

HIGHLIGHTS OF BUDGET 2022

Budget 2022 was unveiled on 29 October 2021 by the Finance Minister, Tengku Dato' Sri Zafrul Tengku Abdul Aziz. Themed “Keluarga Malaysia, Makmur Sejahtera”, Budget 2022 has 3 main focus areas:

- Rakyat's Well-Being
- Resilient Businesses
- A Prosperous and Sustainable Economy.

We have extracted in this Highlights, proposals in Budget 2022 which in our view would be relevant from both the business and individual perspectives to our clients for their consideration.

The implementation of the proposals would be subject to any clarification and guidance from the relevant authorities and being legislated where applicable. As such, further details on the proposals are expected to be released by the authorities in due course.

CONTENTS		Page
A	Individual Tax	2
B	Corporate Tax	3
C	Tax Incentives	5
D	Stamp Duty and Indirect Tax	7
E	Other Budget Highlights	10
F	Existing Funding Schemes	
	F1 Bank Negara Malaysia Funds for SMEs	12
	F2 Business and Alternative Financing	13
	F3 Microcredit Schemes	13

Glossary	
CA	Companies Act, 2016
ITA	Income Tax Act, 1967
MEDC	Ministry of Entrepreneur Development and Cooperatives
MIDA	Malaysian Investment Development Authority
MOE	Ministry of Education
MOTAC	Ministry of Tourism, Arts and Culture Malaysia
MOYS	Ministry of Youth and Sports
MSMEs	Micro, Small and Medium Enterprises
SC	Securities Commission
SMEs	Companies with paid-up share capital ≤ RM2.5m and annual sales ≤ RM50m
QCE	Qualifying Capital Expenditure
YA	Year of Assessment

A	INDIVIDUAL TAX	<i>Effective</i>
1.	<u>Review of Tax Relief for SOCSO Contribution</u> <ul style="list-style-type: none"> • Scope expanded to include employee’s contribution to Employment Insurance System (EIS) • Tax relief limit increased from RM250 to RM350 	YA2022
2.	<u>Review of Tax Relief for Up-Skilling and Self-Enhancement Fees</u> <ul style="list-style-type: none"> • Increased from RM1,000 to RM2,000 • Extended to YA2023 	YA2022 & YA2023
3.	<u>Expansion of Scope for Tax Relief on Contributions to EPF</u> <ul style="list-style-type: none"> • EPF relief to include voluntary contributors including pensionable servants (previously only mandatory contributors of employees or self-employed) 	YA2022
4.	<u>Expansion of Scope of Income Tax Relief on Medical Treatment Expenditure</u> <ul style="list-style-type: none"> • Scope for income tax relief for full medical check-up expenses expanded to cover cost of check-up or consultation services related to mental health from: <ul style="list-style-type: none"> ○ Psychiatrist registered with the Malaysian Medical Council under the Mental Health Act, 2001 ○ Clinical psychologist registered with the Malaysian Allied Health Professions Council under the Allied Health Professions Act, 2016 ○ Counsellor registered with Board of Counsellors Malaysia under the Counsellors Act, 1998 	YA2022
5.	<u>Extension of Special Relief for Domestic Tourism Expenses</u> <ul style="list-style-type: none"> • Extension of special relief for individual income tax of up to RM1,000 for expenses incurred from 1 Jan 2022 to 31 Dec 2022 for: <ul style="list-style-type: none"> ○ accommodation expenses in accommodation premises registered with MOTAC ○ entrance fee to tourist attraction centres ○ payment for local tour guide services ○ purchase of local handicrafts ○ food and beverages ○ transportation including hop-on hop-off 	YA2022
6.	<u>Extension of Tax Relief for Child Care Centre or Kindergarten Fees</u> <ul style="list-style-type: none"> • Relief of RM3,000 for fees paid to a childcare centre registered with the Social Welfare Department or kindergarten registered with MOE extended for two years to 2023 	YA2022 & YA2023
7.	<u>Extension of Special Relief for Purchase of Mobile Phone, Computer and Tablet</u> <ul style="list-style-type: none"> • Special relief of up to RM2,500 for purchase of mobile phone, computer and tablet extended for one year (for purchases made between 1 Jan 2022 and 31 Dec 2022) 	YA2022
8.	<u>Extension of Tax Relief for Deferred Annuity</u> <ul style="list-style-type: none"> • Tax relief of up to RM3,000 for deferred annuity premium payments or contributions to Private Retirement Schemes extended for 4 years 	<i>From YA2022 to YA2025</i>

