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Malaysian developments

- Case law on whether the waiver of loans constitute gains that are taxable under Section 4(a) of the Income Tax Act 1967 (ITA)
- Green technology tax incentives
- Tax exemption for unit trusts on gains on disposal of capital assets and foreign-sourced income
- Tax incentives for the Forest City Special Financial Zone
- Introduction of e-Invoice Rules 2024

Overseas developments

- Organization for Economic Co-operation and Development (OECD) holds signing ceremony for the Multilateral Convention to Facilitate the Implementation of the Pillar Two Subject to Tax Rule (STTR MLI)

Malaysian developments

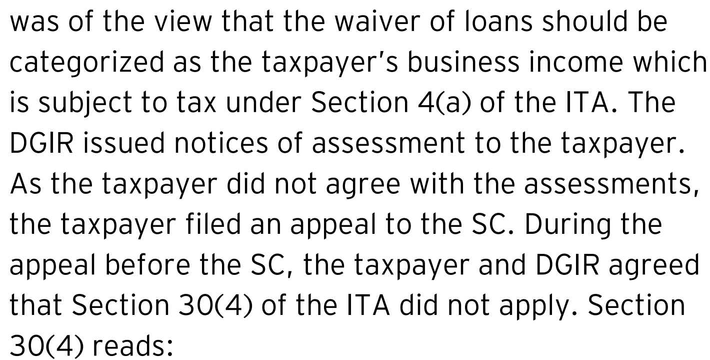
Case law on whether the waiver of loans constitute gains that are taxable under Section 4(a) of the Income Tax Act 1967 (ITA)

In *Multi-Purpose Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri (2024) MSTC ¶30-702*, the High Court (HC) affirmed and upheld the decision of the Special Commissioners of Income Tax (SC), and delivered a judgment in favour of the Director General of Inland Revenue (DGIR). The HC held that the SC had not erred in its finding of facts and inferences in regard to the nature of the waiver of the debt and was correct to subject the taxpayer's income to tax under Section 4(a) of the ITA.

An overview of the case and discussion of the issues are set out below.

Overview

The taxpayer is a Malaysian-incorporated company which is in the business of credit and leasing, hire purchase and general loans financing. The taxpayer received loans from two related companies amounting to RM77,305,831 and RM1,157,306, respectively. The loans were subsequently waived by the related companies. The DGIR



was of the view that the waiver of loans should be categorized as the taxpayer's business income which is subject to tax under Section 4(a) of the ITA. The DGIR issued notices of assessment to the taxpayer. As the taxpayer did not agree with the assessments, the taxpayer filed an appeal to the SC. During the appeal before the SC, the taxpayer and DGIR agreed that Section 30(4) of the ITA did not apply. Section 30(4) reads:

Where—

(a) a deduction has been made under section 33(1) in computing the adjusted income of the relevant person from a business for the basis period for a year of assessment (that basis period being prior to the relevant period) in respect of any outgoing or expense (including any sum payable, rent payable or expense incurred of the kind described in section 33(1)(a), (b) or (c)); or

(b) any allowance or aggregate amount of allowances has been made under section 42 in computing the statutory income of the relevant person from a business for the basis period for a year of assessment (that basis period being prior to the relevant period) in respect of any expenditure incurred under Schedule 3,

and the whole or any part of a debt in respect of any such outgoing, expense, sum, rent or expenditure is released in the relevant period, the amount released shall be treated as gross income of the relevant person from that business for the relevant period.

The SC, in its grounds of judgment, had conducted an analysis focusing on whether the release of a loan liability constitutes gains under Section 4(a) of the ITA. The SC held in favour of the DGIR and affirmed the notices of assessment raised by the DGIR. The taxpayer then appealed the SC's decision to the HC.

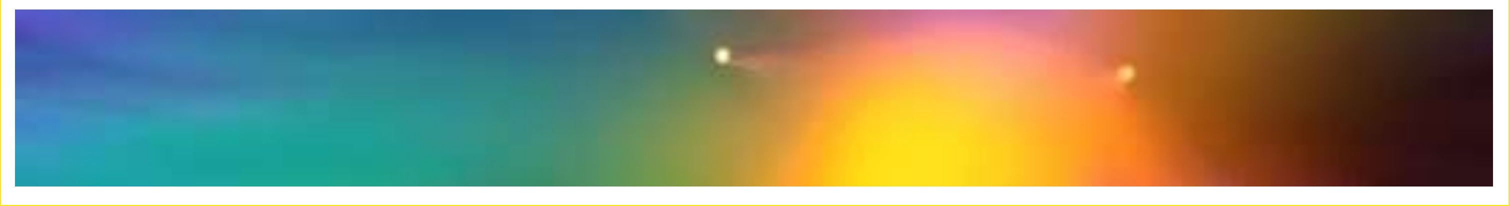
The issues for the HC's determination were:

- whether the waiver of the taxpayer's debt fell in any of the classes of income under Section 4 of ITA; and
- whether the SC had made the right inferences of mixed fact and law drawn from the said primary facts that the release of loan liability (debt) had become the taxpayer's gains or profit which are taxable under Section 4(a) of the ITA.

