

# Malaysia Budget 2019

This Budget Adviser provides details on the various tax measures that were announced in the 2019 Budget.

2 November 2018



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# Individual tax

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## 1. Review of income tax relief on contributions to an approved provident fund or takaful or life insurance premiums

Currently, an individual income taxpayer is eligible to claim income tax relief on contributions made to approved provident funds such as the Employees Provident Fund (EPF) and payment for life insurance premiums or takaful contributions up to RM6,000 per year of assessment.

To further encourage savings for old age, it is proposed that the income tax relief on contributions to approved provident funds or takaful or payment for life insurance premiums be increased to RM7,000 and separated as follows:

- i. income tax relief on contributions to approved provident funds up to RM4,000; and
- ii. income tax relief on takaful contributions or payment for life insurance premiums up to RM3,000.

For public servants under the pension scheme, the income tax relief on takaful contributions or payment for life insurance premiums is given up to RM7,000.

**Effective date :** From year of assessment 2019

## 2. Individual income tax relief on nett annual savings in the National Education Savings Scheme

Currently, individual income tax relief of up to RM6,000 on nett annual savings in the National Education Savings Scheme (SSPN) is eligible to be claimed annually by taxpayers effective from year of assessment 2012 until year of assessment 2020.

To further encourage parents to save for the purpose of financing tertiary education of their children, it is proposed that the individual income tax relief on nett annual savings in the SSPN be increased from RM6,000 to RM8,000.

**Effective date :** From year of assessment 2019 to year of assessment 2020



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# Corporate tax

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## 1. Review of corporate income tax rate for Small and Medium Enterprises (SMEs)

Currently, a company with paid-up capital of up to RM2.5 million or a Limited Liability Partnership (LLP) with total contribution of capital of up to RM2.5 million are categorised as SME and subjected to income tax rate of 18% on chargeable income up to RM500,000. The remaining chargeable income is subject to income tax rate of 24%.

To enhance competitiveness of SME and boost economic growth, it is proposed that the tax rate on chargeable income of up to RM500,000 be reduced by 1 percentage point from 18% to 17%, whilst the tax rate for the remaining chargeable income is at 24%.

**Effective date :** From year of assessment 2019

## 2. Review of income tax treatment on provision of group relief

Currently, group relief is an income tax treatment which allows the current year adjusted loss of a company, surrendered to a related company within the same group to be set-off against the claimant company's income after 12 months of the surrendering company's commencement of operation. Also, the adjusted loss may be surrendered indefinitely.

Companies that are enjoying Investment Tax Allowance (ITA) or Pioneer Status (PS) incentives are not eligible for the group relief tax treatment. However, the companies are still eligible to enjoy the group relief if the ITA or PS incentives have expired and still have unutilised investment tax allowance or unabsorbed pioneer losses.

To strengthen the implementation of group relief tax treatment and to minimise the revenue implication to the Government, it is proposed that:

- i. the surrendering of losses is to be allowed only after the 12th month period of the surrendering company's commencement of operation and limited up to 3 consecutive years of assessment; and
- ii. the claimant company which has unutilised ITA or unabsorbed pioneer losses upon the expiry of its ITA or PS incentives, will not be eligible to claim the group relief.

**Effective date :** From year of assessment 2019

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# Corporate tax

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### 3. Review of tax treatment on unabsorbed losses and unutilised capital allowance

Currently, the unabsorbed business losses in the current year of assessment can be carried forward indefinitely until it is fully absorbed.

The unutilised capital allowances in a current year of assessment can be carried forward to be deducted from the adjusted income of the subsequent years of assessment indefinitely until it is fully utilised.

To strengthen the tax treatment on unabsorbed losses and unutilised capital allowances, as well as to minimise the revenue loss to the Government, it is proposed that:

- i. the unabsorbed losses in a year of assessment be allowed to be carried forward for a maximum period of 7 consecutive years of assessment; and
- ii. the unutilised capital allowances in a year of assessment be allowed to be carried forward for a maximum period of 7 consecutive years of assessment.

**Effective date :** From year of assessment 2019

### 4. Review of tax treatment on unutilised reinvestment allowance and investment allowance for service sector

Currently, the Reinvestment Allowance (RA) under the Schedule 7A of the Income Tax Act (ITA) 1967 is eligible to be claimed by manufacturing companies and companies undertaking selected agricultural activities for the purpose of expansion, modernisation or diversification. The RA is eligible to be claimed for a period of 15 consecutive years of assessment commencing from the year of assessment the company makes the first claim provided that the company has been in operation for a period of at least 36 months. The RA rate is at 60% of the qualifying capital expenditure and to be set-off against:

- i. 70% of statutory income; or
- ii. 100% of statutory income, provided that in that relevant year of assessment the company achieves the level of productivity as prescribed by the Minister of Finance.

