



# Tax developments



16 March 2023

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KPMG in Malaysia

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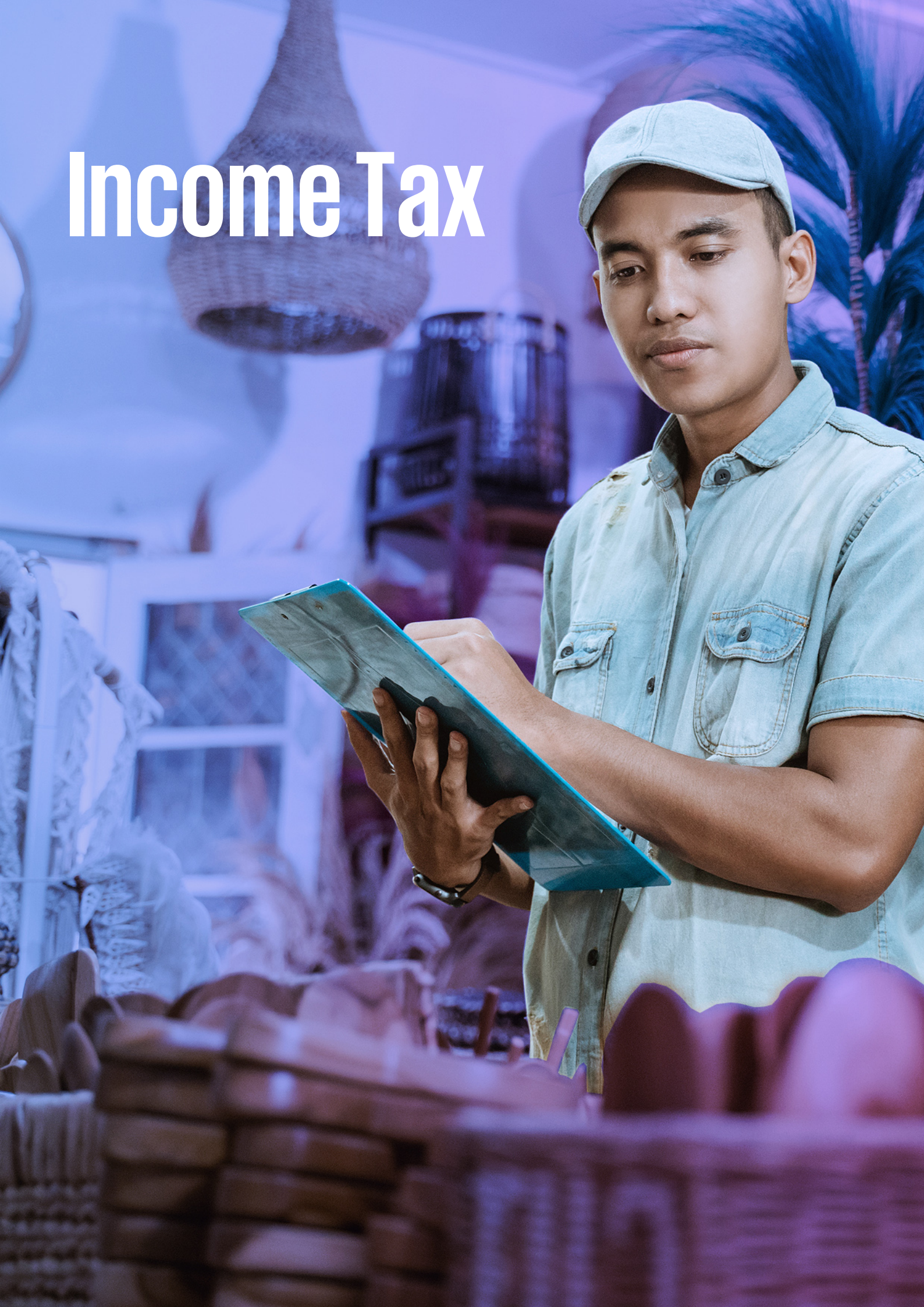
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# Income Tax



# Income Tax

The relevant authorities have issued the following:

## New Malaysia-Poland DTA

The new Malaysia-Poland DTA has entered into force on 12 January 2023 with the following effective dates:

