

# Take5

for business

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## Malaysia Budget 2025



Shape the future  
with confidence



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Malaysia's economy is gaining positive momentum as evidenced by rising business confidence, strong domestic demand, a strengthening ringgit, stabilizing inflation, encouraging equity market performance and stronger than expected economic growth in the first half of 2024.

These positive indicators provide a platform for Budget 2025 to continue setting the foundations for achieving the aspirations of *Madani* Economy.

It is encouraging to note the continuing fiscal reform efforts, such as the additional proposed subsidy rationalization measures. Alongside this, policy initiatives supporting the digital economy and the National Energy Transition Roadmap will ensure a resilient Malaysian economy in the years to come.

# Budget 2025 perspectives

Malaysia's Budget 2025 was delivered by Prime Minister Dato' Seri Anwar Ibrahim on 18 October 2024 as the country's third *Madani* budget.

Budget 2025 is Malaysia's largest budget ever at RM421 billion, with the objective of revitalizing the economy, catalyzing transformative change and improving the overall well-being of the *rakyat*. The Budget strikes a strategic balance, reinforcing the nation's commitment to fiscal resilience while navigating the challenges of the global and regional economic landscape and setting the foundation for long-term growth.

The Government expects the fiscal deficit to narrow to 4.3% of GDP in 2024 and has set a target to reduce the deficit to 3% by 2026. To reduce the fiscal deficit and national debt levels, the Government has proposed measures to further broaden the country's revenue base and will continue to implement subsidy rationalization.

Budget 2025 provides additional clarity on the highly anticipated plan for addressing the RON95 petrol subsidy. The RON95 subsidy rationalization will be implemented in mid-2025, with the intention that 85% of the *rakyat* will not be adversely impacted. The savings from this exercise will be channeled to public welfare. While rationalization will be complex, we commend the Government for its efforts in taking this necessary and important action.

We discuss below key Budget 2025 measures aimed at broadening the revenue base and reducing inequality, strengthening Malaysia's competitiveness as well as advancing the digital economy.

## Broadening the revenue base and reducing inequality

The Government has decided not to reintroduce Goods and Services Tax (GST) until the income levels of the *rakyat* increase. Instead, various other levers have been proposed to increase revenue.

These include the expansion of the Sales Tax and Service Tax (SST), effective May 2025, to encompass additional services and non-essential goods. It is encouraging that the Government will engage with stakeholders from relevant industries to seek feedback before finalizing the SST scope expansion and tax rates, which will smoothen implementation and avoid unintended consequences.

Malaysia will also introduce a 2% tax on dividend income exceeding RM100,000 received by individuals, from the year of assessment 2025. Non-resident individuals will also be within the scope of this tax and it will be interesting to see how the tax will be collected from such individuals.

In response to the rising cost of living and to narrow the wage gap, in addition to maintaining the RON95 subsidy for 85% of the *rakyat*, the Government plans to increase the minimum wage to RM1,700 (from RM1,500) and further enhance various cash assistance programs.

To boost national productivity and encourage inclusiveness, the Government is introducing incentives to expand the workforce while supporting families. Employers will benefit from a 50% additional tax deduction for hiring women returning to work, implementing flexible work arrangements, and providing additional paid caregiving leave for employees caring for children or ill or disabled family members. We are optimistic that these incentives will accelerate an upward trend in female labor force participation.

## Competitiveness in the global landscape

Budget 2025 aims to attract more impactful investments through the introduction of the New Investment Incentive Framework (NIIF). Expected to launch in Q3 of 2025, the NIIF focuses on high-value activities and economic spillover to the country, moving away from existing incentives which are based on specific products.

Specific focus areas include the diversification of the electrical and electronics (E&E) sector through high value-added activities, creating high-income job opportunities in the field of artificial intelligence (AI), strengthening the local supply chain and primary sector ecosystems, state-specific economic clusters and Environmental, Social and Governance (ESG)-driven investments.

The introduction of Global Minimum Tax (GMT) in Malaysia could result in additional top-up taxes on low-taxed income of large multinational groups of companies and may negatively impact the investment environment. To address this, the Government has committed to streamlining existing tax incentives, introducing non-tax incentives and studying the introduction of a "Strategic Investment Tax Credit". We expect this credit to be designed as a 'Qualified Refundable Tax Credit' (QRTC), which may generally be more attractive to certain investors once GMT is introduced.