In the appeal, the taxpayer sought to apply Section 30(4) of the ITA. The phrase "release of debt" in Section 30(4) is unique and does not appear elsewhere in the ITA. The taxpayer submitted that a waiver of debt is typically not considered income for income tax purposes. Section 30(4) deems any amount of debt waived as gross business income from a business under two conditions: when a deduction has been claimed under Section 33(1) of the ITA or where capital allowances have been claimed.

The taxpayer contended that the SC made legal and factual errors by neglecting to acknowledge that the Malaysian Parliament had specifically enacted Section 30(4) of the ITA, despite the presence of Section 4(a) and Section 22(2) in the ITA. According to the taxpayer, such legislative provisions indicate that Section 30(4) of the ITA is the designated provision intended to address the waiver of debt when determining a taxpayer's income tax position.

In the taxpayer's circumstances, the taxpayer did not take any deduction under Section 33(1) of the ITA or claim any capital allowances in respect of the amounts waived. The debts owed to and subsequently waived by the related companies were utilized to settle the taxpayer's bank borrowings, not for activities generating income. As such, the taxpayer was not subject to tax on the waiver of debts, under Section 30(4) of the ITA.



However, the HC held that Section 30(4) was not applicable to this appeal as the taxpayer did not take any deduction under Section 33(1) of the ITA. As such, the issue was to determine whether the debt released constituted "gains or profits" or otherwise, under Section 4 of the ITA.

As the word "gains" is not defined in the ITA, it is a rule of statutory interpretation that the ordinary meaning is given to the word. Black's Law Dictionary, 10th Ed. defines "gains" as *"An increase in amount, degree, or value"*. In Words, Phrases & Maxims, Legally & Judicially, "gain" is defined as follows:

> *"Means acquisition. It is not limited to pecuniary gain or commercial profits... gain means 'acquisition of gain, or profit in business concern, gain is something obtained or acquired..."*

The release of the loan liability has essentially relieved the loan, which was the taxpayer's stock in trade, from any obligation. The taxpayer had obtained funds without any encumbrance from its related companies in the course of its business.

Furthermore, the taxpayer was unable to present any evidence to support their claim that the amount waived was not used for income generating activities, but to repay the bank borrowings. The taxpayer was also unable to provide any documented evidence to demonstrate that the related companies had officially converted the loan into equity financing.

In conclusion, based on the facts of the case, the HC held that the taxpayer had failed to prove that the SC was wrong in determining the nature of the waiver of the debt. The appeal was dismissed, and the decision of the SC was upheld.

Green technology tax incentives

Prior to the Budget 2024 proposal on green technology tax incentives (see *EY Take 5 Malaysia Budget 2024*), the incentives were as follows:

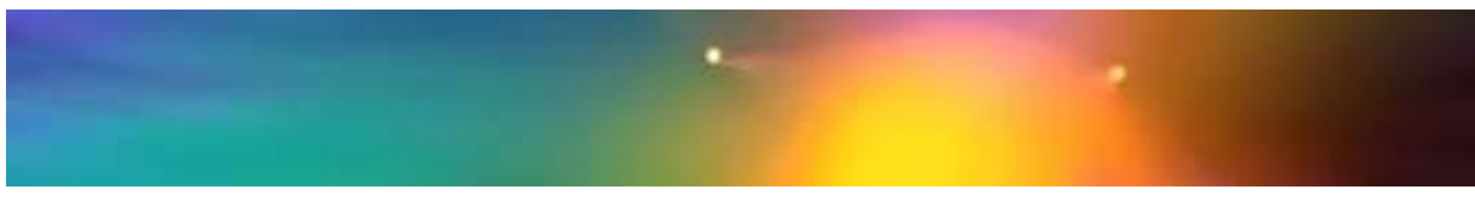
a) Green Investment Tax Allowance (GITA) Assets (for own consumption) – including the purchase of green technology assets under the rainwater harvesting system
b) GITA Project
c) Green Investment Tax Exemption (GITE) Services
d) GITE Solar leasing

The above were applicable to applications received by the Malaysian Investment Development Authority (MIDA) or Malaysian Green Technology and Climate Change Corporation (MGTC) by 31 December 2023.

