

The TaxSnaps logo, which consists of a bright yellow square followed by the word "TaxSnaps" in white, bold, sans-serif font. The "S" in "Snaps" is underlined with a yellow line.

2024 Budget and Finance (No. 2) Bill 2023

Following the Budget 2024 announcement on 13 October 2023, the Finance (No. 2) Bill 2023 was made available for first reading in Parliament on 7 November 2023. This edition of TaxSnaps is the first of a series of our publications in the coming weeks and covers certain key proposed amendments in the Finance (No. 2) Bill 2023 which were not covered in our earlier edition of the [2024 Budget Highlights](#).

continued...

e-Invoice

■ Duty to issue electronic invoice (“e-Invoice”)

It is proposed that a new section 82C be inserted under the Income Tax Act 1967 (“ITA”) which states that a person shall issue an e-Invoice for each transaction in respect of any goods sold or services performed. Any e-Invoice issued by a person as mentioned above, shall be transmitted electronically to and validated by the Director General of the Inland Revenue (“DG”).

Error or mistake

Where a person makes an error or mistake in respect of any e-Invoice issued, the person may rectify the error or mistake by issuing a substitute e-Invoice within 3 days from the date of issuance of the defective e-Invoice.

Offence

It is also proposed that any person who without reasonable excuse, fails to issue/submit the following –

- e-Invoice
- Self-billed e-Invoice
- Consolidated transaction e-Invoice

shall be guilty of an offence and shall be liable to a fine of not less than RM200 and not more than RM20,000 or to imprisonment for a term not exceeding 6 months or to both.

Receipts

There are also amendments to section 82 of the ITA where it is proposed that a person who issues an e-Invoice as mentioned above, is no longer required to issue receipts.

However, for those person who are required to submit consolidated transaction invoice to the DG, printed receipts are still required to be issued to buyers in respect of goods sold or services performed.

Disclosure of information

The Director General of Customs and Excise (or to the public officers under his direction and control) are given access to e-Invoice information to such an extent as is necessary or expedient for the exercise of their functions.

Effective Date : From 1 January 2024

continued...

e-Invoice (cont')

e-Invoice Guidelines from the Inland Revenue Board of Malaysia ("IRBM")

The IRBM had recently uploaded the following updated guidelines in their official website –

- e-Invoice Guideline Version 2.1 (28.10.2023) [<click here>](#)
- e-Invoice Specific Guideline Version 1.1 (28.10.2023) [<click here>](#)

An important point to note in the above updated e-Invoice guideline is that the implementation date has been brought forward for taxpayers with an annual turnover or revenue of more than RM25 million and up to RM100 million. Please refer to the full details of the implementation timeline as appended below.

The e-Invoice implementation timeline –

Implementation Dates	Targeted Taxpayers
1 August 2024	Taxpayers with an annual turnover or revenue of more than RM100 million
1 January 2025	Taxpayers with an annual turnover or revenue of more than RM25 million and up to RM100 million
1 July 2025	All other taxpayers

continued...

Tax administration and Corporate tax

Duty to provide information and furnish documents for ascertaining chargeable income and tax payable

It is proposed under a new section 82B of the ITA that where a person has furnished to the DG a tax return, that person shall provide information and furnish **documents as may be determined by the DG** for the purpose of ascertaining the person's chargeable income and tax payable on an electronic medium or by way of electronic transmission **within 30 days**.

It is also proposed that in the event there is a failure to comply with the above requirement, any person who without reasonable excuse, shall be guilty of an offence and shall be liable to a fine of not less than RM200 and not more than RM20,000 or to imprisonment for a term not exceeding 6 months or to both.

Presently, the IRBM has implemented an online platform to submit tax working sheets electronically. The online platform is known as Malaysian Income Tax Reporting System ("MITRS"). The MITRS implementation was in stages beginning with companies which are under tax audit or investigation with effect from 1 September 2020.

Reading this proposal, more clarification is needed on the manner in which the tax authorities will administer this new provision.

Effective Date : From YA 2025 onwards

Revision to estimate of tax payable

11th month revision

Presently, a company, limited liability partnership, trust body or co-operative society are allowed to revise the estimate of its tax payable in the 6th and/or 9th months of the basis period for a YA.

It is proposed that the revision to the tax estimate can also be done in the **11th month** of the basis period for that YA.

Effective Date : From YA 2024 onwards

continued...

Tax administration and Corporate tax (cont')

Micro, Small and Medium Enterprises ("MSME") preferential tax treatment

Exemption to submit tax estimates for the first 2 YAs

Special allowance for small value assets (no maximum restriction of RM20,000)

Presently, MSMEs are not required to submit tax estimates for the first 2 YAs after commencement of its operation.

It is proposed that the above exemption is no longer applicable to a company if more than 20% of the paid-up capital in respect of the ordinary shares of the company at the beginning of the basis period for a YA is directly or indirectly owned by one or more companies incorporated outside Malaysia or by one or more individuals who are not citizens of Malaysia.