Effective date	Articles
12 January 2023	<ul style="list-style-type: none"> <li>Article 25 - Mutual Agreement Procedure</li> <li>Article 26 - Exchange of Information</li> </ul>
1 January 2024	<ul style="list-style-type: none"> <li>All other articles apart from Articles 25 and 26.</li> </ul>

The salient points, amongst others, are:

- i. The withholding tax rates provided:-
  - Interest: Nil or 10%
  - Royalties: 8%
  - Technical services: 8%
  - Dividends: 5%
- ii. A permanent establishment includes a building site, a construction, installation or assembly project which lasts more than 6 months.
- iii. A Labuan entity is excluded from the treaty benefits, except for a Labuan entity which has made an irrevocable election to be charged to tax in accordance with the ITA.

The impact of the multilateral instrument provisions should also be taken into consideration upon applying the DTA.

Source for the DTA: Official portal of [MIRB](#)



# Indirect Tax

# Indirect Tax

## Postponement of Sales Tax on LVG, Service Tax on goods delivery services and Excise Duty on premixed beverages

The RMCD has announced that the Minister of Finance has agreed to postpone the implementation of the following to a later date to be determined:

- Sales Tax on LVG
- Service Tax on goods delivery services
- Excise Duty on premixed beverages

Source for the announcement: [RMCD's official website](#) – available in Malay language only

## Tourism Tax Policy 1/2023

The RMCD has published the TTx Policy 1/2023 (dated 16 February 2023) relating to **liability to charge, collect, account and remit TTx on a foreign tourist who makes an online booking of accommodation premise in Malaysia via a registered DPSP.**

A grace period of three months from **1 January 2023 to 31 March 2023** has been granted to registered DPSPs and registered operators (e.g. hotel, accommodation premise operator) to charge, collect, account and remit the TTx amount based on **who received payment** directly from the foreign tourist for the online booking of accommodation premises.

Starting from **1 April 2023**, DPSPs would be fully responsible to charge, collect, account and remit the TTx amount to the RMCD for online booking of accommodation premises **irrespective of who received the booking payment** from the foreign tourist.

Source for the document: [Official Portal of RMCD - MyTTx](#)



## Tourism Tax (Compounding of Offences) Regulations 2023

The Regulations on compounding of offences has now been issued and comes into operation on 2 March 2023. It is provided in the Regulations that all offences committed under the Tourism Tax Act 2017 (except for sections 39 and 58), Tourism Tax Regulations 2017 as well as under the Tourism Tax (Digital Platform Service Provider) Regulations 2021 are compoundable offences.

This means that for offences committed under the Tourism Tax legislation (e.g. late registration, late submission of the Tourism Tax returns), instead of prosecution, Customs may issue a compound not exceeding 50% of the amount of maximum fine for that offence.

Source for the Amendment Acts: [Federal Legislation Portal of Malaysia](#)

## Tourism Tax (Amendment) Regulations 2023

The Tourism Tax Regulations 2017 has been amended and the amendments come into operation on **2 March 2023**. The amendments include:

Regulation	Amendment
<b>5A</b>	<p>The particulars to be included in an invoice or receipt issued by the accommodation operator to tourist have now been prescribed. The prescribed particulars are:</p> <ul style="list-style-type: none"> <li>(a) The invoice or receipt serial number</li> <li>(b) The date of the invoice or receipt</li> <li>(c) The name, address and Tourism Tax identification number of the operator</li> <li>(d) The number of accommodation and nights for each accommodation provided</li> </ul>
<b>6</b>	<p>The prescribed particulars of a credit note or debit note issued by the accommodation operator to tourist have been updated, i.e. the removal of the need to include the following:</p> <ul style="list-style-type: none"> <li>(i) The words “credit note” or “debit note” in a prominent place;</li> <li>(ii) The name and address of the person to whom the accommodation premises are provided; and</li> <li>(ii) The total payment for accommodation provided excluding Tourism Tax.</li> </ul>
<b>8</b>	<p>The manner to furnish Tourism Tax returns is amended to be furnished <u>through electronic services or in any manner as the Director General may determine</u>.</p>
<b>9</b>	<p>Payment of Tourism Tax, surcharge, penalty, fee or any other money payable under the Tourism Tax Act 2017 is amended to be made <u>through electronic banking or in any manner as the Director General may determine</u>. The provision of when payment is deemed paid and received by the Director General has also been updated to when the amount is lodged to the credit of the Director General (for electronic banking) or the amount is duly received by the Director General (for other method as determined by the Director General).</p>