Some of these initiatives are a continuation of measures from previous *Madani* Budgets to enhance Malaysia's competitiveness. The results of the efforts taken to-date are evident from the increase in foreign direct investment (FDI) numbers, with Malaysia's ASEAN ranking improving from 6th to 4th between 2020 and 2022.

## Digital economy and AI

Budget 2025 marks a significant step in Malaysia's journey towards a digital future, with a series of initiatives aimed at strengthening the digital economy and accelerating the adoption of AI. These targeted measures, together with the USD16.9 billion of digital investments already secured, will enhance the nation's readiness for the opportunities and challenges of the digital age.

Recognizing the importance of digital skills, the proposed NIIF will include incentives to encourage development of qualifying new courses for AI, robotics, Internet of Things (IoT), data science, fintech, and sustainable technology at private higher education institutions and private skills training institutions.

To support digitalization of various industries, the Government has also announced tax incentives such as accelerated capital allowance to encourage use of drones and AI technology in plantation operations, thereby reducing dependence on foreign labor. Investors in Smart Logistics Complexes (SLCs) will be incentivized with an investment tax allowance for a period of five years, aimed at stimulating growth and activity in this critical area. These initiatives underscore Malaysia's dedication to maintaining a competitive edge in the digital era and equipping its workforce for the future.

Malaysia's Budget 2025 is a testament to the Government's decisive policy-making. This expansionary budget reflects a strong commitment to steering the nation towards a sustainable and thriving future through fiscal responsibility, catalyzing growth in key sectors, revitalizing the economy and prospering the *rakyat*. We look forward to the positive outcomes these initiatives will bring to the nation.



# Economic overview

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# Budget 2025: Overview

Budget 2025 is guided by three key principles and five strategic initiatives:

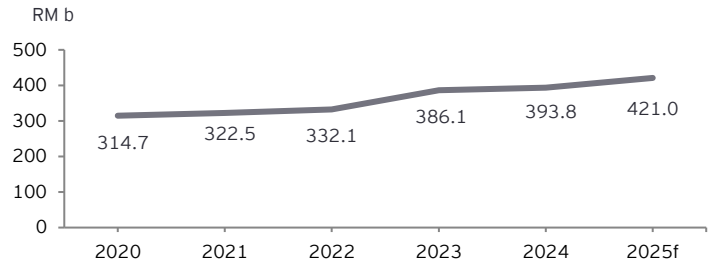
## Three key principles

1. Revitalizing the economy
2. Catalyzing transformative change
3. Improving the well-being of the *rakyat*

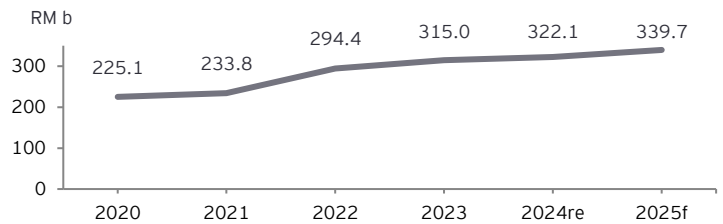
## Five strategic initiatives

1. Navigating the *Madani* Economy
2. Driving more decisive reforms
3. Eliminating bureaucratic inefficiencies
4. Increasing wages and income
5. Addressing the rising cost of living