To legislate the incentives above, the following exemption orders were gazetted on 17 September 2024:

Income Tax (Green Technology Incentive) (Asset) (Exemption) Order 2024 [P.U.(A) 243]

Incentive	100% investment tax allowance on qualifying capital expenditure incurred between 25 October 2013 and 31 December 2023. The allowance can be set off against 70% of the statutory income and any unutilized allowances can be carried forward to subsequent years of assessment (YAs) until fully absorbed.



Qualifying capital expenditure	Purchase of green technology asset used in Malaysia solely for the purpose of carrying on business.

This Order is deemed to have come into operation on 25 October 2013.

Income Tax (Green Technology Incentive) (Project) (Exemption) Order 2024 [P.U.(A) 244]

Incentive	100% investment tax allowance on qualifying capital expenditure incurred for three consecutive years, from the date the first qualifying capital expenditure was incurred. The allowance can be set off against 70% of the statutory income and any unutilized allowances can be carried forward to subsequent YAs until fully absorbed.
Qualifying capital expenditure	Purchase of green technology asset used in Malaysia solely for the purpose of carrying on a qualifying activity. The qualifying activity refers to the specified activity in the following sectors: ‣ Renewable energy ‣ Energy efficiency ‣ Green data centre ‣ Integrated waste management

This Order is deemed to be effective from YA 2020.

Income Tax (Green Technology Incentive) (Green Building) (Exemption) Order 2024 [P.U.(A) 245]

Incentive	100% investment tax allowance on qualifying capital expenditure incurred on or after 1 January 2020, for three consecutive years, from the date the first qualifying capital expenditure was incurred. The allowance can be set off against 70% of the statutory income and any unutilized allowances can be carried forward to subsequent YAs until fully absorbed.
Qualifying capital expenditure	Additional expenditure incurred in relation to the construction of a building, or alteration, renovation, extension or improvement of an existing building, or plant or machinery for the purpose of obtaining Final Green Building Certificate from the relevant green building rating tools recognized by the MGTC.

This Order is deemed to be effective from YA 2020.

Income Tax (Green Technology Incentive) (Services) (Exemption) Order 2024 [P.U.(A) 246]

<table>
<tr><td>Incentive</td><td>70% income tax exemption on statutory income (as specified),excluding intellectual property income, derived from qualifying service activity, for a period of three YAs, from the YA where the first invoice relating to the qualifying service activity was issued.

The exemption is subject to all the conditions specified in the incentive approval letter, including:

▸ To employ at least five permanent full-time employees in Malaysia, including two personnel competent in green technology, to carry on the qualifying activity;
▸ To incur an approved adequate amount of annual operating expenditure in Malaysia to carry on the qualifying activity for the purposes of its business. The annual operating expenditure shall include local services provided by local service providers; and
▸ To undertake at least three qualifying activities from the Schedule of the Order (see below).</td></tr>
<tr><td>Qualifying services</td><td>The qualifying services refer to the specified services in the following sectors:

▸ Renewable energy
▸ Energy efficiency
▸ Green building
▸ Green data centre
▸ Green certification and verification
▸ Green township
▸ Electric vehicle</td></tr>
</table>

This Order is deemed to be effective from YA 2020.

Income Tax (Green Technology Incentive) (Solar Photovoltaic System Leasing) (Exemption) Order 2024 [P.U.(A) 247]

<table>
<tr><td>Incentive</td><td>70% income tax exemption on statutory income (as specified),excluding intellectual property income, derived from qualifying activity of providing solar photovoltaic system leasing services, from the YA where the first invoice relating to the qualifying activity was issued. The exemption period would be as follows:

<table>
<tr><th>Capacity</th><th>Period</th></tr>
<tr><td>> 3MW to ≤10MW</td><td>5 YAs</td></tr>
<tr><td>> 10MW to ≤ 30MW</td><td>10 YAs</td></tr>
</table>

The exemption is subject to all the conditions specified in the incentive approval letter, including:

▸ To employ at least five permanent full-time employees</td></tr>
</table>

	in Malaysia, including two personnel competent in green technology, to carry on the qualifying activity; ▸ To incur an approved adequate amount of annual operating expenditure in Malaysia to carry on the qualifying activity for the purposes of its business. The annual operating expenditure shall include local services provided by local service providers; and ▸ To undertake at least three qualifying activities from the Schedule of the Order (see below).
Qualifying services	The qualifying activity of providing solar photovoltaic system leasing services is in relation to the implementation of Net Energy Metering Scheme for sales of electricity or solar photovoltaic system leasing.

This Order is deemed to have come into operation on 1 January 2020.

Tax exemption for unit trusts on gains on disposal of capital assets and foreign-sourced income

On 16 January 2024, the Honorable Finance Minister II announced that unit trusts will be exempted from tax on the gains on disposal of capital assets. It was also announced that unit trusts will be exempted from tax on foreign-sourced income.

