



Budget 2025

19 October 2024



Malaysia's Budget 2025 was tabled in the Parliament on 18 October 2024. In line with the "Ekonomi MADANI Negara Makmur, Rakyat Sejahtera" theme, Budget 2025 is a continuation of Ekonomi MADANI, a long-term economic framework aimed at raising the ceiling of the nation's economic potential and improving the standard of living for its people.

To achieve the country's economic reforms, Budget 2025 focus on three key thrusts: to raise the ceiling in terms of restructuring the economy and boost national competitiveness; raise the floor in terms of improving the quality of life and inclusiveness of opportunities; as well strengthening good governance and public sector reform especially enhancing transparency and efficiency.

This Budget Adviser outlines numerous updates on the various existing tax measures, as well as new tax initiatives.

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Individual Tax

1. TAX RELIEF FOR HOUSING LOAN INTEREST PAYMENT FOR FIRST RESIDENTIAL HOME

Effective from year of assessment 2009 to year of assessment 2016, tax relief for housing loan interest payment for first residential home of up to RM10,000 per year was provided to individual taxpayer for 3 consecutive years of assessment, commencing from the first year the housing loan interest was paid which is 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;
- iii. the sale and purchase agreement executed from 10 March 2009 until 31 December 2010; and
- iv. the taxpayer has not derived any income in respect of that residential property.

To stimulate the purchase of a first residential home and to increase disposable income, it is proposed that tax relief be given on interest payments for the first residential home loan (individually or jointly owned) as follows:

House Price	Tax Relief Per Year
Up to RM500,000	RM7,000
Above RM500,000 up to RM750,000	RM5,000

The tax relief on interest payments for individual taxpayer is subject to the following conditions:

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

Effective date : For the sale and purchase agreement of the first residential home executed from 1 January 2025 to 31 December 2027

Individual Tax

2. TAX ON DIVIDENDS RECEIVED BY INDIVIDUALS

Prior to the year of assessment 2008, dividends distributed by companies were taxed based on the full imputation system. Under this system, tax on dividends was imposed at the company as well as shareholder levels. Nevertheless, the tax imposed on the shareholders would be adjusted to reflect the amount already paid by the company through tax credits.

With effect from the year of assessment 2008, Malaysia has switched to the single-tier tax system. Under this system, the tax on the company's profit is final and dividends distributed are exempted from tax at the shareholder level.

To enhance the individual income tax structure to be more progressive and broaden the tax base, it is proposed that a "Dividend Tax" be introduced as follows:

Item	Description
Scope of taxation on dividends	<ul style="list-style-type: none">i. dividend income received by individuals for dividends paid, credited or distributed from company profits; andii. individuals consist of resident individuals, non-residents and individuals who hold shares through nominees
Threshold and formula to determine dividend chargeable income	<p><u>Threshold</u> Annual dividend income exceeding RM100,000</p> <p><u>Determination formula</u> $\frac{A}{B} \times C = D$ A - Dividend statutory income B - Aggregate income C - Chargeable income D - Chargeable dividend income</p>
Tax rate	2% on chargeable dividend income
Exemption from Dividend Tax	<ul style="list-style-type: none">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 co-operatives;v. dividend income declared by closed-end funds;vi. dividend income received by residents from Labuan entities; andvii. any exemption given on dividend income at shareholder level.
Dividend Tax is not applicable to profit distributions made to contributors and depositors by:	<ul style="list-style-type: none">i. Kumpulan Wang Simpanan Pekerja (KWSP);ii. Lembaga Tabung Angkatan Tentera (LTAT);iii. Amanah Saham Nasional Bumiputera (ASNB); oriv. Any unit trust

Effective date : From year of assessment 2025

Individual Tax

3. TAX EXEMPTION ON PRIZE MONIES RECEIVED BY ATHLETES

Currently, income tax exemption is given on prize monies received by professional sportsmen and sportswomen (individuals who engaged in sports for a livelihood).