The Special RA has also been introduced to further promote reinvestment by existing companies which their qualifying period of the RA have expired. This Special RA is made available to companies that incur qualifying capital expenditure from year of assessment 2016 to the year of assessment 2018.

The Investment Allowance for Services Sector (IASS) as stipulated under the Schedule 7B of ITA 1967 was introduced specifically to intensify investments under the approved services projects scheme for communications, transportation and utilities sectors.

The unutilised allowances under Schedule 7A and 7B of ITA 1967 in the current year of assessment can be carried forward indefinitely.

In strengthening tax treatment under Schedule 7A and 7B of ITA 1967, it is proposed that the unutilised RA or IASS is only allowed to be carried forward for a maximum period of 7 consecutive years of assessment upon expiry of qualifying period of RA and IASS.

**Effective date :** From year of assessment 2019

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# Corporate tax

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## 5. Review on tax treatment of unabsorbed pioneer losses and investment tax allowance under the Promotion of Investments Act 1986

Currently, the Promotion of Investments Act 1986 does not limit the period for claiming the unabsorbed pioneer losses and Investment Tax Allowance (ITA). Thus, those pioneer losses and allowances are allowed to be carried forward and fully absorbed after the pioneer period or after the period of ITA has ended. For businesses which do not generate sufficient statutory income, a longer period will be taken to be able to make full claim of the incentives, which will result in loss of revenue to the Government.

To strengthen the current tax treatment, it is proposed that:

- i. unabsorbed pioneer losses after the end of pioneer period be allowed to be carried forward up to a maximum of 7 consecutive years of assessment; and
- ii. unabsorbed allowances after the end of ITA period be allowed to be carried forward up to a maximum of 7 consecutive years of assessment.

**Effective date :** From year of assessment 2019

## 6. Extension of tax incentive for issuance of Sukuk *Ijarah* and *Wakalah*

Currently, expenses incurred in issuing sukuk under the principles of *Ijarah* and *Wakalah* is eligible for deduction for the purpose of income tax. A further deduction is also eligible to be claimed on additional costs incurred on the issuance of such sukuk as follows:

- i. professional fees relating to due diligence, drafting and preparation of prospectus;
- ii. printing costs of prospectus;
- iii. advertisement cost of prospectus;
- iv. Securities Commission prospectus registration fee;
- v. Bursa Malaysia processing fee and initial listing fee;
- vi. Bursa Malaysia new issue crediting fee; and
- vii. primary distribution fee.

To further promote the issuance of sukuk under the principles of *Ijarah* and *Wakalah*, it is proposed that the existing tax incentives be extended for another 2 years as follows:

- i. tax deduction for issuance cost of sukuk under the principles of *Ijarah* and *Wakalah*; and
- ii. further deduction on additional issuance costs of sukuk under the principles of *Ijarah* and *Wakalah*.

**Effective date :** From year of assessment 2019 until year of assessment 2020

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# Corporate tax

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## 7. Extension of tax incentive for issuance of retail bond and retail sukuk

Currently, the issuance of retail bonds and retail sukuk incurs additional costs as compared to the issuance of non-retail bonds and non-retail sukuk. The additional costs are as follows:

- i. professional fees relating to due diligence, drafting and preparation of prospectus;
- ii. printing costs of prospectus;
- iii. advertisement costs of prospectus;
- iv. Securities Commission prospectus registration fees;
- v. Bursa Malaysia processing fees and initial listing fees;
- vi. Bursa Malaysia new issue crediting fees; and
- vii. primary distribution fees.

The above additional costs are eligible for tax incentives as follows:

- i. double deduction on additional issuance costs of retail bonds; and
- ii. double deduction on additional issuance costs of retail sukuk under the principles of *Mudharabah*, *Musyarakah*, *Istisna'*, *Murabahah* and *Bai' Bithaman Ajil* based on *Tawarruq*.

To further encourage investment in capital market, it is proposed that tax incentives period for retail bonds and retail sukuk be extended for 2 years.

**Effective date :** From year of assessment 2019 until year of assessment 2020

## 8. Tax incentive for employers to employ senior citizens and ex-convicts

Currently, the income tax treatment allows remuneration paid by employers to be deducted for the purpose of computation of company's income tax.