To legislate the above, the following exemption orders were gazetted on 20 September 2024:

Income Tax (Unit Trust) (Exemption) Order 2024 [P.U.(A) 249]

The Order provides that a qualifying unit trust resident in Malaysia (excluding a Real Estate Investment Trust or Property Trust Fund listed on Bursa Malaysia) is given an income tax exemption in respect of the gains or profits from the disposal of:

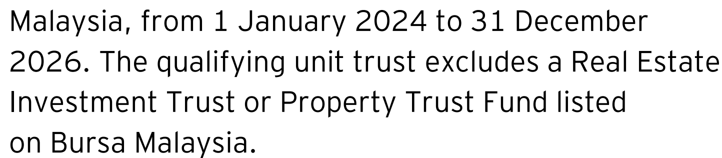
a) Shares of a Malaysian-incorporated company not listed on the stock exchange
b) Shares of a foreign controlled company with a nexus to Malaysian real property (pursuant to Section 15C of the ITA)

The Order is applicable to disposal of shares made from 1 January 2024 to 31 December 2028.
Other salient points from the Order are:

- Any losses from the disposal of shares above can be used to reduce the adjusted income on a subsequent disposal of capital assets, either in the same year as the loss-making disposal or in the next 10 consecutive years of assessment.
- An exempted unit trust is still required to file the Capital Gains Tax Return Form within 60 days from the date of disposal of the capital asset.
- The Order is not applicable to gains or profits from the disposals of capital asset that fall under Section 4(a) of the ITA, as business source income.

Income Tax (Unit Trust in relation to Income Received in Malaysia from Outside Malaysia) (Exemption) Order 2024 [P.U.(A) 250]

The Order provides that a qualifying unit trust resident in Malaysia managed by a management company (as defined) is given an income tax exemption on all foreign-sourced income received in



Malaysia, from 1 January 2024 to 31 December 2026. The qualifying unit trust excludes a Real Estate Investment Trust or Property Trust Fund listed on Bursa Malaysia.

To qualify for the exemption, the qualifying unit trust or the management company is required to comply with the following conditions:

Option A

- The gross income of the qualifying unit trust has been subjected to tax "of a similar character to income tax" under the laws of the foreign jurisdiction where the income arose; and
- The highest rate of tax "of a similar character to income tax" charged under the laws of the foreign jurisdiction where the income arose was not less than 15%.

OR

Option B

The management company of the qualifying unit trust is required to comply with the following economic substance requirements:

- employ an adequate number of employees in Malaysia; and
- incur an adequate amount of operating expenditure in Malaysia.

The qualifying unit trust or the management company is also expected to comply with the conditions specified in the guidelines issued by HASiL under Section 134A of the ITA. It is anticipated that the current Guidelines On Tax Treatment In Relation To Income Received From Abroad (Amendment) dated 20 June 2024, will be revised to reflect the above exemption orders.

Tax incentives for the Forest City Special Financial Zone

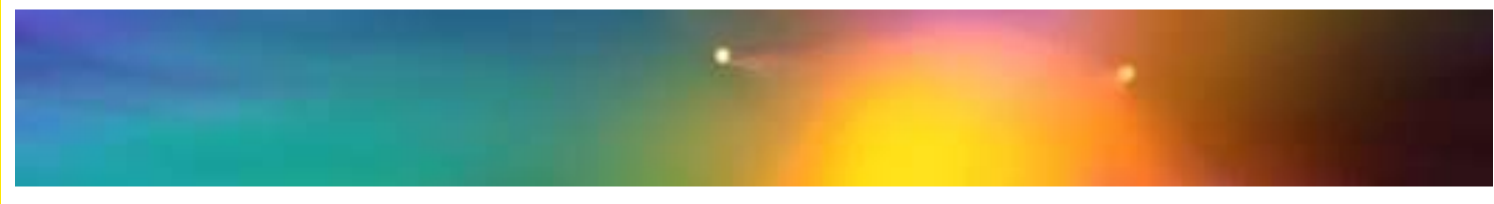
On 20 September 2024, the Honorable Finance Minister II launched the Forest City Special Financial Zone (SFZ) and announced a list of tax incentives that will be available in the SFZ. Forest City includes four man-made islands with a duty-free status in Iskandar Puteri, Johor. The creation of the SFZ was first announced by the Honorable Prime Minister Datuk Seri Anwar Ibrahim, in August last year.

