



TaxSnaps[®]

2022 Budget Highlights

Malaysian Family, Prosperous and Peaceful

30 October 2021

Pertinent Tax Measures

The 2022 Budget was announced on 29 October 2021 and its 3 key imperatives are anchored on protecting, restoring the lives and livelihoods for the people, rebuilding resilience of the economy and spurring socio-economic reforms.

Below are the most notable tax measures observed:

- To further ease the burden of the Rakyat, the Real Property Gains Tax (RPGT) rate will be reduced from 5% to 0% for disposal of real property or real property company shares in the 6th year onwards by Malaysian individual citizens, permanent residents and other than companies. This will take effect from 1 January 2022. Real property owners can now plan their disposal of real property in the 6th year onwards and save on the 5% RPGT.
- A Special Voluntary Disclosure Program (SVDP) for Indirect Tax will be introduced by the Royal Malaysian Customs Department (RMCD) in phases, with a penalty remission 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. Businesses will be encouraged to voluntarily disclose any unpaid indirect taxes, underpaid indirect taxes or erroneous indirect tax filings or declarations to the RMCD.
- Introduction of a One-Off Special Tax (Cukai Makmur) to be imposed on companies that generate high taxable profits in 2022. They will be taxed at 24% on the first RM100 million of chargeable income and 33% on the remaining chargeable income for Year of Assessment 2022.
- Foreign sourced income received by residents in Malaysia will be taxable from 1 January 2022.



Some of the Key Takeaways of the Budget Pronouncements

Direct Taxes – Personal Income Tax



Special relief of up to RM2,500 for the purchase of mobile phone, computer and tablet will be extended until year of assessment (YA) 2022



Tax relief for attending up-skilling and self-enhancement courses in any field of skills recognised by the Development of Skills Department, Ministry of Human Resources will be increased from RM1,000 to RM2,000 for YA 2022 and YA 2023



Tax relief of up to RM3,000 for child care centre and kindergarten fees has been extended to YA 2022 and YA 2023



Special relief for domestic tourism expenses of up to RM1,000 will be extended until YA 2022



New individual tax relief of up to RM2,500 to be introduced for purchase, installation, leasing and subscription fees for Electronic Vehicle (EV) charging facilities, for YAs 2022 and 2023



Some of the Key Takeaways of the Budget Pronouncements

Direct Taxes – Corporate Income Tax



Extension of tax deduction up to RM300,000 for renovation and refurbishment cost of business premises incurred from 1 January 2022 to 31 December 2022



Current unabsorbed business losses that can be carried forward from YA 2019 onwards will be extended from a maximum period of 7 consecutive YAs to a maximum period of 10 consecutive YAs, and the accumulated unabsorbed losses up to YA 2018 that can be carried forward until YA 2025 will be extended until YA 2028, effective from YA 2019



Wage Subsidy Programme will be extended to targeted employers in the tourism industry which have seen a decline in revenue by at least 30%



Companies registered under the Safe@Work will enjoy a further tax deduction of up to RM50,000 for rental of premises incurred from 1 January 2022 to 31 December 2022



Special tax deduction for rental reduction for business premises will be extended from January 2022 until June 2022



Some of the Key Takeaways of the Budget Pronouncements

Direct Taxes – Corporate Income Tax



Green Investment Tax Allowance (GITA) of 100% will be extended to capital expenditure incurred for Rainwater Harvesting System (RHS) projects. GITA is available for set-off against 70% of statutory income. Green Investment Tax Exemption (GITE) of 70% of statutory income is also extended to RHS service providers. Both GITA and GITE are available for applications received by the Malaysian Investment Development Authority (MIDA) from 1 January 2022 to 31 December 2022



Income tax exemption of 50% on statutory income for organisers of arts and cultural activities approved by the Ministry of Tourism, Arts and Culture, as well as organisers of international sports and recreational competitions approved by the Ministry of Youth and Sports will be extended until YA 2025



Special Reinvestment Allowance (RA) which is available from YA 2020 to YA 2022 for companies that have exhausted their 15 years RA period will be extended until YA 2024



Income tax rebate of up to RM20,000 for each of the first 3 consecutive YAs will be extended for new Micro, Small and Medium Enterprises established and commenced operations not later than 31 December 2022



Some of the Key Takeaways of the Budget Pronouncements

Direct Taxes – Tax Administration



Introduction of a Tax Compliance Certificate as a pre-condition for government procurements from 1 January 2023



Implementation of Tax Identification Number (TIN) for companies and individuals (above 18 years) from year 2022



Deferment of income tax instalment payments for micro, small and medium enterprises for six months until 30 June 2022



Companies are allowed to revise their estimated income tax payable in the 11th month of the basis period, before 31 October 2022



Some of the Key Takeaways of the Budget Pronouncements

Indirect Taxes



100% sales tax exemption on passenger vehicles assembled in Malaysia (CKD) and 50% sales tax exemption on imported vehicles (CBU) will be extended until 30 June 2022



Service tax will be imposed on goods delivery services provided by delivery service providers including e-Commerce platform, with effect from 1 July 2022. Delivery services for food and beverages, and logistics services will be excluded from service tax



Sales tax will be imposed on low value goods not exceeding RM500 sold online and sent to consumers in Malaysia via air courier services, with effect from 1 January 2023



Full exemption of import duty, excise duty, sales tax and road tax for electric vehicles (EV) until 30 June 2022



Service tax on brokerage activities for listed shares will be exempted from 1 January 2022

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