It is proposed that prize monies from sports winnings received by athletes under the Skim Hadiah Kemenangan Sukan from the National Sports Council be exempted from tax.

Further details are expected to be released in due course.



Corporate Tax

1. TAX DEDUCTION FOR EMPLOYERS PROVIDING CAREGIVING PAID LEAVE BENEFIT

Currently, employers who provide paid leave benefit for employees are eligible for tax deductions under Section 33 of the Income Tax Act 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.

To cushion the impact of loss of income on affected individuals and to support job retention in line with the care economy policy, 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 : Application received by Talent Corporation Malaysia Berhad from 1 January 2025 to 31 December 2027

2. TAX INCENTIVES FOR IMPLEMENTATION OF E-INVOICING

To encourage taxpayers to fully implement e-Invoicing, it is proposed that the expenses for the following qualifying expenditure be given Accelerated Capital Allowance:

Qualifying Expenditures	Capital Allowance Rates	
	Currently	Proposed
Purchase of information and technology (ICT) equipment and computer software packages	Initial Allowance: 40%	Initial Allowance: 20%
Consultation, licensing and incidental fees related to customised computer software development	Annual Allowance: 20%	Annual Allowance: 40%

With the revised rates, the capital allowance claim shall be reduced from 3 years to 2 years.

Effective date : From year of assessment 2024 to year of assessment 2025

Note: Based on the Media Release by IRBM on 26 July 2024, the above Accelerated Capital Allowance will only be granted to taxpayers that will not be utilising the 6 months interim relaxation period in implementing e-invoice.

Corporate Tax

3. EXPANSION OF TAX EXEMPTION FOR ISLAMIC FINANCIAL ACTIVITIES UNDER LABUAN INTERNATIONAL BUSINESS AND FINANCIAL CENTRE (IBFC)

Currently, Labuan trading entities that undertake Islamic finance activities such as Islamic digital banking, Islamic digital bourses, *ummah*-related companies and Islamic digital token issuers are given tax exemption for a period of 5 years from year of assessment 2024 to year of assessment 2028.

To further attract investment in the Islamic finance sector driven by digital technology at the Labuan IBFC, it is proposed that the 5 years tax exemption be expanded to include qualifying Labuan takaful business activities and Labuan takaful related activities as follows:

Labuan Trading Entity	Qualifying Activities
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
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
Labuan underwriting manager; or Labuan underwriting takaful manager	Provides underwriting services including administration related to Labuan takaful business
Labuan insurance manager; or Labuan takaful manager	Provides management or administrative services related to Labuan takaful business
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 : From year of assessment 2025 to year of assessment 2028

Corporate Tax

4. TAX DEDUCTION ON CORPORATE CONTRIBUTIONS FOR VOCATIONAL TRAINING

It is proposed that tax deduction be granted to companies for donation of new equipment and machinery to Institut Latihan Kemahiran Awam (ILKA), polytechnics or registered vocational colleges.

Effective date : From year of assessment 2025 to year of assessment 2027

5. INTRODUCTION OF SUPPLY CHAIN RESILIENCE INITIATIVE

To strengthen the local supply chain and key ecosystem sectors, it is proposed that the Supply Chain Resilience Initiative be introduced with the following incentives:

- i. double deduction of up to RM2 million per annum for 3 consecutive years for manufacturing expenditure of multinational enterprises (MNEs);
- ii. joint investment by an MNE or its suppliers with a local supplier be given tax deduction based on the amount invested;
- iii. local suppliers involved in this initiative will be eligible for outcome-based tax incentive package; and
- iv. an investment matching fund of over RM100 million will be provided through a public fund equity platform to develop local suppliers in the sectors of Electrical and Electronics (E&E), specialty chemicals and medical devices.

Further details are expected to be released in due course.

