

INCOME TAX (SPECIAL DEDUCTION FOR REDUCTION OF RENTAL TO A TENANT OTHER THAN A SMALL AND MEDIUM ENTERPRISE) RULES 2021

PU (A) 354
8 September 2021

IN exercise of the powers conferred by paragraph 154(1)(b) and paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

CITATION AND COMMENCEMENT

- 1(1)** These rules may be cited as the **Income Tax (Special Deduction for Reduction of Rental to a Tenant other than a Small and Medium Enterprise) Rules 2021**.
- 1(2)** These rules have effect from the year of assessment 2021.

INTERPRETATION

2 In these Rules—

“qualifying months” means the month of January of the year 2021 until December of the year 2021;

“landlord” means any person who rents out a business premises to a tenant;

“tenant” means a person resident in Malaysia and carries on business at a business premises;

“business premises” means premises used by a tenant only for the purposes of its business and includes a bazaar lot, stall, vehicle park, storage warehouse or any place used only for the purposes of business.

DEDUCTION

- 3(1)** For the purpose of ascertaining the adjusted income of a landlord from its rental income under paragraph 4(a) or (d) of the Act in a basis period for a year of assessment, a deduction shall be allowed for an amount equivalent to the total amount of reduction of rental of not less than thirty per cent of the rate of monthly rental under the existing tenancy agreement for a business premise for each of the qualifying month.
- 3(2)** For the purpose of qualifying for the deduction under these Rules, the landlord shall keep—
- (a) a tenancy agreement which is stamped under the Stamp Act 1949 [Act 378];
 - (b) a separate statement of income for rental income for the qualifying months in the basis period for a year of assessment;
 - (c) a confirmation made by the—
 - (i) landlord stating the amount of reduction of rental given; and
 - (ii) tenant stating the receipt of reduction of rental.

ADVANCE RENTAL

- 4 Subject to subrule 3(2), where the rent for the qualifying months are paid in advance, the landlord is eligible for the deduction under subrule 3(1) provided that the landlord keeps supporting documents stating the reduction of rental given by way of refund or by any other means as agreed between the landlord and the tenant

NON-APPLICATION

- 5 These Rules shall not apply to a landlord who has claimed deduction for reduction of rental under the Income Tax (Special Deduction for Reduction of Rental to a Small and Medium Enterprise) Rules 2021 [P.U. (A) 353/2021].