HIGHLIGHTS OF BUDGET 2022

A	INDIVIDUAL TAX (Cont'd)	Effective
9.	<p><u>Reimposition of Tax on Income Received from Outside Malaysia</u></p> <ul style="list-style-type: none"> Foreign-sourced income were exempted from income tax (through an amendment to Para 28, Schd 6, ITA) Tax will be reimposed on such foreign-sourced income received in Malaysia for Malaysian residents 	From 1 Jan 2022
10.	<p><u>Extension of Special Tax Deduction for Rental Reduction on Business Premises</u></p> <ul style="list-style-type: none"> Special tax deduction equivalent to amount of rental reduction (where such reduction is at least 30% of the original rental rate) granted to owners of buildings or business premises extended for another six months to June 2022 	Rental reductions from Jan 2022 to Jun 2022
11.	<p><u>Review of Real Property Gains Tax (RPGT) for Disposals in 6th Year Onwards</u></p> <ul style="list-style-type: none"> Applicable to disposals by individual citizens and permanent residents of real properties and shares in real property companies in the 6th year and onwards RPGT rate reduced from 5% to Nil 	From 1 Jan 2022
12.	<p><u>Tax Relief for Self-Funded Booster Vaccination</u></p> <ul style="list-style-type: none"> Personal tax relief to be granted to individuals on costs incurred in relation to self-funded booster vaccination 	To be confirmed
13.	<p><u>Tax Exemption for E-Sports Prize Money</u></p> <ul style="list-style-type: none"> Tax exemption to be given for prize money won by athletes from recognised e-sports tournaments 	To be confirmed

B	CORPORATE TAX	Effective						
1.	<p><u>Imposition of Cukai Makmur</u></p> <ul style="list-style-type: none"> One-off special tax imposed on companies other than SMEs generating high income during the Covid-19 pandemic as follows: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Chargeable income</th> <th>Tax assessed at</th> </tr> </thead> <tbody> <tr> <td>Up to the first RM100m</td> <td>24%</td> </tr> <tr> <td>In excess of RM100m</td> <td>33%</td> </tr> </tbody> </table>	Chargeable income	Tax assessed at	Up to the first RM100m	24%	In excess of RM100m	33%	For YA2022
Chargeable income	Tax assessed at							
Up to the first RM100m	24%							
In excess of RM100m	33%							
2.	<p><u>Review of Tax Treatment on Unabsorbed Losses</u></p> <ul style="list-style-type: none"> To support the recovery of businesses that suffered losses due to the COVID-19 pandemic: <ul style="list-style-type: none"> Current unabsorbed business losses can be c/f from YA2019 onwards for a maximum period of 10 consecutive YAs (increased from 7 YAs) Accumulated unabsorbed losses up to YA2018 can be c/f until the YA2028 (extended from YA2025) 	From YA2019						
3.	<p><u>Reimposition of Tax on Income Received from Outside Malaysia</u></p> <ul style="list-style-type: none"> Foreign-sourced income were exempted from income tax (through an amendment to Para 28, Schd 6, ITA) Tax will be reimposed on such foreign-sourced income received in Malaysia for Malaysian residents 	From 1 Jan 2022						

B	CORPORATE TAX (Cont'd)	Effective
4.	<p><u>Extension of Special Tax Deduction for Rental Reduction on Business Premises</u></p> <ul style="list-style-type: none"> • Special tax deduction equivalent to amount of rental reduction (where such reduction is at least 30% of the original rental rate) granted to owners of buildings or business premises extended for another six months to June 2022 	<p><i>Rental reductions from Jan 2022 to Jun 2022</i></p>
5.	<p><u>Review of Double Deduction on Qualifying Expenditure for Structured Internship Program (SIP)</u></p> <ul style="list-style-type: none"> • Existing double deduction given on qualifying expenditure incurred by companies that implement SIP approved by Talent Corp: <ul style="list-style-type: none"> ○ Extended for 4 years ○ Expanded to include Malaysian students at academic levels of Master's Degree, Professional Certificate and SKM Levels 1 to 2 <i>(Currently Bachelor's Degree, Diploma, DKM Levels 4 to 5, and SKM Levels 3)</i> 	<p><i>From YA2022 to YA2025</i></p>
6.	<p><u>Review of Double Deduction Incentive for Sponsoring Scholarships</u></p> <ul style="list-style-type: none"> • Existing double deduction incentive to encourage company's participation in sponsoring Malaysian students by providing scholarships to meet the demand of employment market: <ul style="list-style-type: none"> ○ Extended for 4 years ○ Expanded to all fields of study at the Technical and Vocational, Diploma, Degree including Master's and Doctorate levels • Allowable expenses include tuition fees and educational aid and cost of living expenses throughout the study period. 	<p><i>From YA2022 to YA2025</i></p>
7.	<p><u>Extension of Tax Incentive for Purchase of Tourism Vehicles</u></p> <ul style="list-style-type: none"> • Existing tax incentive of Accelerated Capital Allowance (ACA) with an initial allowance of 20% and an annual allowance of 40% on capital expenditure incurred on the purchase of new locally assembled excursion bus extended for 3 years 	<p><i>From YA2022 to YA2024</i></p>
8.	<p><u>Extension of Tax Rebate for Establishment of new MSMEs</u></p> <ul style="list-style-type: none"> • Existing tax rebate of up to RM20,000 for each YA for the first 3 YAs for: <ul style="list-style-type: none"> ○ MSMEs registered under CA ○ Paid-up capital ≤ RM2.5m and Annual Sales Turnover ≤ RM50m ○ Amount of rebate that MSMEs eligible to claim is equivalent to capital expenditure or operating expenditure incurred in each YA subject to a maximum amount of RM20,000 per YA • Extended for 1 year to 31 Dec 2022 • New MSMEs that perform business activities through online platforms also included 	<p><i>New MSMEs established and start operations not later than 31 Dec 2022</i></p>
9.	<p><u>Extension of Additional Reinvestment Allowance (RA)</u></p> <ul style="list-style-type: none"> • Existing extensions of RAs (claimable for 15 years under Schd 7, ITA) <ul style="list-style-type: none"> ○ Special RA – 3 years (from RA) to YA 2018 ○ Additional RA – 3 years (after RA and Special RA) to YA 2022 • Additional RA extended a further 2 years to YA 2024 	<p><i>For QCE incurred from YA2023 to YA2024</i></p>