The incentives that were announced for the SFZ are as follows:

- 0% tax rate for the Single-Family Office Scheme, coordinated by the Securities Commission of Malaysia (SC) (more details below)
- Special individual income tax rate of 15% for knowledge workers, including Malaysians that work in the SFZ
- Concessionary tax rate of 5% for financial global business services, financial technology or fintech, and foreign payment system operators
- Special deductions on relocation costs, enhanced industrial building allowances and withholding tax exemptions for banking institutions, insurance, capital market intermediaries and other eligible financial sector entities

SC's Frequently Asked Questions for the Single-Family Office Scheme

The Forest City is set to be the first location in Malaysia to offer a 0% tax rate for Family Offices, and the SC will be responsible to coordinate the Single-Family Office Scheme. A Frequently Asked Questions (FAQs) document was issued by SC on 23 September 2024 to provide more details on the incentive.



A Single-Family Office is a corporate vehicle, wholly owned or controlled by members of a single wealthy family, created to exclusively manage the assets, investments and long-term interests of that family. The Single-Family Office may represent multiple generations and branches of the family.

The 0% tax rate will be given to eligible Single-Family Office Vehicle for a period of 10 years (initial period) and can be extended for another 10 years (additional period), subject to the specified conditions.

Applications can be submitted to SC for certification of the tax incentive. Interested Single-Family Office Vehicles are welcome to seek pre-registration with the SC to confirm eligibility for the tax incentives.

The Single-Family Office Scheme is targeted to be operational by the first quarter of year 2025. Please refer to Appendix 1 for the FAQs.

Introduction of e-Invoice Rules 2024

The Income Tax (Issuance of Electronic Invoice) Rules 2024 [P.U.(A) 265], gazetted on 30 September 2024, provide that any person who carries out a transaction in respect of any goods sold or services performed is required to issue electronic invoices (e-Invoices).

The implementation timeline is as follows:

Taxpayer	Implementation date
Taxpayers with annual sales of more than RM100 million	1 October 2024
Taxpayers with annual sales of more than RM25 million and up to RM100 million	1 January 2025
All taxpayers	1 July 2025

The Rules are effective from 1 October 2024. A separate Alert will be issued on these Rules.

Overseas developments

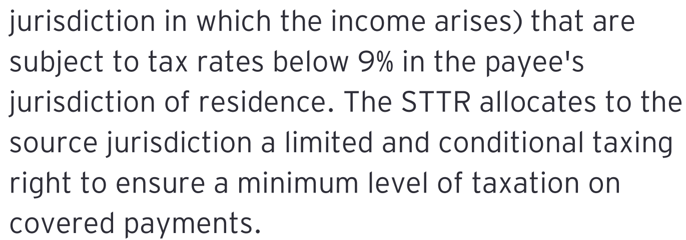
Organization for Economic Co-operation and Development (OECD) holds signing ceremony for the Multilateral Convention to Facilitate the Implementation of the Pillar Two Subject to Tax Rule (STTR MLI)

On 19 September 2024, the OECD held a signing ceremony for the Subject to Tax Rule (STTR) Multilateral Instrument (MLI). The STTR was developed by the members of the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) as a component of the Pillar Two global minimum tax rules. The STTR is a treaty-based rule designed to provide for a minimum level of taxation on specified intragroup payments that are taxed below 9% in the payee's jurisdiction.

At the ceremony, nine jurisdictions signed the STTR MLI, and 10 additional jurisdictions expressed their intention to sign once their internal processes are completed.

Background

Like the Global Anti-Base Erosion (GloBE) Rules, the STTR is an integral part of Pillar Two. The STTR is a treaty-based rule that applies to specified intragroup payments from source jurisdictions (i.e., the



jurisdiction in which the income arises) that are subject to tax rates below 9% in the payee's jurisdiction of residence. The STTR allocates to the source jurisdiction a limited and conditional taxing right to ensure a minimum level of taxation on covered payments.

The OECD published the model treaty provision for the STTR and its accompanying commentary on 17 July 2023.

On 15 September 2023, the Inclusive Framework formally adopted the STTR MLI. And, on 3 October 2023, the OECD released the STTR MLI, an explanatory statement, a summary overview with a roadmap toward signature, and a frequently-asked-questions document.

On 30 May 2024, the Inclusive Framework cochairs issued a statement indicating that the signing ceremony for the STTR would take place in Paris on 19 September 2024.

Inclusive Framework jurisdictions can choose to use the STTR MLI to implement the STTR in any of their relevant tax treaties.

Signing ceremony

On 19 September 2024, 57 members of the Inclusive Framework attended the first signing ceremony of the Multilateral Convention to Facilitate the Implementation of the Pillar Two STTR in Paris.

During the signing ceremony, nine jurisdictions signed the STTR MLI: Barbados, Belize, Benin, Cabo Verde, Democratic Republic of the Congo, Indonesia, Romania, San Marino and Türkiye.

