MOORE Advent

TAX FLASH

December 2023

- Moore Malaysia
- Moore Global
- Inland Revenue Board

In this Issue

PR No.3/2023 – Taxation of a Resident Individual Part III – Computation of Income Tax and Tax Payable

The Inland Revenue Board ["IRB"] has recently issued the *Public Ruling ["PR"] No.3/2023 – Taxation of a Resident Individual Part III - Computation of Income Tax and Tax Payable* to provide guidance on the computation of income tax and the tax payable by an individual who is resident in Malaysia. This new PR replaces the PR No. 5/2018 issued on 13th September 2018 mainly to incorporate the changes in the legislation.

The pertinent amendments included in the new PR are as follows:-

i. Computation of the Income Tax Charged and Tax Payable

- The format in arriving at income tax charged and tax payable (i.e. with incorporation of the tax rebate for departure of levy) is as shown below:-

	RM	RM
Chargeable income	XX	
Tax on the first XX of chargeable income		XX
Tax on the balance XX of chargeable income @ XX%		XX
Income tax charged		XX
Less : Tax Rebate		
• Individual	XX	
• Spouse	XX	
• Departure levy paid for the purpose of performing umrah or other religious pilgrimage (limited to two times departure	XX	
• Zakat and fitrah	XX	XX
Less : Tax Credit		
• Tax credit from unit trust, real estate investment trust	XX	
• Bilateral credit on foreign income where there is a double taxation agreement	XX	
• Unilateral credit on foreign income where there is no double taxation agreement	XX	XX
Income tax payable / repayable		XX

- A new paragraph has been inserted to clarify that a tax rebate shall be given before any tax credit set-off (such as Section 110 credit and Section 132 / 133 bilateral or unilateral credit) is allowed in accordance with Section 6A(1) of the Income Tax Act 1967 ["ITA 1967"].

ii. Tax Rebate

- Tax rebate for departure levy
  - A resident individual in Malaysia is eligible for tax rebate in respect of departure levy which is charged under the Departure Levy Act 2019 on any person who leaves Malaysia by air for the purpose of performing *Umrah* or other religious pilgrimage to holy place. This tax rebate came into effect from YA 2019.
  - The claim for the rebate must be evidenced by the following documents:-
    - boarding pass; and
    - for departure to:-
      - Umrah – a copy of visa issued by the Embassy of the Kingdom of Saudi Arabia; or
      - any other religious pilgrimage – a written verification by a religious body recognised by the Committee for the Promotion of Inter Religious Understanding and Harmony Among Adherents, Prime Minister's Department.
  - The departure levy rates as prescribed in the Departure Levy Act 2019 are as follows:

Cabin Class	**Destination/Rate**	
	ASEAN (RM)	**Others (RM)**
Economy	8.00	20.00
Others	50.00	150.00

    - The tax rebate allowed is equivalent to the amount of levy paid by the individual for himself and the number of claims is limited to the two journeys in a lifetime.
    - The rebate shall not be granted in respect of departure of levy for the purpose of performing Hajj.
- Tax rebate for *zakat*, *fitrah* or any other Islamic religious dues payment
    - The claim on *zakat* rebate must be evidenced by official receipt issued by appropriate religious authority established under any written law which include *Pusat Pungutan Zakat* and *Majlis Agama Islam Negeri*.

***Note**: For further information relating to the previous PR No. 6/2018, please refer to our Tax Flash – September 2018 issue.*

PR No. 4/2023 – Investment Tax Allowance – Overview

The IRB has recently published the *PR No. 4/2023 – Investment Tax Allowance ["ITA"] – Overview* to provide guidance on the claim of ITA given to a resident company participating or intending to participate in a business in relation to promoted activities or in the production of promoted products in Malaysia.

Salient points of the abovementioned PR include: -

i. Application for Grant of Approval for ITA

- A company has to make an application to obtain an approval from the Minister of International Trade and Industry ["MITI"] by submitting the completed forms to Malaysian Investment Development Authority ["MIDA"] before making a claim of ITA for a relevant year of assessment.
- MITI may grant an approval for the application for ITA with the concurrence in writing of Minister of Finance ["MOF"] under the provisions of Promotion of Investment Act 1986 ["PIA 1986"] retrospectively from a date not earlier than:-
    - the date from which the activity or the product has been determined by MITI to be a promoted activity or a promoted product;
    - the date which the company initially engages in promoted activity or in the production of the promoted product;
    - the date on which the Qualifying Expenditure ["QE"] had been incurred; or
    - 3 years from the date of application received by MITI,
    whichever is earlier.