HIGHLIGHTS OF BUDGET 2022

B	CORPORATE TAX (Cont'd)	Effective
10.	<p><u>Extension of Tax Incentive for Renovation and Refurbishment of Business Premises</u></p> <ul style="list-style-type: none"> Existing deduction of up to RM300,000 of cost of renovation and refurbishment of business premises as allowable expenses extended for 1 year to 31 Dec 2022 	Costs incurred from 1 Jan 2022 to 31 Dec 2022
11.	<p><u>Extension of Further Tax Deductions on Employees Accommodation Expenses under the Safe@Work programme</u></p> <ul style="list-style-type: none"> To encourage manufacturing and manufacturing-related service companies to comply with the SOPs under the Safe@Work Programme Existing further tax deduction of up to RM50,000 of eligible rental expenditure extended for 1 year to 31 Dec 2022 	Rental incurred from 1 Jan 2022 to 31 Dec 2022
12.	<p><u>Deferment of Income Tax Instalment Payments for MSMEs and Revisions in Estimated Tax Payable</u></p> <ul style="list-style-type: none"> Income tax instalment payments for MSMEs deferred 6 mths to 30 Jun 2022 All businesses allowed to revise their estimate tax payable in the 11th mth before 31 Oct 2022 	To be confirmed
13.	<p><u>Tax Deduction for Self-Funded Booster Vaccination</u></p> <ul style="list-style-type: none"> Tax deduction to be granted to employers on cost incurred in relation to self-funded booster vaccination for its employees 	To be confirmed

C	TAX INCENTIVES									
1.	<p><u>Extension of Special Income Tax Rate for Companies Investing in New Strategic Investments and Non-citizen Individuals Holding Key Positions</u></p> <ul style="list-style-type: none"> Existing incentive tax rate of: <ul style="list-style-type: none"> 0% income tax for 15 years for manufacturing and services companies that relocate their operations to Malaysia Flat rate of 15% to non-citizen individuals holding key positions for 5 years Extended for 1 year <p><i>Effective For applications received by MIDA until 31 Dec 2022</i></p>									
2.	<p><u>Tax Incentives to Support the Development of the Electric Vehicle (EV) Industry</u></p> <ul style="list-style-type: none"> Tax incentives granted for EV passenger vehicles (including SUVs and MPVs), commercial vehicles and electric motorcycles: <table border="1"> <thead> <tr> <th>Tax measure</th> <th>Incentive period</th> </tr> </thead> <tbody> <tr> <td>Ful import duty exemption on components of locally assembled EV</td> <td rowspan="2">1 Jan 2022 to 31 Dec 2025</td> </tr> <tr> <td>Full excise duty exemption and sales tax on CKD EV</td> </tr> <tr> <td>Full import duty and excise duty exemption on imported CBU EV</td> <td>1 Jan 2022 to 31 Dec 2023</td> </tr> <tr> <td>Individual income tax relief up to RM2,500 on expenses related to cost of installation, rental, purchasing including hire-purchase equipment or subscription fees for EV charging facilities.</td> <td>YA2022 & YA2023</td> </tr> </tbody> </table>	Tax measure	Incentive period	Ful import duty exemption on components of locally assembled EV	1 Jan 2022 to 31 Dec 2025	Full excise duty exemption and sales tax on CKD EV	Full import duty and excise duty exemption on imported CBU EV	1 Jan 2022 to 31 Dec 2023	Individual income tax relief up to RM2,500 on expenses related to cost of installation, rental, purchasing including hire-purchase equipment or subscription fees for EV charging facilities.	YA2022 & YA2023
Tax measure	Incentive period									
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Full excise duty exemption and sales tax on CKD EV										
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Individual income tax relief up to RM2,500 on expenses related to cost of installation, rental, purchasing including hire-purchase equipment or subscription fees for EV charging facilities.	YA2022 & YA2023									