Effective date : To be implemented in the 3rd quarter of 2025

6. DEDUCTION FOR SUPPORTING EDUCATIONAL OPPORTUNITIES FOR UNDERPRIVILEGED STUDENTS

To improve the accessibility of education for students from underprivileged families, it is proposed that salary or wages paid to educators by education institutions and organisations approved under Section 44(6) of the Income Tax Act 1967 be treated as expenditure incurred for welfare purposes.

Further details are expected to be released in due course.

Tax Incentive

1. TAX INCENTIVES FOR SMART LOGISTICS COMPLEX

The Smart Logistics Complex (SLC) is a modern warehousing facility that uses technologies such as the Internet of Things (IoT) and Artificial Intelligence (AI) aimed at automating various warehousing operations, reducing costs and enhancing the overall supply chain performance. However, there are no specific incentives provided to companies in Malaysia that incorporate the 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 tax exemption of up to 70% of the statutory income for a period of 5 years; or
- ii. Investment Tax Allowance (ITA) of 60% on the qualifying capital expenditure incurred within a period of 5 years. The allowance can be set-off against up to 70% of the statutory income for each year of assessment.

In addition, 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 eligible for applications received by the Malaysian Investment Development Authority (MIDA) until 31 December 2027.

To further enhance the supply chain efficiency through the adaptation of advanced technology in logistics activities, including the use of IR4.0 elements such as AI, IoT and blockchain, it is proposed that tax exemption equivalent to an ITA of 60% on qualifying capital expenditure incurred for a period of 5 years be provided to SLCs. The allowance can be offset against up to 70% of the 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 undertake 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 meters;
- D. adaptation of at least 3 IR4.0 elements; and
- E. other specified conditions.

Effective date : Application received by MIDA from 1 January 2025 to 31 December 2027

Indirect Tax

1. EXCISE DUTY ON SUGAR SWEETENED BEVERAGES

Effective from 1 January 2024, the excise duty on sugar sweetened beverages was increased from RM0.40 per litre to RM0.50 per litre based on the threshold of sugar content in 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	>5gram/100millilitre
	Flavoured milk-based beverages containing lactose	>7gram/100millilitre
20.09	Fruit juices and vegetable juices whether or not containing added sugar or other sweetening matter	>12gram/100millilitre

It is proposed that excise duty rate for the above sugar sweetened beverages be increased in phases at RM0.40 per litre. This is to improve health and well-being of the people especially to prevent diabetes and obesity.

Effective date : From 1 January 2025

2. SALES TAX EXEMPTION ON MASTECTOMY BRAS FOR BREAST CANCER PATIENTS

Currently, mastectomy bras for cancer patients are subject to following duties/taxes:

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

It is proposed that sales tax exemption be given for the above mastectomy bras to be in line with the value of compassion and to ease the burden of breast cancer patients.

Effective date : Application received by the Ministry of Finance from 1 November 2024 to 31 December 2027

Indirect Tax

3. REVIEW OF SALES TAX RATES AND EXPANSION OF SERVICE TAX SCOPE

Sales tax is imposed on taxable goods manufactured in Malaysia as well as taxable goods imported into Malaysia. Currently, sales tax rates are 5% or 10% depending on the type of goods and there are specific rates for petroleum related products. There are also goods that are exempted from sales tax.

Service tax is imposed on taxable services provided by service providers including digital services provided to consumers in Malaysia by foreign registered persons who are registered with the Royal Malaysian Customs Department. Service tax is also charged on importation of taxable services. The service tax rates are 6%, 8% or a specific rate depending on the type of taxable service provided.

It is proposed that sales tax rates and service tax scope be reviewed to strengthen the fiscal position 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 (e.g. salmon and avocado); and
- iii. scope of service tax be expanded to include new services such as commercial service transactions between businesses (B2B).

The Government will undertake industry consultation to provide balancing measures as well as finalising the scope and applicable tax rates.

