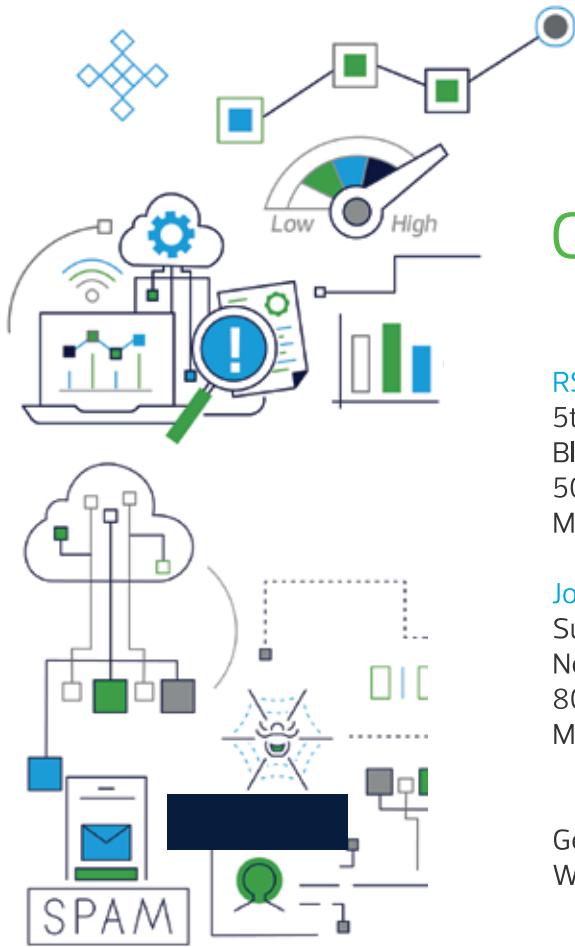
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