C	TAX INCENTIVES (Cont'd)											
3.	<p><u>Tax Incentives for Digital Ecosystem Acceleration Scheme (DESAC)</u></p> <ul style="list-style-type: none"> DESAC incentives to support the comprehensive development of national digital ecosystem <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #fce4d6;">DESAC provider</th> <th colspan="2" style="background-color: #fce4d6;">Incentive</th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="text-align: center; vertical-align: middle;">Digital Technology Provider</td> <td style="text-align: center;">New company</td> <td style="text-align: center;">Income tax rate of 0% to 10% for up to 10 years</td> </tr> <tr> <td style="text-align: center;">Existing company that diversifies in new service activities or new service segments</td> <td style="text-align: center;">Income tax rate of 10% for up to 10 years</td> </tr> <tr> <td style="text-align: center; vertical-align: middle;">Digital Infrastructure Provider</td> <td colspan="2"> <ul style="list-style-type: none"> Investment Tax Allowance (ITA) of 100% on capital expenditure for qualifying activities for up to 10 years. This allowance can be set-off against up to 100% of statutory income. </td> </tr> </tbody> </table> <p><i>Effective For application received by MIDA from 30 Oct 2021 to 31 Dec 2025.</i></p>	DESAC provider	Incentive		Digital Technology Provider	New company	Income tax rate of 0% to 10% for up to 10 years	Existing company that diversifies in new service activities or new service segments	Income tax rate of 10% for up to 10 years	Digital Infrastructure Provider	<ul style="list-style-type: none"> Investment Tax Allowance (ITA) of 100% on capital expenditure for qualifying activities for up to 10 years. This allowance can be set-off against up to 100% of statutory income. 	
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Digital Infrastructure Provider	<ul style="list-style-type: none"> Investment Tax Allowance (ITA) of 100% on capital expenditure for qualifying activities for up to 10 years. This allowance can be set-off against up to 100% of statutory income. 											
4.	<p><u>Review of Tax Incentives for Anchor Companies Under the Vendor Development Programme (VPD)</u></p> <ul style="list-style-type: none"> Existing VDP incentives reviewed to further encourage the participation of anchor companies in developing more competitive local Bumiputera vendors: <ul style="list-style-type: none"> Deductions for qualifying operating expenses increased per YA from RM300,000 to RM500,000 Incentive extended for 5 years for anchor companies that have signed MoU with MEDC Deductions are given for 3 consecutive YAs <p><i>Effective MoUs signed between anchor companies and MEDC from 1 Jan 2021 to 31 Dec 2025.</i></p>											
5.	<p><u>Expansion of Scope for Green Technology Tax Incentives</u></p> <ul style="list-style-type: none"> Scope on the purchase of qualifying green assets and green services be expanded to include Rainwater Harvesting System (RHS) projects Eligible tax incentives for RHS projects: <ul style="list-style-type: none"> <u>Green Investment Tax Allowance (GITA)</u> Investment Tax Allowance of 100% on capital expenditure for qualifying RHS activities This allowance can be set-off against up to 70% of statutory income <u>Green Investment Tax Exemption (GITE)</u> Income tax exemption of 70% of statutory income for qualifying RHS services activities <p><i>Effective Applications received by MIDA from 1 Jan 2022 to 31 Dec 2023</i></p>											
6.	<p><u>Extension of Tax Incentives for Organising Arts, Cultural, Sports and Recreational Activities in Malaysia</u></p> <ul style="list-style-type: none"> Existing income tax exemption of 50% on statutory income for organising the approved activities given to YA2022 to the organisers of: <ul style="list-style-type: none"> Arts and cultural activities approved by MOTAC International sports and recreational competitions approved by MOYS Extended for 3 years <p><i>Effective From YA2023 to YA2025</i></p>											