Effective date : 1 May 2025



Indirect Tax

4. REVIEW OF EXPORT DUTY EXEMPTION ON CRUDE PALM OIL

The Customs Duties Order 2022 determines the export duty rate on crude palm oil (CPO) according to market price range of CPO. Effective 1 January 2020, the export duty for CPO was revised through a partial exemption.

It is proposed that the export duty for CPO, taking into accounts the partial exemption be revised to ensure sufficient supply of CPO in the domestic market as well as to encourage midstream and downstream processing activities for the production of value-added products such as biodiesel and oleochemicals as follows:

Current		Proposal	
CPO Market Price (RM/metric tonne)	Export Duty Rate	CPO Market Price (RM/metric tonne)	Export Duty Rate
<2,250	Nil	<2,250	Nil
2,250–2,400	3.0%	2,250–2,400	3.0%
2,401–2,550	4.5%	2,401–2,550	4.5%
2,551–2,700	5.0%	2,551–2,700	5.0%
2,701–2,850	5.5%	2,701–2,850	5.5%
2,851–3,000	6.0%	2,851–3,000	6.0%
3,001–3,150	6.5%	3,001–3,150	6.5%
3,151–3,300	7.0%	3,151–3,300	7.0%
3,301–3,450	7.5%	3,301–3,450	7.5%
>3,450	8.0%	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%

Effective date : 1 November 2024

Stamp Duty

1. STAMP DUTY FOR LOAN/FINANCING AGREEMENTS BASED ON SHARIAH PRINCIPLES

Currently, ad valorem stamp duty at a rate of 0.5% is charged on loan/financing agreements for the purchase of goods other than hire purchase based on Shariah principles such as *Murabahah* and *Tawarruq* pursuant to Item 27(a)(iii) of the First Schedule, Stamp Act 1949.

In order to streamline the stamp duty treatment on loan/financing agreements for the purchase of goods based on Shariah principles under the First Schedule, Hire Purchase Act 1967, it is proposed that stamp duty be imposed at a fixed rate of RM10 on the loan/financing agreements for the purchase of goods other than hire purchase based on Shariah principles.

Effective date : Loan/financing agreements based on Shariah principles executed from 1 January 2025

2. STAMP DUTY EXEMPTION ON LOAN/FINANCING AGREEMENTS THROUGH THE INITIAL EXCHANGE OFFERING (IEO) PLATFORM FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

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

In order to facilitate the expansion of MSMEs' access to raising business capital through alternative financing, it is proposed that the stamp duty on loan/financing agreements executed by MSMEs and investors through the IEO platforms registered with the Securities Commission Malaysia be exempted for 2 years.

Effective date : Loan/financing agreements executed from 1 January 2025 to 31 December 2026

3. STAMP DUTY EXEMPTION FOR LOAN/FINANCING AGREEMENTS UNDER MICRO FINANCING SCHEME (MFS)

Currently, stamp duty is exempted for loan/financing agreements between Micro, Small and Medium Enterprises (MSMEs) and financial institutions under the MFS approved by the National Small and Medium Enterprise Development Council for an amount not exceeding RM50,000. This exemption applies to loan/financing agreements executed on or after 1 January 2012.

In order to assist MSMEs in obtaining unsecured loans/financing, it is proposed that stamp duty exemption be given for loan/financing agreements under the MFS for an amount not exceeding RM100,000.

Effective date : Loan/financing agreement under the MFS executed from 1 January 2025

Stamp Duty

4. STAMP DUTY FOR DEED OF ASSIGNMENT FOR LIFE INSURANCE POLICY AND FAMILY TAKAFUL CERTIFICATE

Currently, stamp duty is charged on deed of assignment for life insurance policy and family takaful certificate pursuant to Item 32(a) of the First Schedule, Stamp Act 1949 at ad valorem rates in the table below.

