



Tax Flash



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Guidelines on Broadband Subscription

Under the present legislation, from the year of assessment ["YA"] 2010 to YA 2012, resident individual taxpayers are given tax relief on broadband subscription fees up to RM500 per year. In this regard, the Inland Revenue Board ["IRB"] has recently issued the guidelines in relation to this relief.

Based on the guidelines, fees paid for dialup service for internet connection do not qualify for the said relief whilst fees paid for internet connection via cable or Digital Subscriber Line with the speed of 256kbps or more would. The fees must be fees paid by individuals for broadband subscriptions that are registered under their personal name in the basis period for a YA.

The guidelines also amongst others define the term internet, dialup service, broadband etc.

Guidelines on Medical Expenses on Serious Diseases

The IRB has recently issued the guidelines on medical expenses on serious diseases that would qualify for tax relief under Section 46(1)(g) of the Income Tax Act 1967.

Based on the present legislation, resident individual taxpayers are given tax relief of up to RM5,000 per year for medical expenses on serious diseases incurred by the individual for either himself, his(her) wife(husband), or children.

The guidelines amongst others explain the meaning of serious diseases and claim procedures. A list of example of serious diseases is also included in the guidelines.

Hyperlinks

[Advent Consulting Group](#)
[Inland Revenue Board](#)

References

[Guidelines on Broadband Subscription](#)

[Guidelines on Medical Expenses on Serious Diseases](#)



Incentives under Returning Expert Programme

To encourage experienced Malaysian professionals residing overseas to return to Malaysia and help drive the nation's economic transformation, the Prime Minister has recently announced that these individuals will now be eligible for a flat income tax rate of 15% under the Returning Expert Programme ["REP"]. This concessionary income tax rate of 15% applies to employment income for the first 5 years upon their return to the country and commencing from the YA 2012.

Other incentives under the REP are as follows:-

- Indirect tax exemption for all personal effects brought into Malaysia;
- Indirect tax exemption on 2 Completely-Knocked-Down vehicles limited to locally assembled vehicles (previously, applicable to imported vehicles);
- Applicant's spouse and children who are non-Malaysian citizens will be given Permanent Resident status within 6 months of application;
- Applicants' children have the choice to enroll in international schools.

Diploma holders with at least 10 years of overseas working experience can now qualify for the REP if they have the relevant industry experience in a National Key Economic Area under the Economic Transformation Programme.

Service Tax – List of Taxable and Non-Taxable Services

The Royal Malaysian Customs Department has recently issued a revised list of taxable and non-taxable services for service tax purposes. The taxability of services provided by a person may need to be considered on a case to case basis depending on the types of business and nature of the services rendered.

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List of Taxable and Non-Taxable Services