

Tax Alert

Program Strategik Memperkasa Rakyat Dan Ekonomi (PEMERKASA)

18 March 2021



Welcome to Tax Alert, a newsletter about the latest tax updates and information issued by Grant Thornton Taxation Sdn Bhd.

Grant Thornton Taxation Sdn Bhd offers a comprehensive range of tax services through our team of dedicated tax specialists. Our team has a vast amount of expertise that enables us to pro-actively bring practical, cost-effective tax solutions to our clients and to add value.

Whether you are an individual or a corporation, a well-established business or a growing operation, we are able to offer you a multitude of domestic and international tax services.

Our expertise:

- Tax Compliance
- Tax Consultancy & Advisory
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- Tax Incentives Application
- Transfer Pricing
- International Tax
- Global Mobility
- Business Processing
- Indirect Tax
 - Sales Tax and Service Tax
 - Goods and Services Tax
- Tax Training & Seminar
- Employment Permit & Professional Pass Applications

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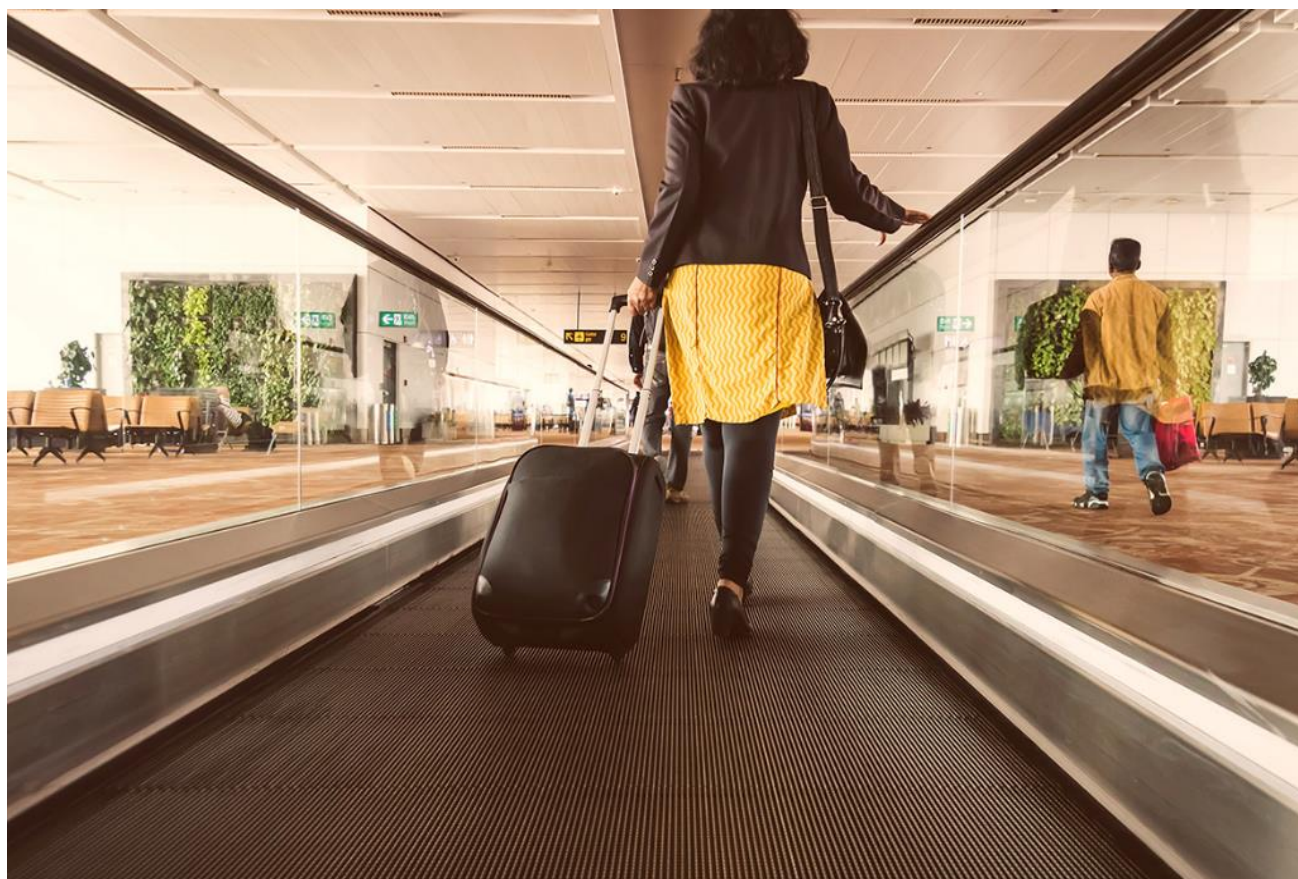
Individual Tax