In order to help reduce the deed of assignment costs and to promote insurance and takaful protection of family members, it is proposed that stamp duty be charged on deed of assignment for life insurance policy and family takaful certificate given by way of love and affection or through a trustee at fixed rates in the table below:

Ownership Transfer Value	Current Ad Valorem Stamp Duty Rate	Proposed Fixed Stamp Duty Rate
The first RM100,000	1%	RM10
Above the first RM100,000 to RM500,000	2%	RM100
Above RM500,000 to RM1,000,000	3%	RM500
More than RM1,000,000	4%	RM1,000

Effective date : Deed of assignment for life insurance policy and family takaful certificate executed from 1 January 2025



Stamp Duty

5. IMPLEMENTATION OF SELF-ASSESSMENT SYSTEM FOR STAMP DUTY

Currently, stamp duty information is entered into the Stamp Assessment and Payment System (STAMPS) by duty payers and the assessment of stamp duty remains the responsibility of the Inland Revenue Board of Malaysia (IRBM). The duty payers pay stamp duty according to the notice of assessment issued by the IRBM through STAMPS.

In order to ensure the stamping and self-payment system is more efficient and to further enhance compliance, it is proposed that Self-assessment Stamp Duty System (STSDS) be implemented in phases based on the types of instruments/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/agreements and subsequently make payments based on the self-assessment within a specified timeframe.

Effective date :

Phase	Effective Date	Types of Instruments
Phase 1	From 1 January 2026	Instruments/agreements related to rental or lease, general stamping and securities
Phase 2	From 1 January 2027	Instruments of transfer of property ownership
Phase 3	From 1 January 2028	Instruments/agreements other than stated in Phase 1 and Phase 2

Others

1. REVIEW OF THRESHOLD VALUE FOR WINDFALL PROFIT LEVY

The windfall profit levy is imposed on the production of fresh fruit bunches when the market price of crude palm oil (CPO) exceeds the threshold.

In order to continuously support the sustainability of the palm oil industry, it is proposed that the threshold of the windfall profit levy for Peninsular Malaysia, Sabah and Sarawak be revised as follows:

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

Effective date : 1 January 2025

2. CONSOLIDATION OF GOVERNMENT AGENCIES

To enhance operational efficiency, government agencies with similar roles have been consolidated. This includes the merging of:

- i. InvestKL Corporation and Malaysian Investment Development Authority (MIDA);
- ii. Razak School of Government (RSOG) and Institut Tadbiran Awam Negara (INTAN);
- iii. Halal Development Corporation (HDC) and Malaysia External Trade Development Corporation (MATRADE); and
- iv. Malaysian Aviation Commission (MAVCOM) and the Civil Aviation Authority of Malaysia (CAAM).

The above mergers will increase the efficiency of the above government agencies to be self sufficient without relying on government fundings.

3. ENVIROMENTAL, SOCIAL AND GOVERNANCE (ESG) BASED INVESTMENT FOR CARBON CAPTURE UTILISATION AND STORAGE (CCUS) ACTIVITIES

It is proposed that tax incentives in the form of investment tax allowance or income tax exemption be introduced for CCUS activities.

Further details are expected to be released in due course.

Others

4. NEW INVESTMENT INCENTIVE FRAMEWORK (NIIF)

A New Investment Incentive Framework (NIIF) will be introduced, which focuses on high-value activities as opposed to existing incentives based on specific products. With the implementation of NIIF, the government aims to reduce the economic gap between regions through economic spillover. One of the initiatives is to offer tax incentives at a special rate for investments in 21 economic sectors in states such as Perlis, Kedah, Kelantan, Terengganu, Sabah and Sarawak, resulting in economic spillover.

The framework also includes a strategic investment fund worth RM1 billion aimed at enhancing the capacity of local talent and encouraging high-value activities to be carried out in the country.

The NIIF is expected to be implemented in the 3rd quarter of 2025.