In addition, 10 jurisdictions have expressed their intent to sign the STTR MLI as soon as their internal processes are finalized: Belgium, Bulgaria, Costa Rica, Mongolia, Portugal, Senegal, Seychelles, Thailand, Ukraine and Uzbekistan.

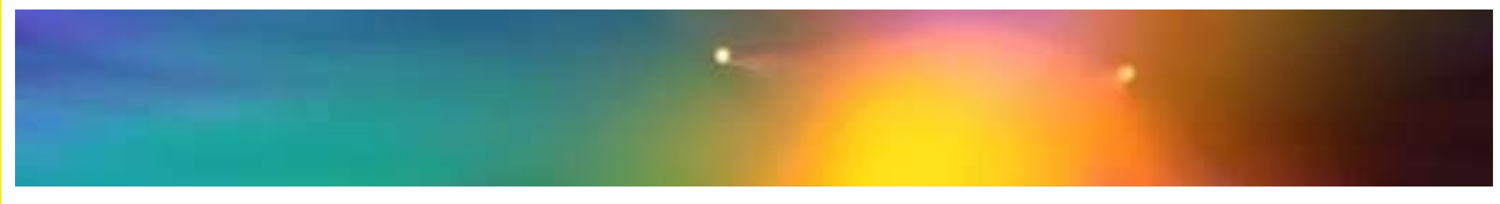
STTR MLI process

Similar to the BEPS MLI, when a jurisdiction signs the STTR MLI, it must specify the tax treaties that will be covered (referred to as Covered Tax Agreements or CTAs). For the STTR MLI to be applicable, both parties to a CTA must include the agreement in their notifications with respect to the STTR. If either party chooses not to do so, the STTR will not apply to the agreement.

The STTR MLI does not amend the text, sequencing or numbering of existing provisions in CTAs. Instead, the STTR MLI amends the relevant CTA to include the STTR and other relevant accompanying provisions as Annexes to the CTA. The STTR would not apply if other provisions of the relevant tax treaty already allow the source country to tax the item of covered income at a rate that is equal to or above 9%. However, where an item of income is taxed below 9% under another provision of the relevant tax treaty, the STTR allows a supplementary taxing right to bring the combined rate under the two provisions up to 9%.

The STTR MLI does not allow for reservations, but it includes optional provisions that signatories can elect to apply. These provisions are found in Annex II (Taxes computed on an alternative basis), Annex III (Taxes imposed at the point of distribution), Annex IV (Recognised Pension Fund definition), and Annex V (Circuit-breaker provision).

Annex II introduces additional provisions into a CTA for determining the tax rate when a jurisdiction applies a tax on a basis other than net income. Annex III addresses situations where a jurisdiction imposes tax on profit distribution rather than when the income is earned.



The “Recognised Pension Fund” definition in Annex IV provides a uniform approach to identifying entities excluded from the STTR, applicable when a CTA does not contain such a definition or when a jurisdiction prefers the definition in Annex IV over one already included in the relevant tax treaty. The “Circuit-breaker provision” in Annex V allows for the temporary suspension of the STTR's application if a developing country ceases to meet the defined criteria for a five-year period, with the possibility of reactivation if the jurisdiction later requalifies as a developing country.

Signatories are required to submit notifications to the OECD, which acts as the Depositary of the STTR MLI, detailing their positions on the STTR MLI. These notifications, required for the application of the STTR MLI, must be made at the time of signature or upon depositing the instrument of ratification, acceptance or approval. The OECD is required to maintain publicly available lists of CTAs and the notifications made by parties of the STTR MLI.

Indonesia, Türkiye and Romania have notified the highest number of tax treaties to be covered as CTAs, with 29, 33 and 23 treaties, respectively. Barbados has notified six treaties, Cabo Verde eight, the Democratic Republic of the Congo five, San Marino six, and Belize and Benin have notified two treaties each.

Regarding the application of the optional provisions, the STTR MLI specifies that if one jurisdiction that is party to a CTA makes a notification to include either the “Recognised Pension Fund” definition from Annex IV or the "Circuit-breaker provision" from Annex V, that provision will be included in the CTA and will be used by parties to the CTA for the purposes outlined in the STTR MLI.

