

FAQ

1. What is this announcement about?

This is to notify you that the exemption from withholding tax (“WHT”) granted under the Income Tax (Exemption) (No. 13) Order 2005 [P.U.(A) 102/2005] (“Order”) on certain types of income received by a non-resident company from an approved MSC Malaysia Status company will only take effect until 31 December 2019.

2. What is WHT?

Under the Income Tax Act 1967, a payer of certain types of income is required to withhold or deduct tax from its payment to a non-resident person and remit that tax to the Inland Revenue Board.

3. Are all MSC Malaysia Status companies entitled to the WHT exemption?

No. The WHT exemption is only granted to the companies that fulfill the criteria as stated in the Income Tax (Exemption) (No. 13) Order 2005 [P.U.(A)102/2005] (“Order”).

4. What are the changes to MSC Malaysia Status companies effective from 1 January 2020?

Effective from 1 January 2020, the WHT exemption granted under the Order is no longer in effect. Therefore, all MSC Malaysia Status companies are subjected to withholding tax as per requirements under the Income Tax Act 1967.

5. Will there be any legislation on this?

Necessary steps are being taken to revoke the Order with effect from 1 January 2020.