C	TAX INCENTIVES (Cont'd)
7.	<p><u>Tax Incentives for Late-Life Assets (LLA) Project for Upstream Petroleum Industry</u></p> <ul style="list-style-type: none"> • Tax incentives to attract oil and gas companies to invest and venture into LLA: <ul style="list-style-type: none"> ○ Petroleum income tax rate at 25% (reduced from 38%) ○ Accelerated Capital Allowance within 2 years ○ Losses from decommissioning activities allowed to be carried back and set-off against the income for 2 consecutive immediate preceding YAs. Any unabsorbed carry back losses will be disregarded ○ Export duty exemption on petroleum products <p><i>Effective LLA Production Sharing Contracts awarded between 1 Jan 2020 and 31 Dec 2029</i></p>
8.	<p><u>Income Tax Exemption for Social Enterprise</u></p> <p>To assist Social Enterprise accredited by the <i>MEDC</i> in raising funds that create positive social or environmental impact:</p> <ul style="list-style-type: none"> • tax exemption given on all income for up to 3 years of assessment subject to the validity period of Social Enterprise Accreditation; and • Joint Committee on Accreditation comprising Yayasan Hasanah (<i>Y-Has</i>) and the <i>MEDC</i> established for reviewing applications for accreditation by Social Enterprises <p><i>Effective Date</i></p> <ul style="list-style-type: none"> ○ For application of tax exemption received by <i>MOF</i> from 1 Jan 2022 to 31 Dec 2023 ○ For application of accreditation received by <i>Y-Has</i> from 1 Jan 2022 to 31 Dec 2023
D	STAMP DUTY AND INDIRECT TAX
1.	<p><u>Special Voluntary Disclosure Program (SVDP)</u></p> <ul style="list-style-type: none"> • SVDP to be introduced by Royal Malaysian Customs Department in phases with penalty remissions of 100% (Phase 1) and 50% (Phase 2), including tax remissions for specific cases <p><i>Effective To be announced</i></p>
2.	<p><u>Stamp Duty Exemption on Loan/Financing Agreements for Peer-to Peer Financing (P2P)</u></p> <ul style="list-style-type: none"> • To facilitate broader access by MSMEs to alternative financing and reduce financing cost, it is proposed 100% stamp duty exemption be given on P2P loan/financing agreement between MSMEs and investors for 5 years • This exemption is only applicable for P2P financing made through P2P financing platform registered and recognised by the SC <p><i>P2P Financing Allows MSMEs to raise capital in the form of loan or financing through online P2P platforms registered with the SC</i></p> <p><i>Effective For P2P loan/financing agreement executed from 1 Jan 2022 to 31 Dec 2026</i></p>
3.	<p><u>Review of Stamp Duty on Contract Notes for Trading of Listed Shares</u></p> <ul style="list-style-type: none"> • Rate of stamp duty on contract notes for trading of listed shares on Bursa Malaysia increased to 0.15% which is equivalent to RM1.50 for every RM1,000 • Stamp duty limit of RM200 for each related contract note is abolished <p><i>Effective From 1 Jan 2022</i></p>

D	STAMP DUTY AND INDIRECT TAX (Cont'd)														
4.	<p><u>Review of Stamp Duty Treatment on Insurance Policies or Takaful Certificates with Small Premium/Annual Contribution Value</u></p> <ul style="list-style-type: none"> Stamp duty exemption granted as follows: <table border="1" data-bbox="331 421 1444 656"> <thead> <tr> <th data-bbox="331 421 1090 495">Insurance policies/takaful certificates</th> <th data-bbox="1098 421 1444 495">Annual premium or contribution value</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 495 1090 568">(i) Under <i>Produk Perlindungan Tenang (PPT)</i></td> <td data-bbox="1098 495 1444 568">Increased from RM100 to RM150</td> </tr> <tr> <td data-bbox="331 568 1090 611">(ii) Other than <i>PPT</i> – for individuals</td> <td data-bbox="1098 568 1444 611">Not exceeding RM150</td> </tr> <tr> <td data-bbox="331 611 1090 656">(iii) Other than <i>PPT</i> – for MSMEs</td> <td data-bbox="1098 611 1444 656">Not exceeding RM250</td> </tr> </tbody> </table> Insurance policies or takaful certificates products given stamp duty exemption as per items (ii) and (iii) include the following: <table border="1" data-bbox="331 750 1444 837"> <tbody> <tr> <td data-bbox="331 750 595 792">Fire insurance</td> <td data-bbox="603 750 1098 792">Fire Business Interruption Insurance</td> <td data-bbox="1106 750 1444 792">Liability Insurance</td> </tr> <tr> <td data-bbox="331 792 595 837">Travel Insurance</td> <td data-bbox="603 792 1098 837">Personal Accident Insurance</td> <td data-bbox="1106 792 1444 837">Engineering Insurance</td> </tr> </tbody> </table> <p><i>Effective For insurance policies or takaful certificates issued from 1 Jan 2022 to 31 Dec 2025</i></p>	Insurance policies/takaful certificates	Annual premium or contribution value	(i) Under <i>Produk Perlindungan Tenang (PPT)</i>	Increased from RM100 to RM150	(ii) Other than <i>PPT</i> – for individuals	Not exceeding RM150	(iii) Other than <i>PPT</i> – for MSMEs	Not exceeding RM250	Fire insurance	Fire Business Interruption Insurance	Liability Insurance	Travel Insurance	Personal Accident Insurance	Engineering Insurance
Insurance policies/takaful certificates	Annual premium or contribution value														
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Fire insurance	Fire Business Interruption Insurance	Liability Insurance													
Travel Insurance	Personal Accident Insurance	Engineering Insurance													
5.	<p><u>Extension of Stamp Duty Exemption on Restructuring or Rescheduling of Loan/Financing Agreement</u></p> <ul style="list-style-type: none"> 100% stamp duty exemption on restructuring or rescheduling of loan/financing agreement extended for 1 year <p><i>Effective Restructuring/rescheduling agreements executed from 1 Jan 2022 to 31 Dec 2022</i></p>														
6.	<p><u>Extension of Stamp Duty Exemption for Instruments related to Mergers and Acquisitions</u></p> <ul style="list-style-type: none"> 100% stamp duty exemption for MSMEs that carry out a merger or acquisition scheme in respect of the following documents extended for 1 year: <ul style="list-style-type: none"> contracts or agreements for the sale or lease of property (land, buildings, machinery and equipment) instrument of transfer and memorandum of understanding loan or financing agreements and the first rental agreement <p><i>Effective For application of merger or acquisition received by the MEDC from 1 Jul 2021 to 30 Jun 2022 and instruments executed until 31 Dec 2022</i></p>														
7.	<p><u>Extension of Tourism Tax Exemption</u></p> <ul style="list-style-type: none"> Exemption of tourism tax imposed on tourists at a flat rate of RM10/room/night extended for 1 year to 31 Dec 2022 <p><i>Effective From 1 Jan 2022 to 31 Dec 2022</i></p>														
8.	<p><u>Extension of Entertainments Duty Exemption in the Federal Territories</u></p> <ul style="list-style-type: none"> Exemption of entertainments duty on admission fees to theme parks, stage performances, sports events as well as cinemas held in the FTs of KL, Labuan and Putrajaya extended for 1 year to 31 Dec 2022 <p><i>Effective From 1 Jan 2022 to 31 Dec 2022</i></p>														
9.	<p><u>Extension of Sales Tax Exemption on Passenger Cars</u></p> <ul style="list-style-type: none"> Existing sales tax exemption of 100% on CKD and 50% on new and used imported CBU extended for 6 months <p><i>Effective From 1 Jan 2022 to 30 Jun 2022</i></p>														

