

Budget 2025: Further and Double Tax Deductions for Businesses

Do you feel that this year’s budget offers no benefits to your business and might even increase operating costs? Don’t worry! The budget actually includes hidden tax measures that can reduce your business burden. Here’s an overview of key tax measures and how to plan your corporate taxes effectively to save costs and optimise your financial standing.

1 Further Tax Deduction for Hiring Women Returning to Work

To encourage greater participation of women in the workforce, businesses hiring women returning to work are eligible for a 50% further tax deduction on employment expenses for a 12-month period for an approved woman. This requires an application through Talent Corporation Malaysia Berhad, with applications open from **1 January 2025 to 31 December 2027**.

Example:

Monthly Salary	Further Deduction	Tax Savings (at 24% tax rate)
RM6,000	$RM6,000 \times 12 \text{ months} \times 50\% = RM36,000$	$RM36,000 \times 24\% = \mathbf{RM8,640}$

Total tax savings: RM8,640

2 Further Tax Deduction for Implementing Flexible Work Arrangements (FWA)

To promote work-life balance, the government has proposed a 50% further tax deduction for costs incurred in implementing flexible work arrangements, including capacity development and software purchases, capped at RM500,000. Applications must be submitted through Talent Corporation Malaysia Berhad and are open from **1 January 2025 to 31 December 2027**.



3 Further Tax Deduction for Caregiving Paid Leave

To support employees in balancing family responsibilities, employers who provide additional paid leave for employees to care for children, ill family members, or disabled family members will be entitled to a 50% further tax deduction. This measure helps businesses support their employees while receiving tax benefits.



4 Extension of Double Tax Deduction for the Structured Internship Programme (MySIP)

Businesses participating in the Structured Internship Programme (MySIP) led by Talent Corporation Berhad can continue to enjoy double tax deductions. Initially set to end in YA 2025, this policy has been proposed for extension until YA 2030. It helps businesses attract young talent and provides students with valuable work experience.

Example:

- **Internship Allowance:** RM1,000/month
- **Internship Duration:** 6 months

Single Tax Deduction	Double Tax Deduction (Additional 100%)	Tax Savings (at 24% tax rate)
$RM1,000 \times 6 = RM6,000$	Additional deduction: RM6,000	Single deduction: RM6,000 $\times 24\% = RM1,440$
		Additional deduction: RM6,000 $\times 24\% = RM1,440$

Additional savings: RM1,440

Conclusion

Budget 2025 introduces strategic tax benefits that can significantly support businesses, particularly those committed to workforce diversity, employee well-being, and talent development.

By leveraging these benefits, businesses can not only optimise tax savings but also align with broader goals of inclusivity, employee support, and sustainability. Proactively planning your corporate taxes to incorporate these measures can strengthen your financial standing and provide long-term benefits for your organisation.