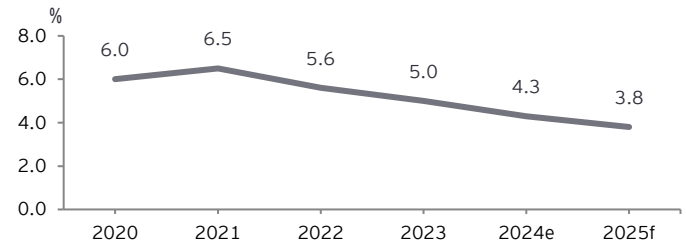
### 1 Budget allocation<sup>1</sup>



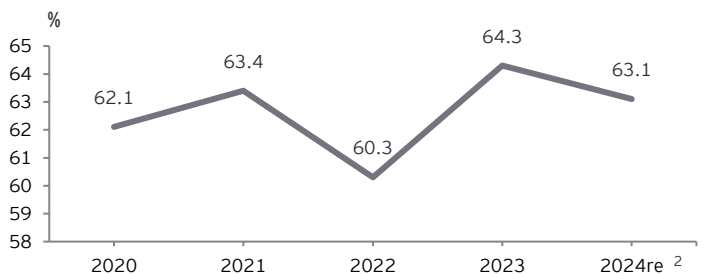
### 2 Government revenue



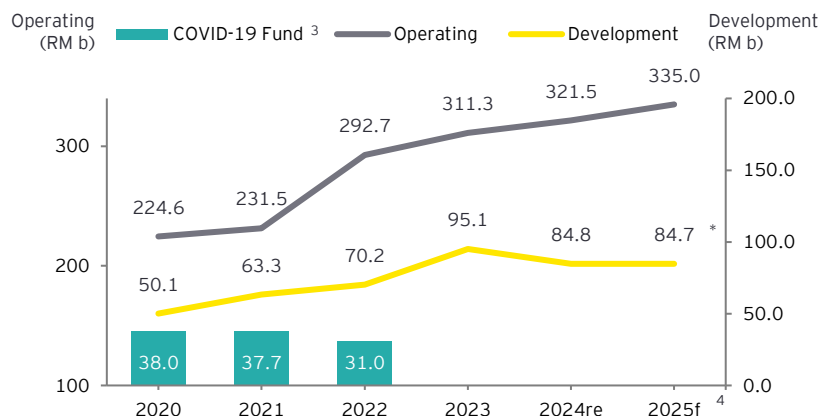
### 3 Budget deficit



### 4 Government debt/GDP ratio



### 5 Operating and development expenditure



#### Notes:

<sup>1</sup> The Budget allocation includes operating expenditure, development expenditure and COVID-19 fund, but excludes contingency reserves

<sup>2</sup> Government debt/GDP ratio for 2024e as at the end of June 2024

<sup>3</sup> The COVID-19 fund is a specific trust fund established under the Temporary Measures for Government Financing [Coronavirus Disease 2019 (COVID-19)] Act 2020 to finance economic stimulus packages and recovery plan

<sup>4</sup> Budget estimate excluding Budget 2025 measures

\* The development expenditure stated in the Budget Speech is RM86b

e = Estimate  
f = Forecast  
re = Revised estimate

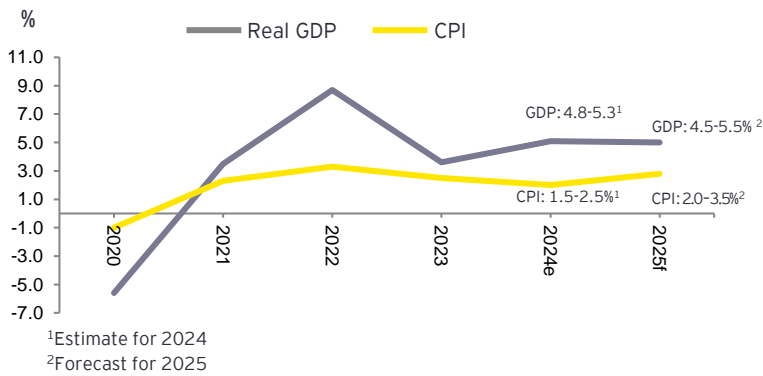
# Numbers may not add up due to rounding

#### Sources:

- Budget speeches 2020 to 2024, Ministry of Finance (MoF)
- MoF economic reports, 2020 to 2024

# Economic indicators

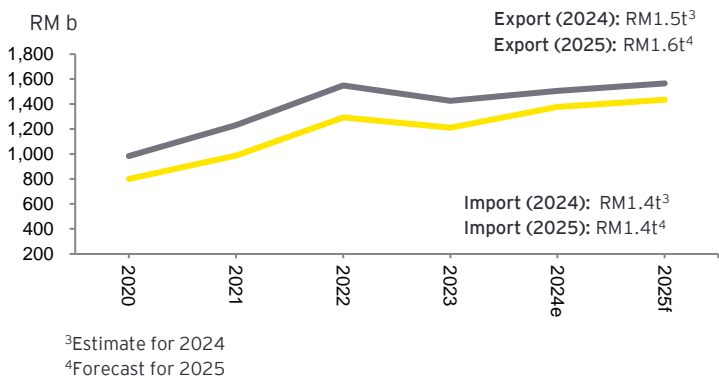
## Real GDP versus CPI



The Malaysian economy is projected to grow between 4.8% and 5.3% in 2024, driven by robust domestic demand and recovery in exports. The economy is expected to grow between 4.5% and 5.5% in 2025.

The inflation rate eased to an average of 1.8%, down from 2.8% in 2023, following a favorable cost environment and sustained demand. The inflation rate is forecasted to increase between 2.0% and 3.5% in 2025.