D	STAMP DUTY AND INDIRECT TAX (Cont'd)
10.	<p><u>Sales Tax on Low Value Goods</u></p> <ul style="list-style-type: none"> • Goods ≤ RM500 from abroad (LVG) sold online and delivered to consumers in Malaysia via air courier services will be subject to sales tax • Sellers, whether from Malaysia or abroad, of LVGs are required to register and charge sales tax <p><i>Effective From 1 Jan 2023 (subject to new provisions to the Sales Tax Act, 2018 to be gazetted)</i></p> <p><u>Our perspective</u></p> <p><i>It would be interesting to consider how sellers, whether local or foreign, will be registered, and how the sales tax will be paid/collected</i></p>
11.	<p><u>Service Tax on Goods Delivery Services</u></p> <ul style="list-style-type: none"> • Service tax will be imposed on good delivery services provided by service providers including under the e-commerce • Services excluded – food and beverages delivery services and logistic services <p><i>Effective From 1 Jul 2022</i></p> <p><u>Our perspective</u></p> <p><i>Setting of the qualifying threshold (for registration of service tax) will be critical to ensure that smaller service providers are not unnecessarily burdened</i></p>
12.	<p><u>Service Tax Exemption on Brokerage Services related to Trading of Listed Shares</u></p> <ul style="list-style-type: none"> • Brokerage services related to trading of shares listed on Bursa Malaysia shall be exempted from service tax <p><i>Effective From 1 Jan 2022</i></p>
13.	<p><u>Excise Duty on Liquid or Gel used for Electronic Cigarettes and Vape</u></p> <ul style="list-style-type: none"> • Existing excise duty on non-nicotine liquid or gel used for electronic cigarettes and vaper expanded to include such liquid or gel containing nicotine • Excise duty of RM1.20/ml will be charged on both nicotine and non-nicotine liquid or gel <p><i>Effective From 1 Jan 2022</i></p>
14.	<p><u>Expansion of Scope of Excise Duty on Sugar Sweetened</u></p> <ul style="list-style-type: none"> • Existing excise duty of RM0.40/litre (<i>if prescribed sugar content is exceeded</i>) imposed on: <ul style="list-style-type: none"> ○ Carbonated drinks containing added sugar or other sweetening matter or flavours ○ Milk flavoured beverages containing lactose, excluding soybean milk product ○ Fruit juices and vegetable juices whether or not containing added sugar or other sweetening matter • Scope of excise duty of RM0.47/100g (<i>if prescribed sugar content 33.3g/100g is exceeded</i>) expanded to include: <ul style="list-style-type: none"> ○ Mixed chocolate or cocoa preparations ○ Mixed malt preparations ○ Pre-mixed coffee and mixed tea preparations <p><i>Effective From 1 Apr 2022</i></p>