To encourage employers to employ senior citizens who are above 60 years old or ex-convicts as a full-time employee, it is proposed that a further deduction be given on the remuneration paid by employers to employees in these categories.

This treatment for employment of employees in these categories whose monthly remuneration does not exceed RM4,000.

**Effective date :** From year of assessment 2019 until year of assessment 2020

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# Corporate tax

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## 9. Tax incentives for Industry4WRD

Currently, the Government has introduced the Industry4WRD Policy as a national policy for the period between 2018 and 2025, consisting of 3 visions for the manufacturing sector and the manufacturing-related services sector which is targeted for Malaysia to become:

- i. strategic partners for smart manufacturing and manufacturing-related services in Asia Pacific;
- ii. the preferred destination for high-tech industry investment; and
- iii. the total solution provider for advanced technology.

The Industry4WRD Policy is formulated based on 3 key principles, namely to attract stakeholders towards the application of Industry4.0 (I4.0) technology, creating a comprehensive ecosystem for I4.0 application process by the industry and transforming the manufacturing sector holistically.

In order to achieve the Industry4WRD Policy aspirations and goals, it is proposed that the following tax incentives be given:

### A. Income tax incentive for the I4.0 Readiness Assessment (I4.0-RA)

To spur the implementation of I4.0 a comprehensive assessment process will be undertaken to assess the readiness of the company and its current capability as well as its potential to shift to I4.0 technology. In assisting the company to undertake this assessment process, it is proposed that a tax deduction is eligible to be claimed on the readiness assessment expenses of I4.0-RA. The eligible deduction is on such expenses of up to RM27,000 paid to the Malaysian Productivity Corporation.

### B. Income tax incentive for Industry4WRD Vendor Development Program

Anchor company that develop local vendors in I4.0 is eligible to claim double deduction on expenses incurred in implementing the Industry4WRD Vendor Development Program as follows:

- i. operating expenditure on costs of product development, upgrading capabilities of vendors and skill training of vendors, as verified by the Ministry of International Trade and Industries (MITI); and
- ii. the qualifying operating expenditure are capped up to RM1 million per year and eligible to be claimed for 3 consecutive years of assessment.

### C. Income tax incentive for human capital development

In enhancing skills of existing workforce and talent development to be in line with the I4.0 requirement, the following incentives are proposed:

- i. a double deduction on scholarships provided by companies to Malaysian students pursuing studies at technical and vocational levels, diplomas and degrees in the fields of engineering and technology. The eligibility criteria of students:
  - a. a Malaysian and resident in Malaysia;
  - b. receives full time course of study;
  - c. has no means on his own; and
  - d. whose parents or guardian have total monthly income not exceeding RM8,000 per month.

tax deduction on expenses incurred by companies participating in the National Dual Training System Training Scheme for the I4.0 program approved by the Ministry of Human Resources;

- ii. tax deduction on expenses for development of new I4.0 technology and engineering courses by the Private Higher Education Institutions. The new courses must be verified by Ministry of Education;



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# Corporate tax

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## 9. Tax incentives for Industry4WRD (cont'd)

- iii. a double deduction on expenditure incurred by a company in upgrading and developing its employees technical skills in I4.0 technology for training programmes approved by the Malaysian Investment Development Authority (MIDA);
- iv. a double deduction on expenditure incurred by a company in conducting internship programme approved by the Ministry of Human Resources for undergraduate students in fields of engineering and technology; and
- v. tax deduction on equipment and machinery contributed by companies to Skills Development Centres, Polytechnics or Vocational Colleges certified by the Ministry of Human Resources or the Ministry of Education.

### Effective date:

- A. From year of assessment 2019 to year of assessment 2021
- B. For MOU signed between company and MITI from 1 January 2019 to 31 December 2021
- C. i. From year of assessment 2019 to year of assessment 2021;
- ii. For programmes implemented from 1 January 2019 to 31 December 2019;
- iii. From year of assessment 2019 to year of assessment 2021;
- iv. For companies participating in the Readiness Assessment Intervention Plan from 1 January 2019 to 31 December 2019;
- v. From year of assessment 2019 to year of assessment 2021; and
- vi. For contributions made from 1 January 2019 to 31 December 2021.