1. SPECIAL INCOME TAX RELIEF FOR DOMESTIC TRAVELLING EXPENSES

In the earlier economic stimulus package, a special income tax relief of up to RM1,000 is given to resident individuals for domestic travelling expenses. The expenses eligible for the tax relief include accommodation fees on tourist accommodation premises registered with the Commissioner of Tourism under the Tourism Industry Act 1992 and entrance fees to tourist attractions.

To further support the tourism sector, it is proposed that the special income tax relief be expanded to include expenses incurred for purchases of travel packages through travel agencies registered with the Ministry of Tourism, Arts & Culture (MOTAC).

Effective date : 1 March 2020 to 31 December 2021



Corporate Tax

1. DOUBLE DEDUCTION FOR SAFE@WORK INITIATIVE

The Ministry of International Trade and Industry (MITI) will initiate a *Safe@Work* programme to attain employers' commitment to provide more conducive workplace and accommodation for their employees.

Companies registered with MITI for the *Safe@Work* programme will be allowed to operate if they are able to isolate employees with close contacts in a "safe work bubble" from other employees and local community. Employees with close contacts will need to be isolated until they are cleared from the Covid-19.

As an incentive for companies to participate in this voluntary programme, double deduction will be given to manufacturing and manufacturing-related service companies on rental expenses incurred for staff accommodation and hostel. The rental expenditure qualifying for double deduction will be up to RM50,000 for each company registered with MITI and has passed the *Safe@Work* compliance audit.

Effective date : Application from 1 April 2021

2. DOUBLE DEDUCTION FOR COVID-19 DETECTION TESTS

In the earlier economic stimulus package, tax deduction is given for expenditure incurred for Covid-19 related expenses incurred by companies for their employees, e.g. face mask, Covid-19 testing, purchase of thermal scanners, etc.

The above incentive is enhanced whereby employers who incurred expenditure for Covid-19 detection tests for their employees will be given double deduction. This incentive is applicable for expenditure incurred until 31 December 2021.



Corporate Tax

3. DEFERMENT OF TAX INSTALMENT FOR THE COMPANIES IN THE TOURISM INDUSTRY AND SELECTED INDUSTRIES

In the earlier economic stimulus package and the Short-term Economic Recovery Plan (PENJANA), companies in the tourism industry are allowed to defer their monthly income tax instalment payments for 9 months from 1 April 2020 to 31 December 2020.

To further assist businesses in the tourism industry and selected industries (e.g. cinema and spa), it is proposed that the deferment of monthly income tax instalment payments to be given for another 9 months from 1 April 2021 to 31 December 2021.

Effective date : For monthly instalment payments due from 1 April 2021 to 31 December 2021

4. TAX INCENTIVE FOR TOUR OPERATORS

Previously, tour operators will be eligible for income tax exemption on 100% of statutory income derived from organizing the following tour packages:

- (a) tour packages to Malaysia which are participated by not less than 750 inbound tourists per year; or
- (b) domestic tour packages within Malaysia which are participated by not less than 1,500 local tourists per year.

The incentive has expired in year of assessment 2020.

To further assist the tourism sector, it is proposed that the income tax exemption be extended to year of assessment 2022.