It is also proposed that a company falling under the above category is not eligible to claim special allowance for small value assets without the maximum restriction of RM20,000.

Effective Date : From YA 2024 onwards

Power of DG to issue guidelines

It is proposed that a new section 134A be inserted under the ITA. Under this new section, the **DG is given the power to issue guidelines** as the DG thinks expedient or necessary to clarify the provisions of the ITA or to facilitate the compliance of the law or any other matter relating to the ITA.

The DG may revoke, revise or amend the whole or any part of any guidelines issued under this new section.

Effective Date : From 1 January 2024

Authorising an employee to furnish prescribed form on behalf

It is proposed that a person (director or other authorised individuals of a company or body of persons) may authorise in writing an employee to furnish on his behalf any prescribed form (submitted on an electronic medium or by way of an electronic transmission) under the ITA.

Effective Date : Coming into the operation of the Finance Act

continued...

Capital Gains Tax (“CGT”)

■ CGT and the effective date

In the Budget 2024 announcement, it was announced that the effective date for the implementation of CGT is 1 March 2024.

However, the Finance (No. 2) Bill 2023 has proposed the effective date for CGT to be applicable with effect from **1 January 2024**.

In other words, any disposal of capital assets (in this case, disposal of unlisted shares in companies) after 1 January 2024 is subject to the proposed CGT.

We would like to comment that further clarification from the authorities is required pertaining to the above effective date.

More on CGT and other Finance (No. 2) Bill 2023 proposals in our next edition of TaxSnaps.

Let us be of assistance to you

Do reach out to our team of tax experts for a discussion on any of the abovementioned tax proposals. We would be more than happy to assist you.

Contact Our Experts

Mr Anand Chelliah

Managing Partner
Tax Leader
E: anand.chelliah@bakertilly.my

Mr Yohan Francis Xavier

Executive Director,
International Tax & Transfer Pricing
Services
E: yohan.xavier@bakertilly.my

Mr Marcus Tan

Executive Director
Tax Advisory Services
E: marcus.tan@bakertilly.my

Mr Murugan Anbanantham

Director
Technical & Tax Compliance
E: murugan.anbanantham@bakertilly.my

Ms Tay Siew Chu

Director
Tax Compliance
E: siewchu.tay@bakertilly.my

Ms Sandra Saw

Director, Tax Services
Tax Advisory & Indirect Tax Services
E: sandra.saw@bakertilly.my

Our Experts - Regional

Mr Huang Shze Jiun

Managing Partner
Johor Bahru
E: sj.huang@bakertilly.my

Ms Joanne Khor

Tax Director
Penang
E: joanne.khor@bakertilly.my

Mr Ni Chen Chuen

Tax Director
Sabah
E: chenchuen.ni@bakertilly.my

Ms Khoo Shaw Cbyn

Senior Managing Consultant,
Tax Services, Batu Pahat
E: shawcbyn.khoo@bakertilly.my

Ms Wong Poh Ling

Senior Managing Consultant
Tax Services, Seremban
E: pohling.wong@bakertilly.my

Our Offices

Kuala Lumpur Head Office

Baker Tilly Tower
Level 10 Tower 1 Avenue 5
Bangsar South City
59200 Kuala Lumpur

T: +603 2297 1000
F: +603 2282 9980

www.bakertilly.my

Penang

9-2, 9th Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Georgetown

T: +604 227 9258
F: +604 227 5258

Johor Bahru

38-2, Jalan Sri Pelangi 4
Taman Pelangi
80400 Johor Bahru

T: +607 332 6925 / 6926
F: +607 332 6988

Kota Kinabalu

1-3-1A, 3rd Floor
Block B, Kolam Centre Phase II
Jalan Lintas, Luyang
88300 Kota Kinabalu

T: +60 88 233 791
F: +60 88 249 691

Malacca

2, Ground Floor, Jalan PS 3
Plaza Semabok
Semabok
75050 Melaka

T: +606 282 6422
F: +606 283 7280

Segamat

125, Jalan Susur Pemuda 2
85000 Segamat

T: +607 932 1125
F: +607 931 1125

Batu Pahat

33, Jalan Penjaja 3, Ground Floor
Kim's Park Business Centre
83000 Batu Pahat

T: +607 431 5403
F: +607 431 4840

Seremban

Level 2, Wisma Sim Du
37, Jalan Dato' Bandar Tunggal
70000 Seremban

T: +606 762 2518 / 763 8936
F: +606 763 6950

Labuan

1st Floor, U0509
Lazenda Commercial Centre
Phase 11, Jalan Tun Mustapha
87000 Labuan

T: +608 744 0800

Phnom Penh (Cambodia)

No. 87, Street 294
Sangkat Boueng Keng Kang I
Khan Chamkarmon
Phnom Penh
Cambodia

T: +855 2398 7100
F: +855 2398 7388