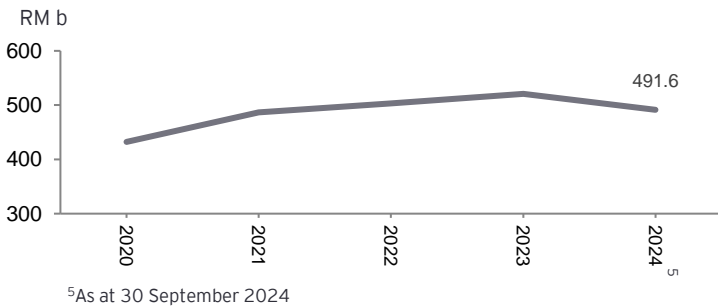
## Trade (goods and services)



Total trade is expected to increase 9.4% year-on-year to RM2.9 trillion in 2024, due to a rebound in global technology demand, stable economic expansion in key markets and stable commodity prices.

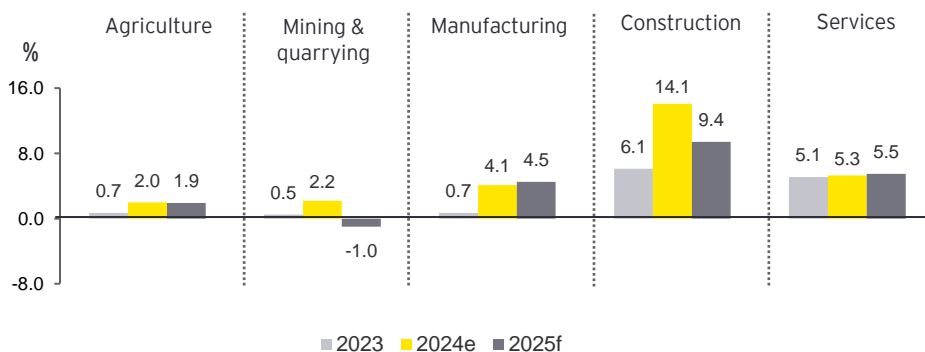
By 2025, total trade is forecasted to increase to RM3.0 trillion, buoyed by an uptick in global trade dynamics and strengthening demand in the commodities sector.

## Net international reserves



As at 30 September 2024, Malaysia's total international reserves amounted to RM491.6 billion, which is 0.9 times the total short-term external debt and is sufficient to finance 4.8 months of imports of goods and services.

## Growth by sectors



In 2024, all sectors are expected to record growth. In particular, the construction sector is expected to expand by 14.1%, driven by all subsectors (civil engineering, residential and non-residential).

The services sector is forecasted to grow by 5.3% in 2024, with all subsectors showing upward trends.

The manufacturing sector is expected to expand by 4.1% in 2024, fueled partly by higher growth of domestic-oriented industries and stronger export performance.

Sources:  
 ▶ MoF economic reports  
 ▶ Press release by Bank Negara Malaysia (BNM), 7 October 2024



# Tax measures

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- ▶ Individuals
- ▶ Businesses
- ▶ Indirect tax
- ▶ Others



### Tax on dividend income

Dividend income of individual taxpayers receiving dividends exceeding RM100,000 per annum will be subject to tax, effective from YA 2025. The applicable tax rate will be 2%. This will impact residents, non-residents and individuals who hold shares through nominees.

#### **Exemptions**

- ▶ Dividends from abroad;
- ▶ Dividends distributed from the profits of companies with pioneer status and reinvestment allowances;
- ▶ Dividends paid, credited or distributed from the profits of shipping companies that are exempted from tax;
- ▶ Dividends distributed by cooperatives;
- ▶ Dividends declared by closed-end funds;
- ▶ Dividends received by residents from Labuan entities; and
- ▶ Any exemption given on dividend income at shareholder level.

#### **Out of scope**

This tax will not apply to distributions from the Employees Provident Fund (EPF), *Amanah Saham Nasional Bumiputera* (ASNB), *Lembaga Tabung Angkatan Tentera* (LTAT) or unit trusts.