Indirect Tax

1. EXCISE DUTY EXEMPTION

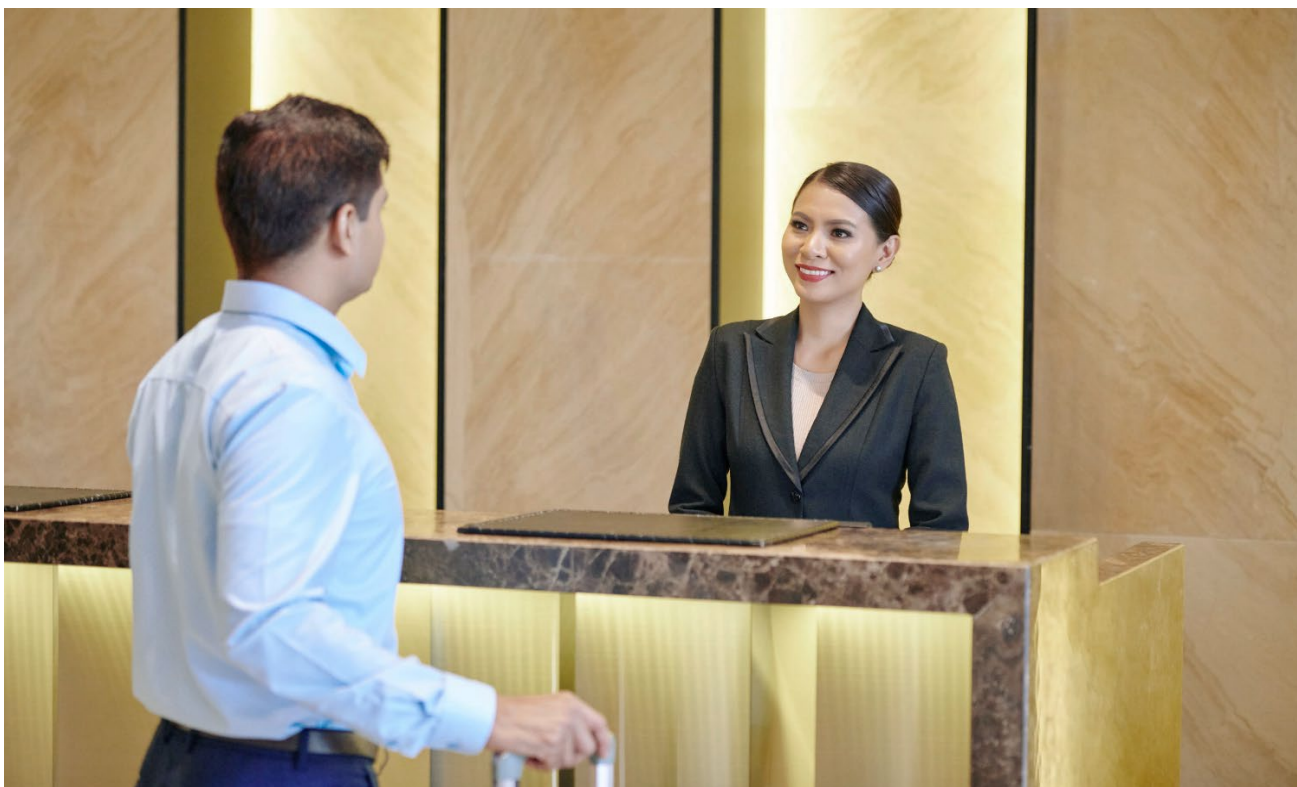
The TEKUN Mobilepreneur programme will be expanded to include the financing of repair or purchase of new motorcycles with a limit up to RM10,000.

To further support the programme, 100% excise duty exemption will be given for the purchase of locally assembled motorcycles with engine capacities of 150cc and below. This exemption is available from 1 April 2021 to 31 December 2021. We anticipate that further information will be made available in due course.