ii. QE

- The QE for the purpose of claiming ITA is the capital expenditure in relation to:-
    - manufacturing, means the capital expenditure incurred on factory or on plant and machinery used for the purpose of the promoted activity or promoted product in Malaysia;
    - agriculture, means the capital expenditure incurred in respect of the following:-
        - clearing and preparation of land;
        - planting of crops;
        - provision of irrigation and drainage systems;
        - provision of plant and machinery used in Malaysia for the purposes of crop cultivation, animal farming, aquaculture, inland or deep-sea fishing and other agricultural or pastoral pursuits;
        - construction of access roads including bridges; and
        - construction or purchase of buildings (including those provided for the welfare of persons or as living accommodation for persons) and structural improvements on land or other structures which are used for the purposes of crop cultivation, animal farming, aquaculture, inland fishing and other agricultural or pastoral pursuits;

- hotel business, means the capital expenditure incurred on the purchase of a building or construction of a hotel building of the approved standard in Malaysia, including any alteration, extension and renovation or on the provision of plant and machinery or other facilities used for the hotel business;
- tourist project, means the capital expenditure incurred in respect of a tourist project in Malaysia and includes capital expenditure on the following:-
  - clearing of land for purposes of a tourist project;
  - planting of trees and plants;
  - construction of road and other infrastructure facilities provided they are on land forming part of the land used for the purposes of a tourist project;
  - the provision of birds, animals and other exhibits;
  - the provision of plant and machinery; and
  - the provision of buildings (including those provided for the welfare of persons or as living accommodation for persons), structural improvements on land and other structures on land forming part of the land used for purposes of a tourist project; and
- manufacturing related services, where the capital expenditure incurred on any asset used in Malaysia (i.e. plant, machinery and building) in connection with and for the purpose of such promoted services.

iii. Tax Treatment for ITA

- A company which has been granted approval for ITA is eligible to claim an ITA amounted to 60% of the QE incurred or any other rate approved by the MOF which is not more than 100% of the QE.
- The ITA is utilised to exempt statutory income from the business of promoted activity or promoted product with the limit 70% or other rate, not exceeding 100% of the statutory income of a promoted activity or promoted product which is equivalent to the amount of the approved ITA.
- The tax incentive period for ITA is 5 years from the date from which the approval is to take effect.
- A company engaged in an integrated agricultural activity is eligible for another 5 years of extension of ITA claim.
- A company which has obtained approval for ITA has to make a request within 24 months from the date of grant of approval to determine the effective date of an ITA.
- Any unabsorbed ITA can be carried forward to subsequent years of assessment until such allowance is fully utilised.
- Any disposal of asset such as factory, plant, machinery or building used for the purposes of a promoted activity or promoted product within 5 years from the date of acquisition would result in the withdrawal of ITA granted. The relevant amount of ITA shall be withdrawn in the year the asset is disposed.

iv. ITA Claim for Manufacturing and Agriculture Activities

- The IRB has included practical examples to demonstrate the calculation and claim mechanism of ITA for manufacturing and agriculture activities.

v. **Surrender of Approval for ITA**

- A company may surrender the ITA granted, subject to the approval of MITI. The approval on the surrender of the ITA grant maybe be made retrospectively and the surrender is effective:-
  - from the date of grant of approval of ITA; or
  - on the first day in the basis period for the year of assessment the application is received by MITI if a company has incurred QE.

PR No. 5/2023 – Tax Incentive for Approved Food Production Project

The IRB has recently issued the *PR No. 5/2023 – Tax Incentive for Approved Food Production Project* to explain the tax treatment in relation to the tax incentives for an approved food production project in Malaysia.

The salient points of the abovementioned PR include:-

i. Applicability

- The incentive is applicable to:-
  - qualified persons participating or intending to participate in an approved food production project; and
  - companies that have made investments in its related company undertaking an approved new food production project.

ii. Approved Food Production Projects

- The list of approved food production projects are as follows:-
  - planting of kenaf, industrial crop, vegetables, fruits, herbs, spices or cash crop;
  - aquaculture;
  - rearing of cows, buffaloes, goats, sheep or deer;
  - deep sea fishing;
  - apiculture (rearing of honey or urena lobata bees);
  - planting of feed mill cultivated in projects identified by the Minister of Agriculture and Food Security ["MAFS"] and approved by the Minister of Finance ["MOF"];
  - high seas fishing; or
  - planting of seeds for agrofood.