## 10. Income tax deduction for employers on Perbadanan Tabung Pendidikan Tinggi Nasional loan amount paid by employers on behalf of employees

Currently, Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) has introduced various programs to encourage repayment of loans by offering discounts as follows:

- i. 20% of the outstanding debt for full settlement made by 31 December 2018;
- ii. 10% for repayment of at least 50% of the outstanding debt made in a single payment made by 31 December 2018; and
- iii. 10% for repayment through salary deductions or scheduled direct debit made by 31 December 2018.

In addition, there are various methods to facilitate repayment of loans by borrowers, including salary deductions, online payments and automatic deductions via bank accounts (auto-debit).

As an effort to improve PTPTN's loans repayment performance, it is proposed that employers who have made payments of PTPTN loans on behalf of their full-time employees are eligible for tax deduction on the repayment amount, provided that employees are not subjected to make any payment to the employers in return for the payment of their PTPTN loans.

**Effective date :** For payment made between 1 January 2019 and 31 December 2019

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# Corporate tax

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## 11. Extension of period for application on venture capital tax incentive

Currently, venture capital tax incentives are made available from 2018 as follows:

### i. Venture Capital Management Corporation (VCMC)

Income tax exemption on management fees, performance fees and income from profit sharing received on investment made by venture capital companies (VCC).

### ii. Venture Capital Company

- a. income tax exemption on statutory income from all sources of income except interest income from savings or fixed deposits and profits from Shariah-compliant deposits; and
- b. exemption be given for a period of 5 years from the year of assessment 2018 until the year of assessment 2022 for investments made in the Venture Company (VC). The VCC must be registered with the Securities Commission Malaysia (SC). VCC needs to invest at least 50% of funds in the early stage, seed and start up and the remaining 50% is allowed for other levels of investment. VCC and VC are not related companies.

### iii. Investment in VCC

Companies or individuals with business income investing into VCC funds created by VCMC are given tax deduction equivalent to the amount of investment made in VCC and limited to a maximum of RM20 million per year for each company or individual.

### iv. Investment in VC

Companies or individuals with business income investing in VC are given tax deductions equivalent to the amount of investment made in VC at the adjusted income level.

The above incentives are given for application received by the SC from 1 January 2018 until 31 December 2018.

To encourage the growth of the venture capital activities, it is proposed that the application period be extended for another 1 year.

**Effective date :** For applications received by the SC until 31 December 2019



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# Corporate tax

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## 12. Review on tax treatment for Labuan International Business Financial Centre (IBFC) with the internationally agreed tax standard

Currently, trading activities carried out by entity registered or licensed under Labuan laws will be given an election to be taxed at 3% tax rate or RM20,000 under the Labuan Business Activities Tax Act (LBATA) 1990, subject to the following conditions:

- i. transactions in currencies other than Ringgit Malaysia; and
- ii. transactions are restricted to be carried out between:
  - a. Labuan entity and non-resident; or
  - b. Labuan entity and other Labuan entity.

In line with the initiatives to further promote long term competitiveness of Labuan as an international financial hub, as well as ensuring compliance to the internationally agreed taxation standards, it is proposed that the Labuan IBFC tax treatment be restructured as follows:

### A. The current treatment and conditions as follows be abolished:

- a. election for income tax at the fixed rate of RM20,000 under LBATA 1990;
- b. restriction on transactions conducted in Ringgit Malaysia; and
- c. restriction on transactions between Labuan Entity and resident of Malaysia.

### B. Imposition of new conditions:

- a. Labuan IBFC activity carrying out in Labuan is subjected to substantive condition as determined by a committee;
- b. income from intellectual property assets held by Labuan entity is subjected to the prevailing income tax rate under the Income Tax Act 1967; and
- c. resident who transacts with Labuan entity is entitled for tax deduction on expenditure incurred, limited to 3% of the allowable expenditure.

**Effective date :** From 1 January 2019

## 13. Additional tax measure announced in the 2019 budget speech

### i. Review of tax treatment on donations to National Schools and Institutions of Higher Learning

Currently, donations to all schools and institutions of higher learning are not income tax-exempt. In order to incentivise and recognise the contributions made directly towards the nation building and to promote development of Malaysian education, it is proposed that:

- a) donations to national schools and public institutions of higher learning registered with the Ministry of Education for the purpose of upgrading infrastructure is income tax-exempt; and
- b) donations to other schools and institutions of higher learning registered with the Ministry of Education for the purpose of upgrading infrastructure is income tax-exempt based on case-by-case basis.

**Effective date :** 1 January 2019

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# Sales tax & Service tax

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## 1. Treatment of service tax on imported services

In line with the implementation of the new consumption tax system, service tax is imposed on prescribed services. Currently, service tax is only imposed on services provided by service providers who are located in Malaysia.

