



MOORE Advent

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Tax Exemption on Gains or Profits Derived from *Sukuk Prihatin*

Following the Short-Term Economic Recovery Plan [“*PENJANA*”] announced by our Prime Minister on 5th June 2020, the Government has issued *Sukuk Prihatin*, Islamic securities of nominal value of up to RM666,417,500 in accordance with the principle of *Murabahah* on 22nd September 2020. The *Income Tax (Exemption) (No. 2) Order 2021* has been gazetted to exempt a qualifying person resident in Malaysia from payment of income tax in relation to gains or profits (in lieu of interest) derived from *Sukuk Prihatin*.

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For the purpose of the above Order, “qualifying person” means:-

- an individual who is a citizen of Malaysia aged 18 years and above;
- a body corporate incorporated under the laws of Malaysia but excluding a financial institution and a holder of a Capital Markets Services Licence carrying on the business of fund; or
- a body of persons, partnership or limited liability partnership registered under any written law in Malaysia and carries on its business in Malaysia but excluding a trustee.

The above Order shall have effect from the year of assessment 2020.

Updated FAQ on Special Deduction for Reduction of Rental of Business Premises

Under the *Perlindungan Ekonomi & Rakyat Malaysia Assistance Package* [“PERMAI”] announced by the Government on 18th January 2021, it was proposed that:-

- i. an extension of special deduction be given to landlords offering at least 30% reduction of rental on business premises to tenants who are small and medium enterprises [“SME”] (as defined under SME Corporation Malaysia) until 30th June 2021; and
- ii. the above special deduction given to the landlords be expanded to include rental deduction offered to non-SME tenants.

Following the above announcement, the Inland Revenue Board [“IRB”] has issued an updated *Frequently Asked Question [“FAQ”] on Special Deduction for Taxpayers Who Offer Rental Reduction for Business Premises to SME and Non-SME Tenants (Amended 19th February 2021)* to provide clarification on the above matter.

The key changes made in the updated FAQ are as follows:-

- i. taxpayers who offer rental reduction of at least 30% from the existing monthly rental to tenants who are SME are eligible for the special deduction for the period from April 2020 to June 2021;
- ii. this special deduction has also been expanded to include rental reduction given to non-SME tenants and the eligible period is from January 2021 to June 2021; and
- iii. the SME Status certificate issued by SME Corporation Malaysia up to 30th June 2021 can be used as a verification for the SME status of the tenants.

FAQ on Tax Deduction on Costs of Renovation and Refurbishment of Business Premises

The Income Tax (Costs of Renovation and Refurbishment of Business Premises) Rules 2020 has recently been gazetted to allow a deduction for the costs of renovation and refurbishment of business premises incurred by a person from 1st March 2020 to 31st December 2021 and used for the purposes of its business, limited to maximum amount of RM300,000.

Following the above, the IRB has on 11th March 2021 published the *FAQ - Tax Deduction on the Costs of Renovation and Refurbishment of Business Premises (in Bahasa Malaysia)*. The salient points extracted from the abovementioned FAQ are as follows:-

- i. All business premises regardless whether they are owned or rented by the taxpayers and used for business purpose are eligible;

- ii. External auditor refers to a certified auditor who can verify the costs of renovation and refurbishment incurred by taxpayer eligible for deduction under the Income Tax (Costs of Renovation and Refurbishment of Business Premises) Rules 2020. Verification can be done in any format or form deemed appropriate;
- iii. Payment to external auditor for verification of the above is not to be included as part of the costs of renovation and refurbishment and hence, it is not be allowed for tax deduction;
- iv. Any costs of renovation and refurbishment which cannot be set-off by the adjusted business income would constitute part of the business loss which can be carried forward to the subsequent years, subject to the limitation of 7 years under Section 44(5F) of the Income Tax Act 1967; and
- v. The following supporting documents must be kept for the purpose of claiming the deduction:-
 - business registration certificate;
 - proof of the ownership of the business premises or valid tenancy agreement;
 - invoices for the relevant renovation and refurbishment costs; and
 - certification of the costs of renovation and refurbishment from a certified external auditor.

Note : For further details relating to the tax deduction on the costs of renovation and refurbishment of business premises, kindly refer to our [Tax Flash – January 2021 issue](#).

Stamp Duty Exemption for Instruments in Relation to Merger or Acquisition Executed by SME

Following the update of tax measures announced under *PENJANA*, the [Stamp Duty \(Exemption\) \(No. 3\) Order 2021](#) has been gazetted to provide stamp duty exemption on the following instruments in relation to a merger or acquisition executed by SME which is approved by the Ministry of Entrepreneur Development and Cooperatives between 1st July 2020 and 30th June 2021:-

- contract or agreement for sale or leasing of property i.e. land, building, machinery and equipment;
- instrument of transfer and memorandum of understanding;
- loan or financing agreements; and
- first leasing agreement.

The exemption applies to the above instruments executed on or after 1st July 2020 but not later than 31st December 2021.

Service Tax - Industry Guides

The Royal Malaysian Customs Department [“RMCD”] has published the following guides:-

- i. [Guide on Manufacturing and Import / Export](#) dated 1st January 2021; and
- ii. [Guide on Information Technology Services](#) dated 8th March 2021.

Tourism Tax (Digital Platform Service Provider) Regulations 2021

The *Tourism Tax (Digital Platform Service Provider) Regulations 2021* [“the Regulations”] was gazette recently. The relevant regulations governing registration, electronic services and forms took effect from 1st April 2021 while others will take effect from 1st July 2021.

However, the RMCD had via an *announcement dated 5th April 2021* announced the deferment of the implementation of tourism tax on accommodation premises booked through digital platform service provider, wherefore the effective dates of 1st April 2021 and 1st July 2021 will be replaced with 1st October 2021 and 1st January 2022 accordingly.

MyGST Portal

RMCD has announced that the MyGST Portal will be closed from 19th April 2021, 12.01 a.m. Any latest information in relation to Goods and Services Tax will be notified via RMCD Official Portal and MySST Portal.

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