iii. Tax Incentive for Qualifying Persons

- Qualifying Person
  - A qualifying person is a person who undertakes an approved food production project as follows:-
    - a company incorporated under the Companies Act 2016 ["CA 2016"];
    - an-agro based co-operative society;
    - an Area Farmers' Association;
    - a Federal Farmers' Association;
    - a State Farmers' Association;
    - an Area Fishermen's Association;
    - a Federal Fishermen's Association;
    - a State Fishermen's Association; and
    - sole proprietorship, partnership or association solely engaged in agriculture or fishery for the approved project.
- Application
  - Application for tax incentive for an approved food production project must be submitted to the MAFS.
  - Application for incentive of a new or expansion project should be submitted to the MAFS within a specified period, where the project should not have commenced on the date the application is received by the MAFS and the project commences within a year from the approval date given by the MAFS.
- Categories of Approved Food Production Project
  - New project
    - This refers to the first project carried out by a qualified person for the purpose of undertaking approved food production project and approved by the MOF.
    - For expansion (i.e. increase in area or additional/change of species among the same category) of the newly approved project within the approved exemption period, the person has to submit an application to the MAFS.

- Expansion project
    - This refers to a project carried out by a qualified person for the purpose of expanding an existing approved food production project, where the expansion project:-
        - has not been granted a tax exemption;
        - involves a new area of land; and
        - is approved by the MOF.
- Income Tax Exemption
    - New project
        - 100% exemption from income tax for a period of 10 consecutive years of assessment in respect of the statutory income of the qualified person.
        - The tax exemption will commence from the first year of assessment in which the qualified person derived statutory income in relation to the approved project.
    - Expansion project
        - 100% exemption from income tax for a period of 5 consecutive years of assessment in respect of the statutory income of the qualified person.
        - The tax exemption will commence from the first year of assessment in which the qualified person derived statutory income from both the existing and expansion projects.
        - The first year of assessment shall not be earlier than the year of assessment in respect of the basis period in which the date of approval by the MOF falls.
- Capital Allowances
    - The statutory income derived from a new or expansion project for each exempted year of assessment is determined after capital allowances have been claimed.
    - Capital allowance on assets which are used for the purpose of the project and other businesses shall be apportioned and deducted to the extent to which the asset is used for the purpose of that project.
- Losses
    - Any adjusted loss incurred in the year of assessment immediately prior to the commencement of the period of exemption and within the period of exemption can be carried forward and offset against the statutory income of the project after the period of exemption until it is fully absorbed.

iv. Tax Incentives for Investor Companies

- Companies eligible to claim for deduction:-
    - a company incorporated under the CA 2016;
    - resident in Malaysia and at least 60% of paid-up capital of ordinary shares are directly owned by Malaysian citizens;
    - made an investment in related company that undertakes an approved new food production project;
    - holds at least 70% of paid-up capital of ordinary shares in a related company;
    - made an application for an approved food production project to the MAFS within a specified period;
    - made an investment of a reasonable amount in a related company compared to the size of the project; and
    - investing in an approved food production project involving capital expenditure and working capital.
- Related company refers to:-
    - a company incorporated under the CA 2016;
    - resident in Malaysia and at least 70% of paid-up capital of ordinary shares are directly owned by an investor company; and
    - made an application for an approved new food production project to the MAFS within a specified period.
- Income Tax Treatment
    - A deduction of an amount equivalent to the value of investment shall be given to investor companies that made investment in related companies.

- The value of investment claimed as a deduction:-
  - shall be equivalent to the expenditure incurred by the related comp any in the basis period for the same year of assessment;
  - shall be made for a period and up to the amount as approved by the MOF through the MAFS;
  - shall not be disposed within 5 years from the date of last investment made in the form of holding of paid-up capital of ordinary shares; and
  - application to make additional investments are to be submitted to the MAFS along with justification and only eligible to apply before the period of exemption begins.
- The tax deduction can only be claimed by a company for a period of 3 consecutive years of assessment commencing from the year of assessment the application is approved by the MOF.
- The deduction by investor companies shall not be allowed in the basis period for a year of assessment in which the related company derived its first statutory income from the approved food production project.

PR No. 6/2023 – Taxation of a Resident Individual Part I - Gifts or Contributions and Allowable Deductions

The IRB has recently issued the *PR No. 6/2023 – Taxation of a Resident Individual Part I - Gifts or Contributions and Allowable Deductions* to replace the previous PR No. 5/2021 issued on 30th September 2021. This new PR has been updated and amended in accordance with the Finance Act 2021 to provide clarification on gifts or contributions as well as deductions that are allowable to a resident individual in computing his total / chargeable income for a year of assessment.

