

Wong & Partners.

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Malaysia's Budget 2023

Reactionary Statement by Adeline Wong and Yvonne Beh, Partners in the Tax, Trade and Wealth Management Practice of Wong & Partners, a member firm of Baker McKenzie International

The re-tabling of the Budget 2023 was highly anticipated since it is the first budget tabled by the newly elected Unity Government. The budget addresses specific issues relating to rising costs of living, food security and providing targeted assistance to the lower income groups.

From a tax perspective, whilst there are no proposals to reintroduce the Goods and Services Tax, the most significant proposals relate to the proposed introduction of capital gains tax and luxury goods tax. These taxes are consistent with the intention of increasing the government's revenue collection whilst limiting the taxes to the higher income groups. Personal income tax rates adjustments are also consistent with the aim of reducing the burden on the working middle class, and this is offset against the increase in tax rate for the higher income earners.

There are also various green tax incentives proposed under Budget 2023 in relation to manufacturing of electric vehicles and charging equipment for electric vehicles which will help promote and develop the electric vehicle industry in Malaysia.

Tax incentives for companies undertaking carbon capture and storage activities are also welcomed which is in line with the National Energy Policy 2022 - 2040 where there is a target for Malaysia to achieve Low Carbon Nation Aspiration by 2040.

- Ends -

About Wong & Partners

Wong & Partners is a Malaysian law firm dedicated to providing solution-oriented legal services to its clients. As a member firm of Baker McKenzie International, we bring a unique combination of local knowledge and global experience to every matter. Since its establishment in 1998, Wong & Partners has grown steadily and now consists of more than 20 partners and 50 associates and legal assistants. The Firm's lawyers are able to deliver comprehensive and integrated advice to clients, and are trusted by respected domestic and multinational corporations for their needs in Malaysia and throughout Asia. The Firm's lawyers are committed to helping clients apply industry-specific, innovative and practical solutions. (www.wongpartners.com)

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