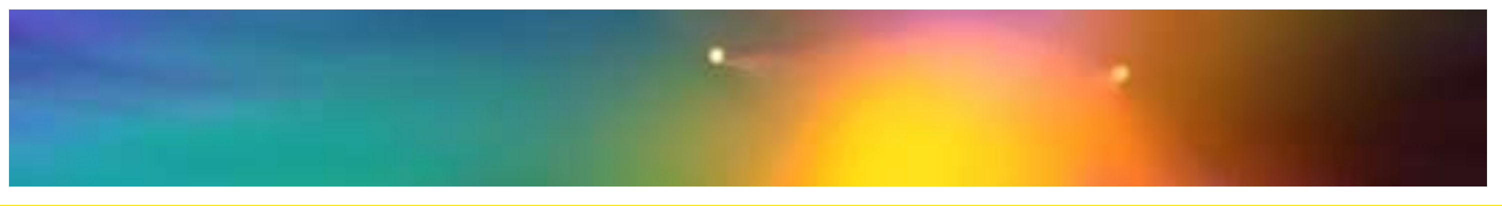
Benin, the Democratic Republic of the Congo, Indonesia, Romania and San Marino have chosen to include the “Recognised Pension Fund” definition from Annex IV in their CTAs. Additionally, Barbados, Romania, San Marino and Türkiye have selected the "Circuit-breaker provision" from Annex V for their CTAs.

The STTR MLI will enter into force on the first day of the month following the expiration of a period of three calendar months beginning on the date of deposit of the second instrument of ratification, acceptance or approval. Thereafter, for each signatory jurisdiction that deposits its ratification, acceptance or approval, the STTR MLI will enter into force on the first day of the month following the expiration of a period of three calendar months beginning on the date of deposit.

Currently, none of the jurisdictions that have signed the STTR MLI have yet deposited their instruments of ratification with the OECD as Depositary.

Once the STTR MLI enters into force, the STTR provisions will take effect for taxes imposed by a party on or after the first day of a fiscal year that begins at least six calendar months from the latest of the dates on which the STTR MLI enters into force for the parties to the CTA.

Signatories may opt to have the STTR MLI take effect with respect to a CTA 30 days after the Depositary receives the last required notification that a jurisdiction has completed its internal procedures. Romania has chosen this alternative approach, meaning that the STTR MLI will become effective for CTAs with Romania under this alternative timeline.



Implications

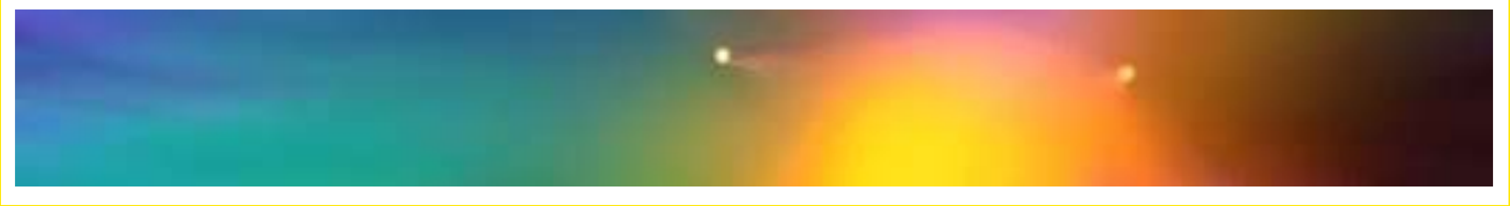
The STTR applies to interest, royalties and a defined set of other payments made between connected companies, including intra-group service payments.

The STTR takes priority over the GloBE Rules, so that the application of the STTR does not take into account a qualified Income Inclusion Rule (IIR), a qualified Undertaxed Profits Rule (UTPR) or a Qualified Domestic Minimum Top-up Tax (QDMTT). Additionally, Inclusive Framework member jurisdictions with nominal corporate income tax rates below the 9% STTR rate have committed to implementing the STTR into their bilateral treaties with other member jurisdictions that are developing countries, if and when they are asked to do so.

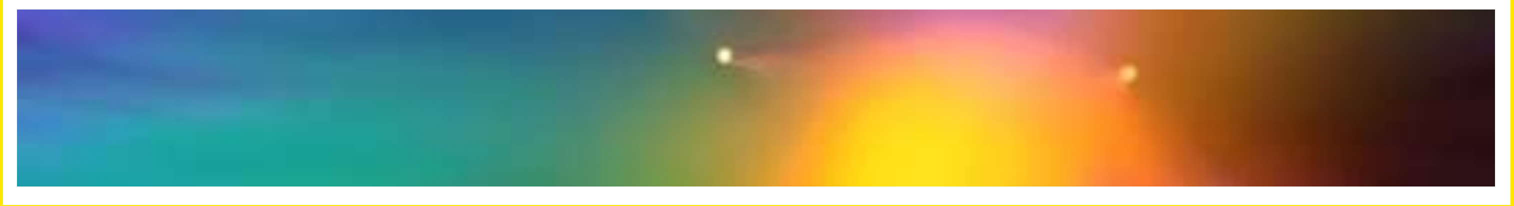
It is important that businesses monitor the implementation of the STTR through tax treaties or the STTR MLI by relevant jurisdictions. Once this rule becomes part of a relevant tax treaty, businesses should evaluate whether the STTR would apply to their transactions or arrangements.