Significant updates included in the new PR are as follows:-

i. Further Education Fees [Section 46(1)(f) of the ITA 1967]

- For the course of study undertaken for the purpose of upskilling or self-enhancement and those courses under the Skills Development Act under the National Skills Development Act 2006 [Act 652], the amount of deduction is limited to RM2,000 for YA 2022 and YA 2023 respectively.

ii. Medical Expenses on Serious Diseases and Fertility Treatment and Vaccination [Sections 46(1)(g), 46(1)(h) and 46(1)(ha) of the ITA 1967]

- The relief on the expenses incurred on medical expenses for serious disease treatment, fertility treatment, medical expenses for vaccination for self, spouse and child, complete medical examination, Coronavirus Disease 2019 ["COVID-19"] detection test and mental health assessments is restricted to RM8,000 for the YA 2022 and increase to RM10,000, effective YA 2023.
- The complete medical examination includes the costs of:-
  - COVID-19 detection test, as evidenced by receipts issued by a hospital or clinic or medical practitioner registered with the Malaysian Medical Council ["MMC"] or receipts for purchase of COVID-19 self detection test kit; and
  - Mental health examination or consultation service related to mental health from the following approved persons:-
    - a psychiatrist registered with the MMC under the Mental Health Act 2001 [Act 615];
    - clinical psychologist registered with the Malaysian Allied Health Professions Council under the Allied Health Professions Act 2016 [Act 774]; or
    - counselors registered under the Counsellors Act 1998 [Act 580].
- The scope of medical expenses is extended to include the expenses expended or deemed expended by the individual for the treatment expenses on early intervention program or rehabilitation for children with learning disabilities, limited to RM4,000 (as part of the deduction amount of RM10,000) [effective YA 2023]:-

  - Autism Spectrum Disorder;
  - Attention Deficit Hyperactivity Disorder
  - Global Developmental Delay;
  - Intellectual Disability;
  - Down Syndrome; and
  - Specific Learning Disability.
- Early intervention program or rehabilitation treatment for learning disability conducted by an allied health practitioner in the field of learning disability as stipulated by the Malaysian Allied Health Professions Council ["MAHPC"] under the Allied Health Professions Act 2016 ["AHPA"]. The claim must be proven as follows:-
  - assessment for the purpose of diagnosis, as evidenced by receipt issued by a registered medical practitioner with the MMC; or
  - early intervention programme or rehabilitation treatment, as evidenced by receipt issued by allied health practitioners who is registered with the MAHPC under the AHPA.

iii. Net savings in the National Education Savings Scheme ["NESS"] [Section 46(1)(k) of the ITA 1967]

- Maximum relief of RM8,000 for net contribution into the NESS established under the *Perbadanan Tabung Pendidikan Tinggi Nasional* Act 1997 is extended for another 2 years [extended up to YA 2024].

iv. Contribution to Social Security Organisation ["SOCSO"] [Section 46(1)(n) of the ITA 1967]

- The relief on contribution to SOCSO is expanded to include contributions to the Employment Insurance System.
- Relief on the contribution is increase from RM250 to RM350.
- The above are effective YA 2022.

v. Child Care Centre and Kindergarten Fees [Section 46(1)(r) of the ITA 1967]

- Maximum relief of RM3,000 for child care fees paid to a child care centre registered with the Director General of Social Welfare under the Child Care Centre Act 1984 or a kindergarten registered under the Education Act 1996 for the child aged 6 and below is extended for another 3 years [effective YA 2022 to YA 2024].

vi. Expenditure Related to Domestic Tourism [Section 46(1)(s) of the ITA 1967]

- Relief of up to RM1,000 incurred by an individual in respect of the payment for the allowable domestic travel expenses as follows are extended for another year [extended up to YA 2022]:-
  - Accommodation at premises registered with the Commissioner of Tourism under the Tourism Industry Act 1992 [Act 482]; and
  - Entrance fee to a tourist attraction in that basis year as evidenced by receipts on the amount expended.
- The above relief has been expanded to cover the expenditure incurred on purchase of domestic tour package through a licensed travel agent registered with the Commissioner of Tourism under the Tourism Industry Act 1992.