### Exemptions and reliefs

- ▶ A new tax relief on housing loan interest for a first residential home will be introduced:
    - ▶ Up to RM7,000 per YA for a home costing up to RM500,000
    - ▶ Up to RM5,000 per YA for a home costing between RM500,001 and RM750,000
- The tax relief can be claimed for three consecutive YAs commencing from the first year the interest is paid, subject to the following conditions:
- ▶ The residential home must not be used to generate any income;
  - ▶ The sales and purchase agreement must be executed between 1 January 2025 and 31 December 2027; and
  - ▶ Where two or more individuals are eligible to claim the tax relief for the same residential home, the tax relief is to be apportioned based on the interest paid.
- ▶ The annual tax relief on medical treatment expenses for taxpayer, spouse and children of RM10,000 will be reviewed:
    - ▶ The scope of the tax relief for full medical check-up, mental health check-up or consultation, and Covid-19 detection test in respect of a taxpayer, spouse and child of RM1,000 will be expanded to include influenza test kits, self-testing medical devices and fees for disease detection examination.
    - ▶ The scope of the medical expenses incurred will be expanded to include medical payments made by taxpayers under medical and health insurance and *takaful* products with co-payment terms.
    - ▶ The limit for treatment and rehabilitation expenses for children with learning disabilities will be increased from RM4,000 to RM6,000.
  - ▶ The annual tax relief for medical and education insurance premiums will be increased from RM3,000 to RM4,000.
  - ▶ The annual tax relief for Persons with Disabilities will be increased:
    - ▶ Taxpayer - from RM6,000 to RM7,000;
    - ▶ Spouse - from RM5,000 to RM6,000; and
    - ▶ Unmarried child - from RM6,000 to RM8,000.
  - ▶ The scope of the annual tax relief of RM2,500 for purchase, installation, rental and subscription fees for electric vehicle (EV) charging facilities will be expanded to include the purchase of food waste composting machines for household use and can be claimed once within three YAs.
  - ▶ The scope of the annual tax relief of RM1,000 for sports equipment and activities for taxpayer, spouse and child will be expanded to include the taxpayers' parents.

### Exemptions and reliefs

- ▶ The scope of the annual tax relief of RM8,000 for medical treatment, special needs and care expenses incurred by taxpayers for their parents will be reviewed:
  - ▶ The scope of the RM1,000 relief for full medical check-up for parents will be expanded to include vaccination costs.
  - ▶ The scope of this annual tax relief will be expanded to include grandparents.
- ▶ The annual tax relief of up to RM3,000 for contributions to Private Retirement Schemes and deferred annuities will be extended to YA 2030.
- ▶ The RM8,000 annual tax relief for net deposits to *Skim Simpanan Pendidikan Nasional* (SSPN) will be reviewed:
  - ▶ The tax relief will be extended to YA 2027.
  - ▶ The calculation of net deposit will be amended to exclude withdrawals made to finance education costs for further studies.
- ▶ The annual tax relief of RM3,000 for fees paid to childcare centres or kindergartens for children up to the age of six, will be extended to YA 2027.
- ▶ The income tax exemption on foreign-sourced income received in Malaysia by resident taxpayers will be extended to the year 2036, provided such income has been subjected to income tax in the country of origin.
- ▶ The scope of the annual income tax exemption of RM3,000 on childcare allowances received by taxpayers will be expanded to include elderly care i.e., parents or grandparents.
- ▶ Cash rewards and winnings received by individual athletes or teams through the *Skim Hadiah Kemenangan Sukan* provided by the Government through *Majlis Sukan Negara Malaysia* will be exempted from tax.

*Note: The above are effective from YA 2025, unless otherwise stated.*

## Tax measures: Individuals

Employees Provident Fund (EPF)	<ul style="list-style-type: none"><li>▶ The Government's matching contribution to the EPF <i>i-Saraan</i> program will be increased to 20% (from 15%) of the individual's contribution, capped at RM500 per year and a lifetime maximum of RM5,000.</li><li>▶ EPF contributions will be made mandatory for non-Malaysian employees, in phases.</li></ul>
Others	<ul style="list-style-type: none"><li>▶ The minimum wage rate will be increased from RM1,500 per month to RM1,700 per month with effect from 1 February 2025. For employers with fewer than five employees, the new minimum wage rate will take effect from 1 August 2025.</li><li>▶ Recipients of the <i>Sumbangan Tunai Rahmah</i> (STR) under the Household category will receive RM100 per month starting from April 2025. Recipients under the Single category will receive STR of RM600 per month.</li><li>▶ The monthly welfare assistance provided by the Malaysian Department of Social Welfare to senior citizens will be increased to RM600 per month.</li><li>▶ The monthly welfare assistance provided by the Malaysian Department of Social Welfare for children of poor families will be increased to:<ul style="list-style-type: none"><li>▶ RM250 per child up to the age of six; and</li><li>▶ RM200 per child between the age of seven to 18, limited to a maximum amount of RM1,000 per family.</li></ul></li><li>▶ The monthly general welfare assistance provided by the Malaysian Department of Social Welfare will be increased to RM150 per month, limited to a maximum of RM500 per family per month. This is only applicable for families living in <i>Wilayah Persekutuan</i>.</li></ul>



