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BUDGET 2024 HIGHLIGHTS

This year's budget is a continuation of the MADANI Economic Framework with an allocation of RM393.8 billion. Of that amount, RM303.8 billion is for operating expenditure, RM90 billion for development expenditure and RM2 billion for contingency savings.

Relevant highlights of the Budget 2024 to the industry are as follows:

1. The service tax rate will generally be increased from 6% to 8%. Certain essential services, such as food and beverage, and telecommunications, will continue to be subject to 6% service tax. The scope of taxable services will be expanded to include logistics, brokerage, underwriting and logistics, brokerage, underwriting and karaoke.
2. Capital gains tax (CGT) will be introduced from 1 March 2024 on the sale of unlisted shares by companies. For shares acquired before 1 March 2024, the taxpayer can elect to pay CGT at 10% of the net gains or 2% of the gross sale value. For shares acquired from 1 March 2024, the CGT rate will be 10% on the net gains.
3. The mandatory e-invoicing deadline for taxpayers with annual turnover or revenue exceeding RM100 million has been extended from 1 June 2024 to 1 August 2024. Implementation of mandatory e-invoicing for other taxpayers will be undertaken in phases, with full implementation targeted from 1 July 2025.
4. Incentives and allocation towards supporting manufacturers transition towards sustainability and low carbon economy which include tax deduction for Environmental, Social and Governance (ESG) related expenses of up to RM50,000 per year of assessment.
5. A further tax deduction of up to RM300,000 will be given to companies that incur Development and Measurement, Reporting and Verification expenditures in relation to the development of carbon projects. This further deduction is to be claimed against income generated from the trading of carbon credits on the Bursa Carbon Exchange. This applies to applications received by the Malaysian Green Technology and Climate Change Corporation (MGTC) from 1 January 2024 until 31 December 2026.
6. The Green Investment Tax Allowance and Green Income Tax Exemption is extended for applications received by MIDA or MGTC from 1 January 2024 until 31 December 2026.
7. Full import duty and sales tax exemption will be given to eligible manufacturers on the importation and acquisition of manufacturing aids. This will apply to specific industries and prescribed categories of goods, from 1 January 2024.
8. The Industrial Area in Bayan Lepas, Penang, and Kulim Hi-Tech Park, Kedah, has brought together the world's leading companies in the E&E sector. In order to build a wider ecosystem for the E&E cluster in the northern region, the Government will open a high-tech industrial area in Kerian, North Perak, to promote high growth, high value industry.
9. RM 900 million in loan funds under BNM are provided to encourage SME companies to increase business productivity through automation and digitisation.
10. HRD Corp will re-allocate special funds using 15 percent of the total levy collection to implement the MADANI Training Programme including retraining and skill improvement programmes for micro,

small and medium enterprises and vulnerable groups such as ex-convicts, the disabled, the elderly and retirees.

11. RM6.8 billion allocated for TVET education and RM100 million allocation for professional certification recognised by industries for TVET graduates and to incentivise industries to collaborate with public TVET institutions.
12. RM70 million allocation to finance more industry-led initiatives via the Academy in Industry (Aii) programme which would help address skills mismatch and talent shortages.

Thank you.

MALAYSIAN PLASTICS MANUFACTURERS ASSOCIATION

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