Appendix 1: FAQs - Single-Family Office Scheme (issued on 23 September 2024)

Question	Answer
1. What is a single family office (SFO)?	A SFO is a corporate vehicle, wholly owned or controlled by members of a single wealthy family, created to exclusively manage the assets, investments and long-term interests of that family. The SFO may also represent multiple generations and branches of the family.
2. Is a SFO required to be licensed by the SC?	As SFO is managing the assets which include capital market products, the SFO triggers the requirement to obtain a fund management license under the Capital Markets and Services Act 2007 (CMSA). However, the SFO may be exempted from licensing requirements if the SFO can demonstrate that its management services is provided solely for the benefit of a single family office vehicle (SFOV) which is its related corporation. Please refer to the diagram below for an illustration of the relationship between a SFO and a SFOV. Notwithstanding the exemption, the SC may still impose terms and conditions on the SFO pursuant to section 58 of the CMSA. In light of the above, a person intending to set up or operate a SFO is advised to seek legal advice in relation to the licensing obligations under the CMSA.



Question	Answer
3. What constitutes a SFOV?	A SFOV is a corporate vehicle, wholly owned or controlled by members of a single family and is established solely for the purposes of holding the assets, investments and long-term interest of members of the single family. A single family is taken to mean individuals who are lineal descendants from a single ancestor, including the close relative of the individual.
4. What type of tax incentive is available for the SFOVs?	As announced recently, eligible SFOVs may enjoy a 0% concessionary tax rate on income generated by eligible investments for a period of 10 years (initial period) which may be extended for an additional 10 years (additional period) subject to fulfilling the relevant requirements.
5. What are the requirements for the SFOVs to be eligible to claim for the family office tax incentive?	To qualify for the tax incentive during the initial period, a SFOV must fulfil several conditions which include: a) The SFOV must be a new investment holding company incorporated in Malaysia and seek pre-registration with the SC on the eligibility of the tax incentives. b) The management company or SFO which is a related company of the SFOV must be established and operating in Pulau 1, Forest City Special Financial Zone with at least one investment professional with a minimum monthly salary of RM10,000. c) The SFOV must hold asset under management (AUM) of at least RM30 million and meet minimum local investment in eligible and promoted investments of at least 10% of AUM or RM10 million whichever is lower. d) The SFOV must incur an annual operating expenditure (OPEX) of a minimum of RM500,000 locally. e) The SFOV must employ a minimum of two full-time employees with each employee receiving a minimum monthly salary of RM10,000 and of whom at least one is an investment professional. To qualify for the tax incentive during the additional period, the SFOV must fulfil the higher substance and financial requirements which include: a) The SFOV must hold AUM of at least RM50 million and meet minimum local investment in eligible and promoted investments of at least 10% of AUM or RM10 million whichever is higher. b) The SFOV must incur an annual OPEX (30% higher than during the Initial Period) of a minimum of RM650,000 locally; and



Question	Answer
	c) The SFOV must employ a minimum of four full-time employees. The detailed conditions will be made available by the first quarter of 2025 on the SC's website https://www.sc.com.my/development/single-family-office. Interested SFOVs are encouraged to check the website regularly for updates.
6. What is SC's role in relation to the SFOV's application for the tax incentive?	Eligible SFOVs may apply to the SC for certification for purposes of the tax incentives subject to the SFOVs demonstrating that it has complied with the relevant requirements. Interested SFOVs are welcome to seek pre-registration with the SC to confirm eligibility for the tax incentives. For more information or any queries regarding the Family Office Scheme, please email SFOScheme@seccom.com.my.

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Important dates

15 October 2024	Due date for monthly instalments
31 October 2024	6th month revision of tax estimates for companies with April year-end
31 October 2024	9th month revision of tax estimates for companies with January year-end
31 October 2024	11th month revision of tax estimates for companies with November year-end
31 October 2024	Statutory deadline for filing of 2024 tax returns for companies with March year-end. A blanket extension of time has been provided until 30 November 2024.
31 October 2024	Extended 2024 tax return filing deadline for companies with February year-end.
15 November 2024	Due date for monthly instalments
30 November 2024	6th month revision of tax estimates for companies with May year-end
30 November 2024	9th month revision of tax estimates for companies with February year-end
30 November 2024	11th month revision of tax estimates for companies with December year-end
30 November 2024	Statutory deadline for filing of 2024 tax returns for companies with April year-end. A blanket extension of time has been provided until 31 December 2024.
30 November 2024	Extended 2024 tax return filing deadline for companies with March year-end.

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