

Program Strategik Memperkasa Rakyat & Ekonomi (PEMERKASA) economic stimulus package: **Tax-Related Measures**

The PEMERKASA economic stimulus package, which is valued at RM20 billion, was announced by the Prime Minister on 17 March 2021. The five key focuses of PEMERKASA are as follows:



We highlight below the tax-related initiatives that have been announced.

Additional tax deduction for expenditure incurred on rental of premises and hostel for employees



The Ministry of International Trade and Industry (MITI) has introduced the Safe@Work initiative to mitigate the impact of COVID-19 on the operations of manufacturers. Under this initiative, workers who are close contacts with positive cases will be allowed to continue working in a "Safe Work Bubble" by being isolated from the local community and other workers until they are confirmed to be free from COVID-19.

Companies that participate in this initiative will be given an additional tax deduction for expenses incurred on rental of premises and workers' dormitories. The qualifying expenditure eligible for the additional deduction is restricted to RM50,000 for each company that is registered with MITI and passes the Safe@Work compliance audit. Companies may register for the Safe@Work initiative with MITI beginning from 1 April 2021.

Additional tax deduction on employee screening cost

As covered previously in our eNewsletter 05/2021, employers who conduct COVID-19 screening for its employees are eligible to claim an additional tax deduction on the employee screening costs incurred up to 31 December 2021.

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Tax related initiatives for the tourism sector



To assist the tourism sector, it was announced that:

- The exemption from tourism tax and service tax on accommodation by hotel operators will be extended to 31 December 2021 (previously given until 30 June 2021);
- Tax incentive for tour operators will be extended to Year of Assessment (YA) 2022 (previously, qualifying tour operators providing group inclusive tour packages for inbound tourists or domestic tour packages for local tourists in Malaysia were granted tax exemption on statutory income from the qualifying activity until YA 2020);
- Companies in the tourism industry and selected industries such as cinema and spa are allowed to defer income tax instalment payments from 1 April 2021 to 31 December 2021;

RSM'S COMMENT

The mechanism of the deferment and the list of selected industries have yet to be clarified at the time of this publication.

- Entertainment duty exemption for admission fees into entertainment premises (such as theme parks, stage performances, sports/competition events and film screenings) in the Federal Territories; and

RSM'S COMMENT

The exemption period is not stated in the announcement.

- Currently, income tax relief of up to RM1,000 is given to individuals for payment of qualifying travel expenses which include accommodation at premises registered with the Ministry of Tourism, Arts and Culture (MOTAC) and entrance fees to tourist attractions.

The scope of income tax relief of up to RM1,000 for individuals is expanded to include purchase of tourism package from travel agencies registered with MOTAC.

Exemption of excise duty on locally assembled motorcycles

To complement the TEKUN Mobilepreneur initiative, 100% excise duty exemption will be given on locally assembled motorcycles with an engine capacity of 150cc and below. This exemption is applicable from 1 April 2021 to 31 December 2021.

Exemption of Human Resources Development Fund (HRDF) levy

HRDF levy is exempted up to June 2021 for affected companies in tourism and retail sectors.

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