5. CARBON TAX ON IRON, STEEL AND ENERGY INDUSTRIES

In order to encourage the adoption of low-carbon technologies, it is proposed that carbon tax on iron, steel and energy industries be introduced by year 2026. Revenue collected from carbon tax will be used to fund green technology and research programmes.

Further details are expected to be released in due course

6. IMPLEMENTATION OF GLOBAL MINIMUM TAX

The Government is committed in streamlining the existing tax incentives and introduce alternative non-tax based incentives in order to mitigate the impact of Global Minimum Tax and to maintain Malaysia's competitiveness as a preferred investment destination.

Further details are expected to be released in due course.

7. RELAXATION OF CONDITION IMPOSED ON APPROVED INSTITUTIONS OR ORGANISATIONS

Currently, services or benefits of approved institutions or organisations under Section 44(6) of the Income Tax Act 1967 (ITA) must be targeted to Malaysia citizens regardless of race, religion and heredity, in order for the approved institutions or organisations to enjoy income tax exemption.

To support efforts in raising aid funds under a shared responsibility, the Government proposed to expand the scope of tax exemptions for charitable organisations under Section 44(6) of ITA to include donations to non-citizens who are affected. It is expected that services or benefits of the approved institutions or organisations may be extended to non-Malaysia citizens.

This is in light of the Government's initiative in bringing in Palestinians requiring medical treatment in Malaysia.

Further details are expected to be released in due course.

Summary of Extension of Time and Expansion of Scope

INDIVIDUAL TAX

Description	Extension of Time	Expansion of Scope
1. Tax relief for the following: <ul style="list-style-type: none"> Disabled individual (further deduction of RM6,000); Disabled spouse (further deduction of RM5,000); and Unmarried disabled child (further deduction of RM6,000). 	Not applicable	<ul style="list-style-type: none"> Further deduction to be increased to: <ul style="list-style-type: none"> ➤ Disabled individual (further deduction of RM7,000); ➤ Disabled spouse (further deduction of RM6,000); and ➤ Unmarried disabled child (further deduction of RM8,000). <p>Effective date : From YA 2025</p>
2. Tax relief on premiums paid/ contributions to deferred annuity and Private Retirement Scheme (PRS) (maximum RM3,000)	5 years (up to YA 2030)	Not applicable
3. Tax relief for child care fees paid to a registered child care centre or kindergarten for a child aged 6 years and below (maximum RM3,000)	3 years (up to YA 2027)	Not applicable
4. Tax relief for expenses related to installation, rental, purchasing (including hire-purchase equipment or subscription fees) for Electric Vehicle (EV) charging facilities (maximum RM2,500)(up to YA 2027)	Not applicable	<ul style="list-style-type: none"> The scope of the relief for EV charging equipment will be expanded to include expenses for the purchase of household food waste composting machines The relief for the purchase of food waste composing machines to be claimed once in every 3 year of assessment This relief remains capped at RM2,500 <p>Effective date : From YA 2025 to YA 2027</p>
5. Tax relief for education and medical insurance premiums (self, spouse, and child)(maximum RM3,000)	Not applicable	<ul style="list-style-type: none"> The tax relief is increased from RM3,000 to RM4,000 <p>Effective date : From YA 2025</p>
6. Tax relief on expenses for sports equipment and activities for self, spouse or child (maximum RM1,000)	Not applicable	<ul style="list-style-type: none"> To include expenses incurred for parents <p>Effective date : From YA 2025</p>

