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eNewsletter 07/2021

1. Inland Revenue Board ("IRB") restructures payment centre counter services starting 1 April 2021
2. Frequently Asked Questions ("FAQ") on special deduction for rental reduction on business premises given to Small and Medium Enterprise ("SME") and non-SME.



Inland Revenue Board (“IRB”) restructures payment centre counter services starting 1 April 2021

IRB has restructured its payment centre counter services in Kuala Lumpur, Kuching and Kota Kinabalu with effect from **1 April 2021**.

The restructuring is in line with government's effort to boost the use of online payment (e-payment) and efficient tax collection, further from the cease of accepting tax payments by cheques delivered via mail or courier services starting 1 January 2021.

From 1 April 2021, the service counters and all IRB payment centres shall only receive 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;
- 4) Compound; and
- 5) Income tax payment using credit cards or debit cards.

The types of payment not mentioned above are no longer accepted at the above locations but could be made through the following mediums:

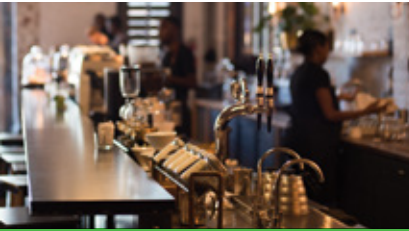
- 1) ByrHasil through IRBM's official website at www.hasil.gov.my;
- 2) Internet banking portal of banks appointed as tax collection agent by IRB;
- 3) Over the counter of banks appointed as tax collection agent by IRB;
- 4) Cash / cheque deposit machine; or
- 5) Automated teller machine (ATM).

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.

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/>.



Frequently Asked Questions (“FAQ”) on special deduction for rental reduction on business premises given to Small and Medium Enterprise (“SME”) and non-SME

Announced as part of the PRIHATIN Economic Stimulus Package by the Government last year, owners of business premises may qualify for a special tax deduction equivalent to the amount of reduction in rent that is given to tenants which are SMEs for the months of April 2020 to June 2020. There have since been several announcements from the Government to extend the qualifying period.

In the announcement of PERMAI assistance by our Prime Minister on 18 January 2021, the special tax deduction for rental reduction is extended until 30 June 2021 and expanded to cover rental reduction given to non-SME tenants.

Further to the above, the IRB has updated its FAQ on special deduction for rental reduction on business premises given to SME and non-SME which is dated 19 February 2021. Based on the updated FAQ, the eligible periods applicable to the two (2) categories of tenants are as follows:

| Category | Eligible period of rental reduction |
|----------------|-------------------------------------|
| SME tenant | April 2020 to June 2021 |
| Non-SME tenant | January 2021 to June 2021 |

As covered in our previous eNewsletters, to qualify for this special deduction, there must be a minimum of 30% reduction in rent during the aforementioned periods. Other conditions that have been announced are as follows:

- (i) Any taxpayers (corporate, individual, cooperative or other business and non-business entities) renting out their business premises to any qualified SME and non-SME tenants;
- (ii) The rented premises must be used by the tenant for the purpose of carrying out his business; and
- (iii) The landlord must be a taxpayer with rental income under subsections 4(a) and 4(d) of the Income Tax Act, 1967 (“ITA”).

For a taxpayer to claim the above special tax deduction on SME tenant, a SME Status Certificate issued by SME Corporation Malaysia (“SME Corp”) can be used to substantiate the SME status of the tenant provided that the SME Status Certificate is issued no later than 30 June 2021.

The landlord should retain the following documentation for the purpose of claiming the special deduction on rental reduction:

- 1) Valid tenancy agreement;
- 2) Rental income statement;
- 3) SME Status Certificate issued up to 30 June 2021 by SME Corp (for SMEs tenants only); and
- 4) Tenants’ information, rental information and rental reduction methods [to be completed in a worksheet provided with the income tax return form (*Note: As of the time of this publication, the worksheet has yet to be finalised*)].

In the absence of the above documentation, the claim for special reduction of rental income may be disputed by the IRB.

Point to note

As of to date, the relevant Income Tax Rules (“the Rules”) to allow the special deduction on rental reduction which will specify the conditions to qualify for the special deduction have yet to be gazetted by the Government.

RSM's action

We have written to the IRB on the above and the IRB commented that taxpayers should not claim the special deduction on rental reduction if the Rules have not been gazetted at the time of filing the income tax returns. Nevertheless, taxpayers should be allowed to make a revision to the income tax computation under Section 131A(a) or (b) of the ITA once the Rules are gazetted.



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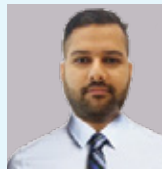


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