<b>Deductions</b>	<ul style="list-style-type: none"><li>▶ Additional 50% tax deduction will be available for:<ul style="list-style-type: none"><li>▶ Remuneration paid to women returning to work, for a period of 12 months;</li><li>▶ Cost of capacity-building and software procurement incurred by employers in implementing flexible working arrangements, capped at RM500,000 (to be verified by Talent Corporation Malaysia Berhad (TalentCorp)) on a one-off basis; and</li><li>▶ Employer-paid leave for up to 12 months for employees caring for sick or disabled children or family members.</li></ul></li></ul> <p>Applications must be received by TalentCorp from 1 January 2025 to 31 December 2027.</p> <ul style="list-style-type: none"><li>▶ Further deduction on allowances paid by employers to employees for elderly care, i.e., parents or grandparents, effective from YA 2025.</li><li>▶ Deduction for taxpayers with a business source who donate or sponsor Smart Artificial Intelligence Driven Reverse Vending Machine equipment, to be extended for two years. This applies to applications received by the MoF from 1 January 2025 to 31 December 2026.</li><li>▶ Deduction will be given for contribution of new equipment and machineries to registered <i>Institusi Latihan Kemahiran Awam</i>, polytechnic or vocational colleges from YA 2025 to YA 2027.</li><li>▶ Double deduction for expenditure incurred in implementing the Structured Training Programme (MySIP) under Talent Corporation Malaysia Berhad will be extended to students who undertake structured training conducted by industry regulatory bodies. Further, this double deduction will be extended until YA 2030.</li><li>▶ Deduction will be given for contributions to the <i>Tabung Penyakit Jarang Jumpa</i>.</li><li>▶ Private Higher Education Institutions will be allowed a deduction for the cost of developing new courses, in the same YA. Further, this deduction will be extended to include development of Technical and Vocational Education and Training (TVET) courses by private skills training institutions. This applies from YA 2025 to YA 2030.</li></ul>
<b>Capital allowances</b>	<p>The annual allowance on the purchase of information, communication and technology (ICT) equipment and customized computer software development for e-invoicing purposes will be increased from 20% to 40%, for YA 2024 and YA 2025.</p>
<b>Others</b>	<p>An incentive of RM600 per month for three months, under the supervision of SOCSO, will be provided to employers who employ Persons with Disabilities and ex-convicts.</p>

### New investment incentive framework for high-value activities

- ▶ Tax incentives for increased exports will be extended to include integrated circuit (IC) design activities.
- ▶ To strengthen the local supply chain and the ecosystem of priority sectors, the Supply Chain Resilience Initiative will be introduced with the following incentives:
  - ▶ Double tax deduction capped at RM2 million per year for three consecutive years for expenditure incurred by multinational enterprises (MNE);
  - ▶ Tax deduction on total investment made by an MNE or its vendors engaged in joint venture investments with other local vendors;
  - ▶ Outcome-based special incentive package for local vendors participating in this initiative; and
  - ▶ A matching investment fund exceeding RM100 million through an equity crowdfunding platform to support the expansion of local suppliers in the E&E, specialty chemicals, and medical devices sectors.
- ▶ Economic clusters will be established, tailored to the distinct value propositions of each state. Examples provided were renewable energy in Perlis and Sabah and specialized chemical industries in Pahang and Terengganu.
- ▶ Tax incentives, based on economic spillover, will be introduced in 21 economic sectors in states such as Perlis, Kedah, Kelantan, Terengganu, Sabah and Sarawak.
- ▶ Tax incentives such as investment tax allowances or income tax exemptions will be provided for Carbon Capture Utilization and Storage (CCUS) activities.

## Johor-Singapore Special Economic Zone (JS-SEZ)

### *Incentives announced previously and reiterated in the Budget Speech*

- ▶ Forest City has been approved as a duty-free island to encourage tourism activities and support the local economy.
- ▶ A tax incentive package for the Forest City Special Financial Zone (FCSFZ) was announced to stimulate financial services such as financial global business services and fintech.
- ▶ The Single Family Office (SFO) was launched for FCSFZ to attract regional and Malaysian families to manage their family wealth from Malaysia.
- ▶ The Securities Commission Malaysia (SC) will act as the approving authority for the granting of Residence and Employment Passes for the Family Offices' Founding Family Investors and investment professionals.