Summary of Extension of Time and Expansion of Scope

INDIVIDUAL TAX

Description	Extension of Time	Expansion of Scope
<p>7. Tax relief of up to RM10,000 for the following medical expenses:</p> <ul style="list-style-type: none"> • Serious illness for self, spouse or child; • Fertility treatment for self or spouse; • Vaccination for self, spouse or child (maximum RM1,000); • Dental examination or treatment expenses for self, spouse or child (maximum RM1,000); • Full medical examination, mental health examination and COVID-19 detection test, including purchase of self-test kit for self, spouse or child (maximum RM1,000); and • Assessment for diagnosis, early intervention programme or rehabilitation treatment for children (aged 18 years and below) with learning disabilities such as Autism Spectrum Disorder, Attention Deficit Hyperactivity Disorder (ADHD), Global Developmental Delay (GDD), Intellectual Disability, Down Syndrome and Specific Learning Disabilities (maximum RM4,000). 	Not applicable	<ul style="list-style-type: none"> • To include in full medical examination, mental health examination and COVID-19 detection test, including purchase of self-test kit for self, spouse or child (maximum RM1,000): <ul style="list-style-type: none"> ➢ Purchase of other self-test kits; ➢ Purchase of self-testing medical devices such as glucometer, pulse oximeter, blood pressure monitor and thermometer; and ➢ Fees for disease detection examination conducted at clinic or hospital such as blood test, ultrasound, mammogram and pap smear. • Tax relief for assessment for diagnosis, early intervention programme or rehabilitation treatment for children (aged 18 years and below) with learning disabilities to be increased from RM4,000 to RM6,000. <p>Effective date : From YA 2025</p> <ul style="list-style-type: none"> • To include the medical expenses incurred on co-payment in medical / takaful insurance. The total relief amount remains capped at RM10,000. <p>Further details are expected to be released in due course.</p>
8. Tax exemption on foreign source income received in Malaysia by resident individual	10 years (up to 31 December 2036)	Not applicable

Summary of Extension of Time and Expansion of Scope

INDIVIDUAL TAX

Description	Extension of Time	Expansion of Scope
9. Tax relief on medical treatment, dental treatment, special needs and carer expenses for parents (maximum RM8,000) which is inclusive of full medical examination from medical practitioners registered with the Malaysian Medical Council (maximum RM1,000)	Not applicable	<ul style="list-style-type: none"> To include expenses incurred for grandparents To include vaccination as part of the tax relief for full medical examination (maximum RM1,000) <p>Effective date : From YA 2025</p>
10. Tax exemption on child care allowance received from employers or paid directly by employers to child care centres for children (aged 12 years and below) (maximum RM3,000)	Not applicable	<ul style="list-style-type: none"> To include elderly care expenses incurred for parents or grandparents <p>Effective date : From YA 2025</p>
11. Tax relief on net savings in the National Education Savings Scheme (SSPN)(net deposit is the total deposit in that year minus total withdrawal in that year)(maximum RM8,000)	3 years (up to YA 2027)	<ul style="list-style-type: none"> The tax relief can only be claimed by either parent for SSPN savings, with a maximum claim of RM8,000; and Withdrawals from the SSPN fund intended for education costs for further studies will not affect the calculation of eligible net savings amount for tax relief <p>Effective date : From YA 2025 to YA 2027</p>

Summary of Extension of Time and Expansion of Scope

TAX INCENTIVE

Description	Extension of Time	Expansion of Scope
<p>1. Tax incentive for increased exports for services sector of up to 70% of the statutory income equivalent to 50% of the value of increased exports for the following qualifying services:</p> <ul style="list-style-type: none"> 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. <p>Effective from YA 2002</p>	Not applicable	<ul style="list-style-type: none"> To include Advanced Integrated Circuit (IC) Design services <p>Effective date : From YA 2025</p>
Description	Extension of Time	Clarification of Scope
<p>2. Tax incentive for automation in manufacturing, services and agriculture sectors</p> <ul style="list-style-type: none"> ▪ Accelerated capital allowance (100%) and automation capital allowance (100%) of qualifying capital expenditure. 	Not applicable	<ul style="list-style-type: none"> Tax incentive to include the plantation sector to encourage the use of advanced technologies such as drones and AI in the plantation operations, thus reducing dependence on foreign labour. <p>Further details are expected to be released in due course.</p>