To ensure equal treatment for services supplied by both local and foreign service providers, it is proposed that service tax be imposed on the taxable services imported into Malaysia. The imposition of service tax on imported services will be carried out in phases as follows:

- i. services imported by businesses (business to business - B2B) be implemented from 1 January 2019; and
- ii. services imported by consumers (business to consumer - B2C) be implemented from 1 January 2020.

For importation of prescribed services by businesses (B2B), a new provision will be introduced in the Service Tax Act 2018 to enable the recipients of the imported services to account, declare and pay the service tax to the Royal Malaysian Customs Department.

For importation of digital products and services by consumers (B2C), a new provision will be introduced in the Service Tax Act 2018 requiring the foreign suppliers who provide such services to consumers in Malaysia to register and charge service tax.

### Effective date :

- i. Importation of services by businesses (B2B) effective from 1 January 2019
- ii. Importation of services by consumers (B2C) effective from 1 January 2020

## 2. Additional tax measures announced in the 2019 budget speech

- i. Exemption for specific business-to-business service tax

The Government will grant exemptions for specific business-to-business service tax commencing on 1 January 2019 for service tax registered entities.

- ii. Credit system for sales tax

Credit system for sales tax deduction will be introduced on 1 January 2019.



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# Stamp duty & others

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## 1. Proposal on restructuring of stamp duty rates for the transfer of real property

Currently, the stamp duty rates imposed on instrument for the transfer of real property are as follows:

Price/Market Value of Real Property Bands (whichever is higher)	Rates of Stamp Duty
First RM100,000	1%
RM100,001 to RM500,000	2%
RM500,001 and above	3%

The imposition of stamp duty is based on the consideration price of the real property or the current market value of the real property as ascertained by the Valuation and Property Services Department (JPPH), whichever is higher.

To make the stamp duty rates more progressive, it is proposed that the band of RM500,001 and above be restructured by introducing new bands of RM500,001 to RM1,000,000 and RM1,000,001 and above. The stamp duty rates for both new bands are as follows:

Price/Market Value of Real Property Bands (whichever is higher)	Rates of Stamp Duty
First RM100,000	1%
RM100,001 to RM500,000	2%
RM500,001 to RM1,000,000	3%
RM1,000,001 and above	4%

**Effective date :** From 1 January 2019

## 2. Stamp duty exemption for “Perindungan Tenang” products

Currently, insurance policy and takaful certificates are subjected to stamp duty of RM10 for each policy or certificate. The stamp duty is exempted for policies with sum insured not exceeding RM5,000.

“Perindungan Tenang” products which are affordable and accessible with simple claiming process were launched in December 2017. These products are aimed to enable Malaysians especially from the lower income group to have insurance protection which includes life insurance, fire and flood with low premium.

To encourage more lower income group to get insurance protection under the “Perindungan Tenang” products, it is proposed that stamp duty exemption be given on the insurance policy and takaful certificate with yearly premium/contribution not exceeding RM100. The exemption is given for a period of 2 years.

**Effective date :** For policies/certificates issued from 1 January 2019 until 31 December 2020

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# Stamp duty & others

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### 3. Stamp duty exemption for the purchase of first residential home

Currently, the Government has granted 100% stamp duty exemption on instrument of transfer and loan agreement for the purchase of first home priced not exceeding RM300,000 by Malaysian citizens.

For the purchase of first home priced exceeding RM300,000 up to RM500,000, stamp duty on instrument of transfer and loan agreement are fully exempted but limited to the first RM300,000 of the value of the property. The remaining balance of the home value is subjected to the prevailing rate of stamp duty.

This exemption is effective for the sales and purchase agreement executed from 1 January 2017 to 31 December 2018. Only Malaysian citizens who have yet to own a home are eligible for this stamp duty exemption.

At present, no stamp duty exemption is granted for the purchase of a residential home priced above RM500,000.

To further encourage Malaysians to purchase the first home and to increase the purchase of unsold residential units from developers and to boost the residential property market, it is proposed that the stamp duty exemption be given as follows:

- A. 100% stamp duty exemption on the instrument of transfer and the loan agreement for purchase of a first residential home priced up to RM300,000;
- B. 100% stamp duty exemption is limited to the instrument of transfer for the purchase of a first residential home priced between RM300,001 and RM1 million from any housing developer for a period of 6 months; and
- C. stamp duty exemption on the instrument of transfer and the loan agreement for purchase of a first residential home priced between RM300,001 and RM500,000. The stamp duty is 100% exempted but limited to the first RM300,000 of the price of the home. The remaining balance of the price of the home is subject to the prevailing rate of stamp duty.

