



TaxSnaps

MOF Media Release Highlights

Tax Treatment On Foreign Source Income And Stamp Duty On Contract Notes

Following the Budget 2022 announcement on 29 October 2021, the Ministry of Finance has issued a [media release](#) on 30 December 2021 on two of the proposals pertaining to the following –

- ❖ Foreign source income; and
- ❖ Stamp duty on contract notes for trading of listed shares

In this connection, let us go through the salient points from the abovementioned media release.

continued...

MOF Media Release Highlights

Tax Treatment On Foreign Source Income And Stamp Duty On Contract Notes

Foreign source income (“FSI”)

It was proposed in the Budget 2022 announcement that effective from 1 January 2022, income tax is chargeable on FSI remitted to Malaysia by any person who is tax resident in Malaysia.

However, it is stated in the media release that the Government has agreed to **exempt** tax on income received from outside Malaysia by a Malaysian tax resident based on the following categories –

Taxpayer Category	Classes of Income EXEMPTED from Tax
 <p>Company / Limited Liability Partnership</p>	Dividend Income
 <p>Individual</p>	All classes of income

Note:

- The eligibility for the above tax exemption is **subject to conditions** to be detailed out in the guidelines by the Inland Revenue Board.
- The above tax exemption is effective from **1 January 2022 to 31 December 2026**.
- For taxpayer under the individual category, the tax exemption is given to all individuals except for those operating a partnership business in Malaysia whereby FSI received will be subject to tax.

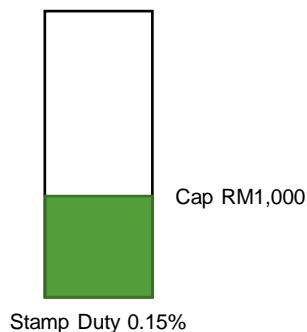
It is also stated in the media release that the FSI received in the year of assessment 2022 will be excluded from the calculation of tax for the purposes of *Cukai Makmur*.

MOF Media Release Highlights

Tax Treatment On Foreign Source Income And Stamp Duty On Contract Notes

Stamp duty on contract notes for trading of listed shares

It was proposed in the Budget 2022 announcement that effective from 1 January 2022, stamp duty rate on contract notes for trading of listed shares on Bursa Malaysia be increased from 0.1% to 0.15% (RM1.50 for every RM1,000) and the stamp duty limit of RM200 for each related contract note is abolished.



However, it is stated in the media release that the Government has taken the approach to implement the imposition of the stamp duty rate of 0.15% on contract notes for trading of listed shares and the maximum stamp duty for each contract note is **limited to RM1,000**.

Stamp duty amount exceeding RM1,000 will be remitted and this remission is applicable to all contract notes for the period commencing **1 January 2022 to 31 December 2026**.

Further updates will follow as and when they are made available.

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