Summary of Extension of Time and Expansion of Scope

CORPORATE TAX

Description	Extension of Time	Expansion of Scope
<p>1. Tax deduction for sponsorship of Smart Artificial Intelligence Driven Reverse Vending Machine (Smart AI Driven RVM)</p> <ul style="list-style-type: none"> Contribution/sponsorship and application received by the Ministry of Finance from 1 April 2023 to 31 December 2024 	<p>2 years</p> <p>Effective date : Contribution/sponsorship and application received by the Ministry of Finance from 1 January 2025 to 31 December 2026</p>	<p>Not applicable</p>
<p>2. Private Higher Education Institutions (PHEIs) are eligible for tax deduction on expenses incurred for:</p> <ul style="list-style-type: none"> Development of new courses Compliance with regulatory requirements for introducing new courses <p>The tax deduction is allowed from the year of completion of development of new courses over a period of 3 years.</p>	<p>Not applicable</p>	<ul style="list-style-type: none"> Tax deduction on cost of developing new courses by PHEIs is allowed to be fully claimed within the same year of assessment To include the development of Technical and Vocational Education and Training (TVET) courses by private skills training institutions <p>Effective date : From YA 2025 to YA 2030</p>
<p>3. Tax incentive for Structured Internship Programme (SIP).</p> <p>Double deduction is given on qualifying expenditure incurred for implementing SIP approved by Talent Corporation Malaysia Berhad for eligible students pursuing full time Master's Degree, Bachelor's Degree, Professional Certificate, Diploma and Vocational level (minimum SKM Level 1).</p>	<p>5 years (up to YA 2030)</p>	<ul style="list-style-type: none"> To include students pursuing structured training conducted by regulatory bodies

Summary of Extension of Time and Expansion of Scope

CORPORATE TAX

Description	Extension of Time	Expansion of Scope
4. Double deduction for child care allowance paid by employers to employees.	Not applicable	<ul style="list-style-type: none"> To include parents/grandparents care allowance paid by employers to employees <p>Effective date : From YA 2025</p>
Description	Extension of Time	Revision of Scope
5. Tax incentive for women on career break for at least 2 years and returning to work force are as follows: <ul style="list-style-type: none"> Employee: Income tax exemption on the remuneration received for a maximum period of 12 consecutive months Employer: Eligible for single tax deduction on the employment expenses 	Not applicable	<ul style="list-style-type: none"> A 50% further deduction to be given to the employer on the employment expenses paid for a period of 12 months for hiring women returning to work force <p>Effective date : Application received by Talent Corporation Malaysia Berhad from 1 January 2025 to 31 December 2027</p>
6. Employers who implemented the Flexible Working Arrangements (FWA) are given double deduction on the following eligible expenses (capped at RM500,000): <ul style="list-style-type: none"> Consultancy fees Capacity building for FWA, including employee training costs Cost of acquiring virtual working environment software <p>Application received by Talent Corporation Malaysia Berhad [TalentCorp] from 1 July 2020 to 31 December 2022.</p>	Not applicable	<p>A 50% further deduction on the following eligible expenses (capped at RM500,000):</p> <ul style="list-style-type: none"> Capacity building for FWA, including employee training costs Cost of acquiring virtual working environment software <p>The expenses are subject to a one-off claim and to be verified by TalentCorp.</p> <p>Effective date : Application received by TalentCorp from 1 January 2025 to 31 December 2027</p>

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Tax Seminar on Budget 2025

Kuala Lumpur

4 November 2024, Monday
8.45am - 5.00pm
Sime Darby Convention Centre

Kuantan

14 November 2024, Thursday
9.00am - 1.00pm
AC Hotel Kuantan

Penang

11 November 2024, Monday
8.45am - 5.00pm
Eastern & Oriental Hotel

Johor Bahru

18 November 2024, Monday
8.45am - 5.00pm
Renaissance Johor Bahru Hotel

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Find out how Grant Thornton can help you with your taxation matters.



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