### **New announcements**

- ▶ To spur the growth of JS-SEZ, the Government will provide special incentives to attract quality investments and offer high-value jobs. These special incentives will be announced by the end of this year.
- ▶ Invest Malaysia Facilitation Centre-Johor (IMFC-J) is currently being established to facilitate investments in FCSFZ and reduce bureaucracy in order to expedite approvals.

## Logistics

- ▶ Investment tax allowance of 60% on qualifying capital expenditure incurred for a period of five years, to be set-off against 70% of statutory income, applicable to eligible SLC companies.

Eligible SLC companies	<ul style="list-style-type: none"> <li>▶ SLC Investor and Operator that invests in the construction of smart warehouses and undertakes eligible logistics services; or</li> <li>▶ SLC Operator that leases a smart warehouse under a long-term lease of at least 10 years and undertakes eligible logistics services.</li> </ul>
Eligible logistics services	<ul style="list-style-type: none"> <li>▶ Regional distribution centres;</li> <li>▶ Integrated logistics services;</li> <li>▶ Storage of hazardous goods; or</li> <li>▶ Cold chain logistics.</li> </ul>
Other conditions	<ul style="list-style-type: none"> <li>▶ Warehouse with a minimum build-up area of 30,000 square meters;</li> <li>▶ Adaptation of at least three Industrial Revolution (IR) 4.0 elements; and</li> <li>▶ Other conditions as prescribed.</li> </ul>

- ▶ Applications must be received by Malaysian Investment Development Authority (MIDA) from 1 January 2025 to 31 December 2027.

## Labuan

The existing full income tax exemption granted to Labuan entities engaged in Islamic financial activities will be expanded to include Labuan entities engaged in Labuan *takaful* and *takaful*-related business activities, for four years from YA 2025 to YA 2028.

No.	Labuan trading entity	Qualifying activities
1	Labuan insurer; Labuan reinsurer; Labuan <i>takaful</i> operator; or Labuan re- <i>takaful</i> operator	<i>Takaful</i> and re- <i>takaful</i> businesses that comply with <i>Syariah</i> principles: <ul style="list-style-type: none"> <li>▶ Risk management; or</li> <li>▶ Product development.</li> </ul>
2	Labuan captive insurer; or Labuan captive <i>takaful</i>	<i>Takaful</i> and re- <i>takaful</i> businesses that comply with <i>Syariah</i> principles where <i>takaful</i> participants are related companies or associated companies or as approved by the Labuan Financial Services Authority: <ul style="list-style-type: none"> <li>▶ Risk management; or</li> <li>▶ Product development.</li> </ul>
3	Labuan underwriting manager; or Labuan underwriting <i>takaful</i> manager	Provides underwriting services including administration related to Labuan <i>takaful</i> business.
4	Labuan insurance manager; or Labuan <i>takaful</i> manager	Provides management or administrative services related to Labuan <i>takaful</i> business
5	Labuan insurance broker; or Labuan <i>takaful</i> broker	Provides services such as: <ul style="list-style-type: none"> <li>▶ Arrange Labuan <i>takaful</i> and re-<i>takaful</i> business; or</li> <li>▶ Financial analysis.</li> </ul>