vii. Special Tax Relief in Relation to the Purchase of Mobile Smartphones, Personal Computer, and Tablet [effective YA 2022] [Section 46(1)(t) of the ITA 1967]

- The special tax relief of RM2,500 given to purchase of mobile smartphones, personal computer, and tablet under the *PENJANA* and the *PERMAI* Stimulus Packages is extended for another year [extended up to YA 2022].

viii. Electric Vehicle ["EV"] Charging Facility Fees [Section 49(1)(V) of the ITA 1967] [New Paragraph]

- Tax relief of up to RM2,500 is given on EV charging facility fees expended for the payment of:-
  - Installation cost of EV charging equipment;
  - Purchases include the hire-purchase of vehicle charging equipment;

    - Rental of vehicle charging equipment; or
    - Subscription fee for the use of EV charging facility.
- Effective YA 2022 to YA 2023.

Note: *For further information on the previous PR No. 5/2021, kindly refer to our Tax Flash - November 2021 issue*.

PR No. 7/2023 – Taxation of Upstream Petroleum – Part I

The IRB has recently issued the *PR No. 7/2023 – Taxation of Upstream Petroleum – Part I* to provide the explanation and interpretation in relation to the taxation of upstream petroleum in Malaysia from the perspective of the Petroleum (Income Tax) Act 1967 and the scope of taxation thereunder.

Amended Guidelines on Deduction of Expenses in Relation to Secretarial Fee and Tax Filing Fee Commencing from YA 2022

The IRB has recently issued the amended *Guidelines on Deduction of Expenses in Relation to Secretarial Fee and Tax Filing Fee Commencing from YA 2022* dated 10th November 2023 ["the Amended Guidelines"] (available in *Bahasa Malaysia*) mainly to take into account the following:-

- **Paragraph 4.4 of the Amended Guidelines**
  To specify that the expenses incurred before the basis period for the YA 2020 which has not been claimed yet will not be allowed to be claimed from 1st January 2022 onwards [Paragraph 4.4 of the Amended Guidelines].

- **Example 2 of the Amended Guidelines**
  The example has been rephased/updated to provide clarity on the tax deductibility of the secretarial fee and tax filing fee for YA 2021 and YA 2020 respectively i.e. which are "incurred" and "paid" in accordance with Rule 2(3) of the Income Tax (Deduction for Expenses in relation to Secretarial Fee and Tax Filing Fee) Rules 2020.

Note: *For further information on the Income Tax (Deduction for Expenses in Relation to Secretarial Fee and Tax Filing Fee) (Amendment) Rules 2021, kindly refer to our Tax Flash – June 2020, Tax Flash – January 2022 and Tax Flash – September 2022 issues.*

Tax Incentive for Knowledge Worker in East Coast Economic Region

The IRB has recently issued the *Income Tax (Determination of Knowledge Worker and Qualifying Activity in the East Coast Economic Region ["ECER"]) Rules 2023* to provide tax incentive for qualified persons as a knowledge worker in the ECER whose income derived from employment with a designated company will be subject to income tax at a flat rate of 15%.

The salient points of the abovementioned Rules include:-

i. Application for Incentive

- A qualifying person may apply for an incentive under these Rules provided that:-
    - an application in writing is made to the Minister through the ECER Development Council for the approval of the Minister to be subject to tax rate as provided under Paragraph 1, Part XIV of Schedule 1 to the ITA 1967 (i.e. at a flat rate of 15%); and
    - the application is received by the ECER Development Council on or after 1st January 2022 but not later than 31st December 2024.

ii. Qualifying Person

- A qualifying person under these Rules is an individual:-
  - who is a Malaysian citizen or foreign national;
  - who is a knowledge worker;
  - who has not derived any income in respect of employment with a designated company in the ECER for at least 2 years or other period as determined by the Minister prior to the date of application;
  - who is employed in a qualifying activity by a designated company;
  - whose employment commences on or after 1st January 2022 but not later than 31st December 2024; and
  - who is residing within the ECER.

iii. Designated Company

- The designated company under these Rules is a company:-
  - incorporated under the Companies Act 2016;
  - resident in Malaysia;
  - undertakes a qualifying activity in the Malaysia-China Kuantan Industrial Park; and
  - fulfills any other conditions as determined by the Minister.

iv. Knowledge Worker

- A knowledge worker is a person who has fulfilled any condition as determined by the Minister and:-
  - holds a degree or master's degree in any professional field from a university recognised by the Government of Malaysia ["GoM"] and has at least 10 years of working experience in the relevant professional field;
  - holds a doctor of philosophy degree in any related field from a university recognised by the GoM and has at least 5 years of working experience in the relevant field; or
  - holds a professional certificate in any technical field from an institution or university recognised by the GoM and has at least 15 years working experience in the relevant technical field.