Source for the Amendment Regulations: [Federal Legislation Portal of Malaysia](#)

## Tourism Tax (Digital Platform Service Provider) (Amendment) Regulations 2023

The Tourism Tax (Digital Platform Service Provider) Regulations 2021 has been amended and the amendments come into operation on **2 March 2023**. The amendments include:

Regulation	Amendment
<b>4A</b>	The particulars to be included in an invoice or receipt issued by the DPSP to tourist have now been prescribed. The prescribed particulars are: <ul style="list-style-type: none"> <li>(a) The invoice or receipt serial number</li> <li>(b) The date of the invoice or receipt</li> <li>(c) The name, address and registration number of the DPSP</li> <li>(d) The number of accommodation and nights for each accommodation provided</li> </ul>
<b>5</b>	The prescribed particulars of a credit note or debit note issued by the DPSP to tourist have been updated, i.e. the removal of the need to include the following: <ul style="list-style-type: none"> <li>(i) The words “credit note” or “debit note” in a prominent place; and</li> <li>(ii) The total payment for accommodation provided excluding Tourism Tax.</li> </ul>
<b>15</b>	The last date to furnish returns or make payment of Tourism Tax is still the legislated date although that date falls on a public holiday (whether in Malaysia or in the country where the foreign registered person is established).

Source for the Amendment Regulations: [Federal Legislation Portal of Malaysia](#)

## RMCD’s guideline – Application for Excise Duty and Sales Tax exemptions on the sale, transfer, private use or disposal of specific type of taxis and hired cars

Further to the proposal announced in the recently re-tabled Budget 2023 in relation to the Excise Duty and Sales Tax exemptions on the sale, transfer, private use or disposal of specific type of taxis and hired cars, RMCD has since issued a guideline setting out the qualifying conditions as well as steps to apply for the exemption. Amongst others, it is stated that the exemption is effective **1 March 2023**.

For more details, please click [here](#) for the guideline (available in Malay language only).

Source for the announcement: [RMCD’s official website](#) – available in Malay language only



## Customs Duties (Exemption) (Amendment) Order 2023

The Customs Duties (Exemption) (Amendment) Order 2023 has been gazetted and comes into operation on 9 March 2023.

Amendment has been made to item 94, Part I of the Schedule of the Exemption Order in relation to the *de minimis* facility to cover goods imported using air courier service (including postal service) and exclude additional goods (e.g. smoking pipes, electronic cigarettes, etc.), with a total CIF value not exceeding RM500 per consignment.

This is in line with the recent amendment on Sales Tax exemption – Sales Tax (Persons Exempted from Payment of Tax) (Amendment) (No. 2) Order 2022.

Source for the Amendment Order: [Federal Legislation Portal of Malaysia](#)

## Launch of MyExcise portal by Customs

The RMCD recently launched the MyExcise portal which aims to provide information on the imposition of Excise Duty in Malaysia. This portal will also be used for the administration of Excise Duty related matters (e.g. licensing, declaration and payment of Excise Duty). Please click [here](#) to access the link.

Source for the announcement: [Official Portal of RMCD - MyExcise](#)

# Personal Tax



# Personal Tax

KPMG Malaysia has updated the following:

## 2023 Personal Budget Widget

The KPMG [Personal Budget Widget](#) has been updated to take into account the recent 2023 budget proposals. It provides a preliminary calculation of how much tax savings you may potentially enjoy based on your own personal circumstances. You can customise the calculation by choosing the tax reliefs that are applicable to you.

You would note that assumptions have been made that all reliefs chosen will be deemed to be claimed up to the maximum allowable amount.

This widget is for general information purposes only. It should not be used or relied upon as a substitute for actual tax calculations. Professional advice should be taken regarding your specific circumstances.

The table below sets out the various abbreviations and references used in this publication.

Abbreviation	Reference
DPSP	Digital Platform Service Provider
DTA	Double Taxation Agreement
ITA	Income Tax Act, 1967
LVG	Low Value Goods
MIRB	Malaysian Inland Revenue Board
RMCD	Royal Malaysian Customs Department
TTx	Tourism Tax

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