#### Effective date :

- A. For sales and purchase agreement executed from 1 January 2019 to 31 December 2020
- B. For sales and purchase agreement executed from 1 January 2019 to 30 June 2019
- C. For sales and purchase agreement executed from 1 July 2019 to 31 December 2020



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# Stamp duty & others

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## 4. Review of Real Property Gains Tax rate

Real Property Gains Tax (RPGT) is a tax imposed on gains from the disposal of all types of real properties such as residential homes, commercial buildings and land, as well as shares in the real property company.

Currently, the RPGT rates are between 0% to 30% depending on the holding period of the property. The holding period refers to the period between the date of acquisition of the property and the date of disposal of such property. The date of acquisition as well as disposal of the property refers to the date recorded on the stamped sales and purchase agreement or stamped Form KTN14A or stamped memorandum of transfer. The current RPGT rates are as below:

Disposal	Company	Other Than Company and Other Than Non-Citizen and Non-Permanent Resident Individual	Non-Citizen and Non-Permanent Resident Individual
Within 3 years	30%	30%	30%
In the 4th year	20%	20%	30%
In the 5th year	15%	15%	30%
In the 6th and subsequent years	5%	0%	5%

In order to ensure a more robust tax rate, it is proposed that the RPGT for the gains from the disposal of real properties and shares in the real property company in the 6th and subsequent years of disposal, be revised as follows:

- for company, the RPGT rate to be increased from 5% to 10%;
- for other than company and other than non-citizen and non-permanent resident individual, the RPGT rate to be increased from 0% to 5%; and
- for non-citizen and non-permanent resident individual, the RPGT rate to be increased from 5% to 10%.

RPGT exemption is given to Malaysian citizens for the disposal of low cost, medium low and affordable residential homes at the price of RM200,000 and below in the 6th and subsequent years.

**Effective date :** From 1 January 2019

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# Stamp duty & others

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## 5. Review of import duty rate on bicycles

Currently, bicycles are subjected to import duty rates as follows:

Tariff Code	Description	Import Duty Rates
8712.00.10 00	Racing bicycles	0%
8712.00.20 00	Bicycles designed to be ridden by children	0%
8712.00.30 00	Other bicycles	25%

To further support healthy lifestyle through cycling activity and to ensure that bicycles are more affordable, it is proposed that the import duty rate for bicycles falling under the tariff code 8712.00.30 00 be reduced from 25% to 15%.

**Effective date :** From 1 January 2019

## 6. Imposition of excise duty on sugar sweetened beverages

Currently, the percentage of Malaysian population with diabetes had increased from 15.2% in 2011 to 17.5% in 2015. Among causes of diabetes are the intake of high sugar content food and beverages, especially ready to drink beverages which are widely available. The rising number of diabetic patients will result in large financial burden to government in providing the necessary continuous treatment as well as productivity loss among workforce.

As a measure to curb the rising trend of diabetic patients, it is proposed that an excise duty at the rate of RM0.40 per litre be charged on sugar sweetened beverages based on the sugar content as follows:

- fruit juices and vegetable juices whether or not containing added sugar or other sweetening matter under the tariff heading of 20.09, which contains sugar exceeding 12 grams per 100 millilitres; and
- beverages including carbonated drink containing added sugar or other sweetening matter or flavoured and other non-alcoholic beverages under the tariff heading of 22.02, which contains sugar exceeding 5 grams per 100 millilitres.

**Effective date :** From 1 April 2019



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# Stamp duty & others

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## 7. Additional tax measure announced in the 2019 budget speech

### i. Special Voluntary Disclosure Program

The Government will launch a Special Voluntary Disclosure Program to offer an opportunity for taxpayers to voluntarily declare any unreported income for Malaysian tax purposes, including that which is in offshore accounts. The program will be offered from 3 November 2018 until 30 June 2019 where taxpayers will receive reduced penalty rates for disclosure of unreported income. The penalty rates are as follows:

- 10% of tax payable : Disclosure made from 3 November 2018 until 31 March 2019
- 15% of tax payable : Disclosure made from 1 April 2019 until 30 June 2019
- 80% to the maximum of 300% : Disclosure made after 30 June 2019



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Find out how Grant Thornton can help you unlock the potential for growth for your business

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