

BUDGET 2019 HIGHLIGHTS

02 NOVEMBER 2018

CHANGES AFFECTING INDIVIDUAL

Tax relief for amount deposited into SSPN raise from RM 6,000 to RM 8,000

Tax relief for EPF and approved pension fund – RM 4,000; life insurance – RM 3,000; Pension scheme relief for government servant – RM 7,000

CHANGES AFFECTING COMPANY

Income tax rate on first RM 500,000 for SME reduced from 18% to 17%

Additional tax deduction for company that hire ex-convicts : RM 4,000/month

INCENTIVES

Pioneer Status incentive of 70% or Investment Tax Allowance of 60% over 5 years for companies producing eco-friendly plastic

Double deduction on expenses related to workforce related to industry 4.0 e.g. scholarships awarded, approved training programs etc

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SALES AND SERVICE TAX

Introduction of credit system for manufacturer w.e.f. 1.1.2019 to reduce the burden of registered small manufacturers and to avoid double taxation

Imported services such as architectural services, graphic design, IT and engineering design will be subject to Service Tax w.e.f. 1.1.2019

Foreign service provider that provide online services such as software, music or any digital advertising to Malaysian need to be registered with RMCD w.e.f. 1.1.2020

Exemption of service tax for specific service for B2B

SST exemption on construction services and building materials

OTHERS

Special voluntary disclosure scheme– 10% penalty from 3.11.2018 to 31.3.2019; 15% penalty from 1.4.2019 to 30.6.2019; 80% to 300% penalty after 30.6.2019

Unutilized business losses, capital allowances and allowance from tax incentives can be carried forward up to 7 years only

Income tax deduction on contribution made to social enterprise (restricted to 7% of individual's aggregate income (AI); 10% of Company's AI)

RPGT on disposal of property/RPC shares after 5 years for Company, individual who is not a citizen or PR will be raise from 5% to 10%

RPGT on disposal of property/RPC shares after 5 years for individual who is Malaysian citizen or PR will be raise from 0% to 5%

Option for Labuan Company to be taxed at RM 20,000 will be abolished

OTHERS (CONT'D)

Departure tax to be charged on travelers leaving Malaysia airport:

- *to ASEAN countries : RM 20/head*
- *Others : RM 40/head*

Buyer acquires first house worth up to RM 500,000 – stamp duty exemption up to the first RM 300,00 on the Instrument of Transfer and loan agreement for 2 years until December 2020

Buyer acquires first house (unsold properties) worth from RM 300,001 to RM 1 million – stamp duty exemption on the Instrument of Transfer for 6 months from 1.1.2019

Introduction of excise duty for 2 categories of carbonated drink in the form of ready-to-drink packaging at a rate of RM 0.40/litre w.e.f. 1.4.2019

Double deduction for additional costs incurred to issue Sukuk based on Ijarah and Wakalah for 3 years from 2019

Stamp duty rate to be raised from 3% to 4% for transfer of property exceeding RM 1 million