

# eNewsletter

01/2021

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## CURRENT TAX UPDATES IN MALAYSIA (01/2021)

RSM Tax Consultants (Malaysia) Sdn Bhd

# Inland Revenue Board ("IRB") stopped accepting tax payments by cheques delivered via mail or courier services starting **1 January 2021**

In line with the government's effort to increase the usage of online payment (e-payment), the IRB announced that cheques delivered via mail or courier services will no longer be accepted starting from **1 January 2021**.

However, the IRB informed that the above does not apply to the following types of payment:

- 1) Real Property Gains Tax (RPGT) under Section 21B of RPGT Act 1976 (Form CKHT 502);
- 2) Income tax for Public Entertainers (visiting artists);
- 3) Withholding tax; or
- 4) Compound.

Other than paying over payment counters at IRB's collection centres, taxpayers may make their tax payments through the following mediums:

- 1) ByrHasil through IRBM's official website at [www.hasil.gov.my](http://www.hasil.gov.my);
- 2) Internet banking portal of banks appointed as tax collection agent by IRB;
- 3) Over the counter of banks appointed as tax collection agent by IRB;
- 4) Cash / cheque deposit machine; or
- 5) Automated teller machine (ATM).

For tax payments made through the above mediums, no payment receipt will be issued. Taxpayers should retain the bank confirmation slip or e-payment transaction slip for each transaction made as proof of payment. For payments made at the bank counter, taxpayers should ensure that the following information provided is complete and accurate:

- 1) Income tax file reference number;
- 2) Full name and MyKad number;
- 3) Year of Assessment and tax installment number;
- 4) Tax payment code; and
- 5) Amount of tax payment.

Any tax payment by cheque delivered via mail or courier and has to be completed before 1 January 2021 to avoid late payment penalty from being imposed.

Queries or feedback can be directed to Hasil Care Line at 03-8911 1000 or 03-8911 1100 for those living overseas, HASiL Live Chat and via feedback form at the link <https://maklumbalaspelanggan.hasil.gov.my/MaklumBalas/ms-my/>.



# Amendment to the determination of gross income from business sources of not more than RM50 million of a SME company or limited liability partnership

IRB has recently issued Practice Note No. 4/2020 to replace Practice Note No. 3/2020 (covered in our eNewsletter 06/2020) on the above subject.

To recap, effective from Year of Assessment ("YA") 2020, in order for Small and Medium Enterprise ("SME") to be eligible for the following preferential tax treatments, that SME must have **gross income from business source(s) not exceeding RM50 million** in that YA in addition to the requirement of having a paid-up capital of not exceeding RM2.5 million:

- 1) Tax rate of 17% on first RM600,000 of chargeable income; and
- 2) Limit on claiming of accelerated capital allowance for small value assets of up to RM20,000 is not applicable (only for companies).

As highlighted in our eNewsletter 06/2020, the IRB prescribed the following tax treatments based on the respective categories of taxpayers: -

No.	Category	Entitlement for preferential tax treatment
1.	Company / LLP which does not have gross business income but has non-business income such as rent and interest	Not entitled, unless the rent or interest is assessed as business income under paragraph 4(a) of the ITA
2.	Company / LLP which has foreign sourced business income	Yes, foreign sourced gross income from foreign business sources is taken into account as part of gross business income, subject to not exceeding the threshold of RM50 million
3.	Company / LLP exempted from tax under certain tax incentives such as pioneer status / investment tax allowance	Yes, exempted gross business income is taken into account as part of gross business income, subject to not exceeding the threshold of RM50 million
4.	An investment holding company ("IHC")	Not entitled, unless the IHC is listed on Bursa Malaysia which is subject to Section 60FA of the ITA

With the issuance of Practice Note No. 4/2020, the IRB further clarified that a company / LLP which does not have any gross business income but falls under the following categories is entitled to the above SME preferential tax treatment (i.e. deemed to have gross business income equivalent to NIL):

No.	Category	Details
1.	Carrying on a business but does not have gross business income due to current year business losses	Carries out business activities and incurring expenses *related to that business <i>* purchase of stock, payment of salaries, rental of premises, promotional expenses or any other allowable expenses under subsection 33(1) of the Income Tax Act 1967 ("ITA")</i>
2.	Does not have gross business income due to current year business loss caused by temporary closure of business operation	Temporary closure of business operation but still incurring expenses *related to the business <i>* payment of salaries, utilities, maintenance, rental of premises or any other allowable expenses under subsection 33(1) of the ITA</i>

# Special tax deduction for renovation and refurbishment expenditure

The Income Tax (Costs of Renovation and Refurbishment of Business Premise) Rules 2020 [P.U.(A) 381/2020] dated 15 December 2020 has been gazetted by the Government.

The Rules which are effective from YA 2020, provide a special tax deduction, capped at RM300,000, to a person who has incurred the following costs of renovation and refurbishment of business premise from the period of 1 March 2020 to 31 December 2021 and used for the purpose of its business which is certified by an external auditor:

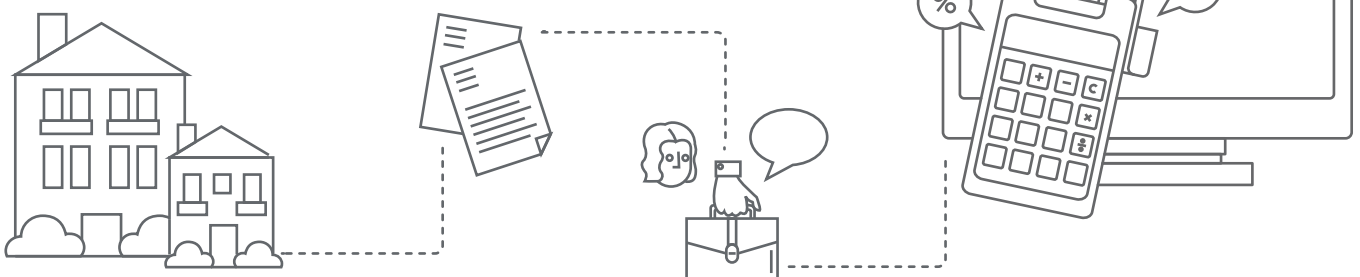
- |   |   |
|---|---|
| 1. General electrical installation              | 11. False ceiling and cornices                            |
| 2. Lighting                                     | 12. Ornamental features or decorations excluding fine art |
| 3. Gas system                                   | 13. Canopy or awning                                      |
| 4. Water system                                 | 14. Fitting room or changing room                         |
| 5. Kitchen fittings                             | 15. Recreational room for employee                        |
| 6. Sanitary fittings                            | 16. Air-conditioning system                               |
| 7. Door, gate, window, grill and roller shutter | 17. Children play area                                    |
| 8. Fixed partitions                             | 18. Reception area  |
| 9. Flooring (including carpets)                 | 19. Surau   |
| 10. Wall covering (including paint work)        |   |

However, the following costs are to be excluded from the above:

1. Designer fee
2. Professional fee
3. Purchase of antique (purchase of an object or work of art which, represents a previous era in human society, is a collectable item due to its age, rarity, craftsmanship or other unique features and appreciates in value over time)

These Rules shall not apply to a person who has made a claim in relation to the costs of renovation and refurbishment of business premise under –

- (a) any allowable expenses under subsection 33(1) of the ITA;
- (b) any capital allowance under Schedule 2 of the ITA; or
- (c) any capital allowance under Schedule 3 of the ITA.



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