

## Theme

“DRIVING GROWTH AND  
EQUITABLE OUTCOME  
TOWARDS SHARED  
PROSPERITY”



**Existing:**

Income tax structure for resident & non-resident individual will have a tax rate capped at 28% for income exceeding RM2 million.

**Budget 2020 Proposal:**

Income tax structure for resident & non-resident individual will have a tax rate capped at 30% for income exceeding RM2 million which increase by 2%.



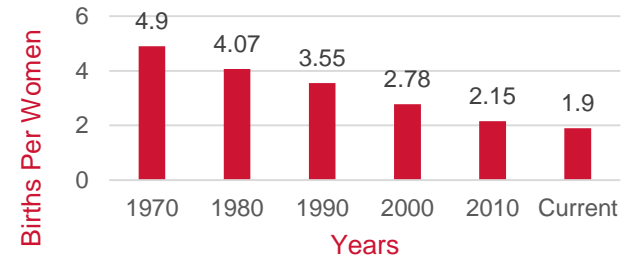
Chargeable Income (RM)	Current Tax Rate (%)	Proposed Tax Rate (%)
Exceeding 2,000,000	28	30

Due to the major drop of fertility rate in Malaysia from 4.9 children per women in 1970s to 1.9 children per women, which would be below replacement level.

## Budget 2020 Proposal:

1. Government are trying to assist couples that seeks fertility treatment, **EPF** will introduce a new category of withdrawals, allowing for fertility treatment such as in-vitro fertilization (IVF) procedure.
2. Government also provide income tax relief of up to RM6,000 given on expenses incurred for medical treatment of serious illnesses for self, spouse and child. This benefit will be expanded to include expenses incurred on fertility treatment.

## Malaysia's Birth Rate



Source: World Bank



## Increasing tax relief for fees paid to nurseries and kindergartens

### Existing:

Tax relief of up to **RM 1,000** will be given to individual taxpayers that enroll their children aged up to 6 years in nurseries or kindergartens that are registered with **Department of Social Welfare and Ministry of Education**. This relief can only be claimed by either parent of the children.

### Budget 2020:

To ease the financial burden of parents that enroll their children to registered nurseries and kindergarten, government has proposed individual tax relief for fees paid will be increase from **RM 1,000 to RM 2,000**



## Tax Incentive for women returning to work after career break

### **Existing:**

Tax exemption is given on employment income for a maximum of 12 consecutive months for women who return to work after a career break.

### **Budget 2020 Proposal:**

To encourage more women who are having a career break to return to work, government has proposed existing tax incentive be extended to a period of 4 years. Moreover, Women returning to the workforce will receive a wage incentive of RM500 per month for 2 years, while their employers will receive a hiring incentive of up to RM300 per month for 2 years

**Effective Date:** Application received by TalentCorp from 1 January 2020 until 31<sup>st</sup> December 2023.



This material has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The material cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact the Ecovis member firms in Malaysia to discuss these matters in the context of your particular circumstances. Ecovis Malaysia and each branch in Malaysia, their partners and/or directors, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this material or for any decision based on it.

Ecovis International is a Swiss association. Each member Firm is an independent legal entity in its own country and is only liable for its own acts or missions, not those of any other entity. Ecovis Malaysia is the member firm of Ecovis International.