For the purpose of the above Rules:-

"**qualifying activity**" means any business activity carried out within the Malaysia-China Kuantan Industrial Park.

"**ECER Development Council**" means the Council established under the ECER Development Council Act 2008.

"**ECER**" has the same meaning assigned to it in the ECER Development Council Act 2008.

"**Malaysia-China Kuantan Industrial Park**" means a designated area within the ECER as determined by the ECER Development Council.

The above Rules shall have effect from the YA 2022.

Extension of Application Period of Tax Incentives for East Coast Economic Region

Currently, tax incentives are given to qualifying persons undertaking qualifying activities or special qualifying activities in various sectors in the ECER which include the states of Kelantan, Terengganu, Pahang and the district of Mersing, Johor for which the applications must be submitted to the ECER Development Council by 31st December 2022.

The following legislations have been gazetted to provide an extension for the application of the respective tax incentive for another two years i.e. until 31st December 2024:-

- Income Tax (Exemption) (No. 4) 2016 (Amendment) Order 2023;
- Income Tax (Exemption) (No. 5) 2016 (Amendment) Order 2023;
- Income Tax (Exemption) (No. 6) 2016 (Amendment) Order 2023;
- Income Tax (Exemption) (No. 7) 2016 (Amendment) Order 2023;
- Income Tax (Exemption) (No. 8) 2016 (Amendment) Order 2023;
- Income Tax (Exemption) (No. 9) 2016 (Amendment) Order 2023;
- Income Tax (Deduction for the Sponsorship of Hallmark Event) (Amendment) Rules 2023; and
- Income Tax (Deduction for Investment in Qualifying Activity) (Amendment) Rules 2023.

Note: *For further information relating to the above incentives for ECER, kindly refer to our Tax Flash – August 2016 and Tax Flash – May 2022 issue.*

FAQ on Implementation of e-Invoice for Healthcare and Construction Industries

The IRB has recently issued the following Frequently Asked Questions ["FAQ"] to address issues faced by specific industries in the implementation of e-invoice:-

- *FAQ for Healthcare Industry* (updated on 16th November 2023); and
- *FAQ for Construction Industry* (updated on 30th November 2023).

Guidelines on Application for Sales Tax Exemption under Items 5B, 5C, and 5D to Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018

Further to the gazettement of the Sales Tax (Persons Exempted from Payment of Tax) (Amendment) (No. 2) Order 2023 which took effect from 1st December 2023, the Royal Malaysian Customs Department has published the following Guidelines (all dated 29th November 2023 and currently only made available in *Bahasa Malaysia*) to provide guidance on the application of the newly enacted amendment:-

- *The Guideline on Application for Sales Tax Exemption under Item 5B to Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018* provides guidance on the application of sales tax exemption in respect of the purchase of locally manufactured motor vehicles (brand new) from a registered manufacturer by franchise holders, distributors or dealers of motor vehicles under the tariff code with heading 87.02 of the Customs Duties Order 2022 for onward sales to religious institution, death charitable institution, Village Community Management Council ["MPKK"], Village Development and Safety Committee ["JPKK"] and Village Development and Safety Committee ["JKKK"] in Sabah or Sarawak for the purpose of being used as hearse;
- *The Guideline on Application for Sales Tax Exemption under Item 5C to Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018* provides guidance on the application of sales tax exemption in respect of the purchase of locally manufactured motor vehicles (brand new vans and buses) from a registered manufacturer by franchise holders, distributors or dealers of motor vehicles under the tariff code with heading 87.02 of the Customs Duties Order 2022 for onward sales to organisations approved under Section 44(6) of the ITA 1967; and
- *The Guideline on Application for Sales Tax Exemption under Item 5D to Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018* provides guidance on the application of sales tax exemption in respect of the purchase of locally manufactured motor vehicles from a registered manufacturer by operators of express bus, stage bus or school bus for the purchase of vans or buses under the tariff code with heading 87.02 (with at least 18-seater) of the Customs Duties Order 2022.

Effective 1st December 2023, the application for the above sales tax exemption will require a manual submission and must be directed to the *Bahagian Cukai Dalam Negeri* in the controlling zone or state.

Note: *For further details, kindly refer to our Tax Flash – November 2023 issue.*