## Tax measures: Indirect Tax

Expansion of Sales Tax scope	<ul style="list-style-type: none"> <li>▶ Sales Tax exemption will be maintained on essential food items.</li> <li>▶ Sales Tax will be levied on non-essential items such as imported premium goods, from 1 May 2025. Examples provided in the Budget speech were avocados and salmon.</li> </ul>																	
Expansion of Service Tax scope	The Service Tax scope will be expanded progressively to include new services such as commercial service transactions between businesses (B2B), from 1 May 2025.																	
Excise duty on sugar-sweetened beverages (SSB)	<p>The excise duty on SSB will be increased in phases from 1 January 2025.</p> <table border="1" data-bbox="710 734 1508 1594"> <thead> <tr> <th>Tariff code</th> <th>Type of beverages</th> <th>Sugar content threshold</th> <th>Current</th> <th>Proposed</th> </tr> </thead> <tbody> <tr> <td rowspan="2">22.02</td> <td>Beverages including carbonated drinks containing added sugar or other sweetening matter or flavored and other non-alcoholic beverages</td> <td>&gt;5g/100ml</td> <td rowspan="2">RM0.50/liter</td> <td rowspan="2">RM0.50 + RM0.40/liter</td> </tr> <tr> <td>Flavored milk-based beverages containing lactose</td> <td>&gt;7g/100ml</td> </tr> <tr> <td>20.09</td> <td>Fruit juices and vegetable juices whether or not containing added sugar or other sweetening matter</td> <td>&gt;12g/100 ml</td> <td></td> <td></td> </tr> </tbody> </table>	Tariff code	Type of beverages	Sugar content threshold	Current	Proposed	22.02	Beverages including carbonated drinks containing added sugar or other sweetening matter or flavored and other non-alcoholic beverages	>5g/100ml	RM0.50/liter	RM0.50 + RM0.40/liter	Flavored milk-based beverages containing lactose	>7g/100ml	20.09	Fruit juices and vegetable juices whether or not containing added sugar or other sweetening matter	>12g/100 ml		
Tariff code	Type of beverages	Sugar content threshold	Current	Proposed														
22.02	Beverages including carbonated drinks containing added sugar or other sweetening matter or flavored and other non-alcoholic beverages	>5g/100ml	RM0.50/liter	RM0.50 + RM0.40/liter														
	Flavored milk-based beverages containing lactose	>7g/100ml																
20.09	Fruit juices and vegetable juices whether or not containing added sugar or other sweetening matter	>12g/100 ml																



## Tax measures: Indirect Tax

### Export duty on crude palm oil

The export duty rates on crude palm oil, taking into account the partial exemptions, will be revised from 1 November 2024.

CPO market price (RM/metric ton)	Revised export duty rate
< 2,250	Nil
2,250 - 2,400	3.0%
2,401 - 2,550	4.5%
2,551 - 2,700	5.0%
2,701 - 2,850	5.5%
2,851 - 3,000	6.0%
3,001 - 3,150	6.5%
3,151 - 3,300	7.0%
3,301 - 3,450	7.5%
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%

### Windfall profit levy on crude palm oil

There will be a change in the threshold for windfall profit levy on crude palm oil from 1 January 2025.

Location	Prescribed threshold	
	Current	Proposed
Peninsular Malaysia	RM3,000 / ton	RM3,150 / ton
Sabah and Sarawak	RM3,500 / ton	RM3,650 / ton

## Tax measures: Indirect Tax

### Sales Tax exemption on mastectomy bras for breast cancer patients

Sales Tax exemption will be given on mastectomy bras for breast cancer patients, for applications received by the MoF from 1 November 2024 to 31 December 2027.

Product	Tariff code	Current Sales Tax rate	Proposed Sales Tax rate
Mastectomy bra (made from cotton)	6212.10.1100	10%	0%
Mastectomy bra (made from other textile materials)	6212.10.9100	10%	0%

### Stamp duty

- ▶ Stamp duty on the deed of assignment for a life insurance policy or a family *takaful* certificate given by way of love and affection or through a trustee, will be at fixed rates ranging from RM10 to RM1,000 (instead of *ad-valorem* rates). This applies to instruments executed from 1 January 2025.
- ▶ Stamp duty exemption on *Skim Pembiayaan Mikro* (SPM) loan or financing agreements approved by the National Small and Medium Enterprises Development Council, for loan amounts up to RM100,000 (increased from RM50,000). This applies to loan or financing agreements executed from 1 January 2025.
- ▶ Stamp duty exemption on loan or financing agreements executed by Micro, Small and Medium Enterprises (MSMEs) and investors through the Initial Exchange Offering (IEO) platform registered with the SC. This applies to loan or financing agreements executed between 1 January 2025 and 31 December 2026.
- ▶ Stamp duty of RM10 (instead of an *ad-valorem* rate of 0.5%) will be imposed on loan or financing agreement executed from 1 January 2025 that are based on *Syariah* principles, such as *Murabahah* and *Tawarruq*, for the purchase of goods. This applies to goods not specified under the First Schedule of the Hire Purchase Act 1967.
- ▶ Stamp duty will be administered on a self-assessment basis in phases.

Phase	Effective date	Types of instruments
Phase 1	From 1 January 2026	Rental or lease agreements, general stamping and securities
Phase 2	From 1 January 2027	Instruments of transfer of property
Phase 3	From 1 January 2028	Instruments not covered in Phase 1 and Phase 2

### Carbon tax

To encourage the use of low-carbon technologies, carbon tax will be introduced on the iron and steel industry as well as the energy industry, from 2026.



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