D STAMP DUTY AND INDIRECT TAX (Cont'd)

15. **Review of Windfall Profit Levy**

- Windfall profit levy on CPO streamlined

Location	Threshold of CPO Prices (RM/metric tonne)	Rate of Levy (%)
Peninsula Malaysia	RM3,000 (Inc from RM2,500)	3.0
Sabah and Sarawak	RM3,000	3.0 (Inc from 1.5)

Effective From 1 Jan 2022

E OTHER BUDGET HIGHLIGHTS

1. **Minimum Employee EPF contribution rate**

- Reduction of EPF contribution from 11% to 9% extended to Jun 2022

2. **Tax Compliance Certificate (TCC)**

- TCC issued by Inland Revenue Board Malaysia will be a pre-requisite for company to participate in government procurement

Effective From 1 Jan 2023

3. **Tax Identification Number (TIN)**

- TIN to be implemented to broaden the income tax base

Effective From beginning 2022

4. **Bantuan Keluarga Malaysia (BKM)**

- BKM assistance to households

Household income	Assistance to households with		
	No children	1-2 children	≥ 3 children
< RM2,500	RM1,000	RM1,500	RM2,000
RM2,500-RM5,000	RM400	R600	RM800

- Additional assistance

Single parents with children	RM500
Senior citizen household	RM300
Single senior citizen with income < RM5,000	RM600
Singles with income < RM2,500	RM350

5. **SOCSSO Job Search Allowance**

- Allowances for job searches

SOCSSO contributors	<ul style="list-style-type: none"> 80% of 1st mth's salary 50% of 2nd to 6th mth's salary 30% of last 3 mth's salary
Non-SOCSSO contributors	<ul style="list-style-type: none"> RM300 allowance for a period of 3 mths

E OTHER BUDGET HIGHLIGHTS (Cont'd)

6. Jamin Kerja Keluarga Malaysia via SOCSO

- Incentives for employers who hire Malaysians who have not been actively employed

Incentive category	Eligibility
(a) 20% of employee's salary for the first 6 mths & 30% of employee's salary for the last 6 mths	
Job seekers	<ul style="list-style-type: none"> • Individuals aged 16–50 yrs old that are not actively working
Replacing foreign workers	<ul style="list-style-type: none"> • Change in role offered to local employees to replace foreign workers and trade officers • Additional 10% of salary will be provided to employees each mth for 12 mths
(b) 30% of employee's salary for the first 6 months & 40% of employee's salary for the last 6 months	
Vulnerable groups	<ul style="list-style-type: none"> • Individuals/Graduates unemployed > 180 days • Army veterans • Orang Asli • Inmates/Individuals under parole • Disabled persons registered under the Social Welfare Department • Participants in SOCSO RTW Programme • Employees aged ≥ 50 yrs
Women	<ul style="list-style-type: none"> • Women unemployed > 365 days inclusive of career break • Single mothers / housewives • Includes offers for flexible working arrangements
Key sectors	<ul style="list-style-type: none"> • Digital Skills Related (ICT) • Tourism Sector
(c) Allowance of RM900/mth for a period 6 mths	
Apprentices	<ul style="list-style-type: none"> • School leavers and graduates aged 18-30 • Employment offers for Executive roles • Minimum diploma required
(d) Job incentives in the gig sector amounting to RM600/mth for a period of 6 mths	
Gig workers	<ul style="list-style-type: none"> • Involves job seekers from the following categories: <ul style="list-style-type: none"> o Individuals that have lost their jobs o Vulnerable groups including the list of individuals registered under eKasih o Employees forced to take unpaid leave o Individuals/Graduates unemployed > 30 days o Housewives and low-income group • An additional RM200 per mth will be provided if the gig worker earns > RM2,500 per mth or works > 120 hrs

F EXISTING FUNDING SCHEMES
F.1 BANK NEGARA FUNDS FOR SMES
Funds available @ 30 Sep 2021 – RM11.2b (balance of total facilities of RM31.1b)

Programme/Scheme		Financing Terms
1.	Targeted Relief and Recovery Facility	<ul style="list-style-type: none"> • Loan rate: Up to 3.5% pa (incl guarantee fee) • Size: Up to RM500,000 • Duration: Up to 7 yrs (incl moratorium period) • Moratorium: at least 6 mths
2.	Low Carbon Transition Facility	<ul style="list-style-type: none"> • Loan rate: Up to 5% pa (for portion from BNM) • Size: Up to RM5m (for portion from BNM) • Duration: Up to 10 yrs • <i>Further details to be finalised by BNM</i>
3.	Business Recapitalisation Facility	<ul style="list-style-type: none"> • Lending rate: Up to 3.5% pa (for credit financing) + dividend (determined by equity financier) • Size: Up to RM5m • Duration: Up to 10 yrs • <i>Further details to be finalised by BNM</i>
4.	Agrofood Facility	<ul style="list-style-type: none"> • Lending rate: Up to 3.75% pa (incl guarantee fee) • Size: Up to RM5m • Duration: Up to 8 yrs
5.	Micro Enterprises Facility	<ul style="list-style-type: none"> • Lending rate: As determined by the financial institution • Size: Up to RM50,000 • Duration: Up to 5 yrs • <i>Micro Enterprises incl part-time workers (gig workers) using digital platforms and self-employed workers</i>
6.	SME Automation and Digitalisation Facility	<ul style="list-style-type: none"> • Loan rate: Up to 4% pa (incl guarantee fee) • Size: Up to RM3m • Duration: Up to 10 yrs
7.	PENJANA Tourism Financing	<ul style="list-style-type: none"> • Loan rate: Up to 3.5% pa (incl guarantee fee) • Size: Up to RM300,000 • Duration: Up to 7 yrs (incl moratorium period) • Moratorium: at least 6 mths
8.	All Economic Sectors Facility	<ul style="list-style-type: none"> • Loan rate: Up to 7% pa (incl guarantee fee) • Size: Up to RM5m • Duration: Up to 5 yrs
9.	High Tech Facility National Investment Aspirations	<ul style="list-style-type: none"> • Loan rate: Up to 3.5% pa (excl guarantee fee); 5.0% pa (incl guarantee fee) • Size: Up to RM1m - working capital purposes RM5m - capital expenditure RM5m - a combination of both • Duration: Up to 7 yrs

HIGHLIGHTS OF BUDGET 2022

F.2 BUSINESS AND ALTERNATIVE FINANCING					
	Agency	Fund	Fund Size	Financing Terms	Tenure
1.	PUNB	Various Financing Programmes	RM200m	<ul style="list-style-type: none"> • Loan rate: <ul style="list-style-type: none"> ○ 0% pa for the first 6 mths ○ 5.0% - 8.0% pa thereafter • Size: Up to RM10m • Moratorium: 6 mths 	Up to 7 yrs
2.	MIDF	Jumpstart Financing	RM50m	<ul style="list-style-type: none"> • Loan rate: 2.0% - 3.0% pa • Size: Up to RM500,000 • Moratorium: 18 mths 	Up to 7 yrs
3.	Agrobank	Various Agrofood Financing Programmes	RM550m	<ul style="list-style-type: none"> • Loan rate: <ul style="list-style-type: none"> ○ 0% pa for the first 6 mths ○ 3.0% pa thereafter • Size: Up to RM500,000 • Moratorium: 6 mths 	Up to 8 yrs
4.	BPMP	Working Capital Scheme	RM500m	<ul style="list-style-type: none"> • Loan rate: 4% pa • Size: RM1m - RM10m 	Up to 3 yrs
5.	SME Bank	IBS Promotion Fund (IBS2.0)	RM200m	<ul style="list-style-type: none"> • Lending rate: Risk based • Size: Up to RM10m 	Up to 15 yrs
6.	SME Bank	Young Entrepreneur Fund (YEF 2.0)	RM100m	<ul style="list-style-type: none"> • Loan rate: 5% pa • Size: Up to RM1m 	Up to 10 yrs
7.	SME Bank	SME Recapitalisation Fund	RM600m	<ul style="list-style-type: none"> • Lending rate: Div \pm 6% pa • Size: Up to RM5m • Moratorium: 6 mths 	Up to 5 yrs

F.3 MICROCREDIT SCHEMES					
	Agency	Fund	Fund Size	Financing Terms	Tenure
1.	TEKUN	Skim Pinjaman Informal dan Mikro (SPIM)	RM200m	<ul style="list-style-type: none"> • Loan rate: 0% pa • Size: Up to RM10,000 • Moratorium: 12 mths 	Up to 5 yrs (incl moratorium)
2.	TEKUN	Various Microcredit Schemes	RM225m	<ul style="list-style-type: none"> • Loan rate: 0% pa • Size: Up to RM10,000 • Moratorium: 6 mths 	Up to 5 yrs
3.	BSN	Various Easy Microcredit Schemes	RM800m	<ul style="list-style-type: none"> • Loan rate: <ul style="list-style-type: none"> ○ 0% pa for the first 6 mths ○ 4% pa thereafter • Size: Up to RM75,000 • Moratorium: 6 mths 	Up to 5 yrs
4.	Agrobank	Various Microcredit Schemes	RM250m	<ul style="list-style-type: none"> • Loan rate: <ul style="list-style-type: none"> ○ 0% pa for the first 6 mths ○ 3% pa thereafter • Size: Up to RM75,000 • Moratorium: 6 mths 	Up to 5 yrs