2. SERVICE TAX EXEMPTION ON ACCOMMODATION SERVICES

In the earlier economic stimulus package, the operators of the accommodation premises (i.e. hotels, etc.) are exempted from imposing service tax on accommodation services from 1 March 2020 until 31 August 2020. This exemption was extended to 30 June 2021 under PENJANA.

To further assist the tourism sector, it is proposed that the exemption be extended until 31 December 2021.



Indirect Tax

3. TOURISM TAX EXEMPTION

Under PENJANA, it was announced that the tourism tax will be fully exempted from 1 July 2020 to 30 June 2021. To further assist the tourism sector, it is proposed that the exemption be extended to 31 December 2021.

4. ENTERTAINMENT DUTY EXEMPTION

In order to support the recovery of the tourism industry, entertainment duty exemption will be given on the admission fee to entertainment venues such as theme parks, stage performances, sport events and competitions as well as cinemas in the Federal Territories.



Others

1. WAGE SUBSIDY PROGRAMME (WSP) 3.0

In the earlier economic stimulus package, the WSP 3.0 was extended to employers from any sectors that is operating in the MCO states. The eligible employer would receive a wage subsidy of RM600 for a period of 1 month for each of their employee earning RM4,000 and below per month. In addition, the wage subsidy limit of 200 employees was increased to 500 employees for each employer.

It is proposed that the WSP 3.0 be extended for another three months on a more targeted basis. The initiative is introduced to help the tourism, wholesale and retail sectors, as well as other businesses that were affected by the implementation of the MCO 2.0 such as gymnasiums and spas.

2. EXEMPTION OF LISTING FEE ON MAIN, LEAP OR ACE MARKETS

Currently, companies seeking to list on the Leading Entrepreneur Accelerator (LEAP) or Access, Certainty, Efficiency (ACE) markets, as well as companies with market capitalization of less than RM500 million seeking to list on the Main market are eligible for waiver of all listing related fees for a period of 12 months from 27 February 2020 as stated in a circular on waiver of fees and charges issued by Bursa Malaysia dated 3 March 2020.

To further encourage companies to raise funds through the stock market, the listing related fees will be waived for another period of 12 months for companies applying for listing on the Main, LEAP or ACE markets.

In addition, rebates on annual listing fees for the year 2021 will be given to listed companies that have reported losses in their quarterly report. We anticipate that further information will be made available in due course.



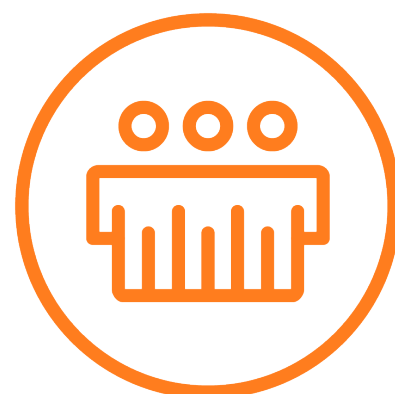
Summary of Extension of Time and Expansion of Scope

INDIVIDUAL TAX

Description	Extension of Time	Expansion of Scope
1. Personal tax relief for domestic travelling expenses (maximum of RM1,000)	Not applicable	To include expenses incurred for purchases of travel packages from travel agencies registered with MOTAC

CORPORATE TAX

Description	Extension of Time	Expansion of Scope
1. Double deduction for rental expenses for staff accommodation and hostel up to a maximum of RM50,000. Applicable to manufacturing and manufacturing-related service companies registered with MITI for the <i>Safe@Work</i> programme	Not applicable	Not applicable
2. Double deduction for Covid-19 detection tests	Not applicable	Not applicable
3. Deferment of tax instalments for companies in the tourism industry	Monthly instalment payments due from 1 April 2021 to 31 December 2021	To include selected industries, e.g. cinema and spa
4. Tax incentive for tour operators	YA 2022	Not applicable



Summary of Extension of Time and Expansion of Scope

INDIRECT TAX

Description	Extension of Time	Expansion of Scope
1. Service tax exemption on accommodation services	31 December 2021	Not applicable
2. Tourism tax exemption	31 December 2021	Not applicable

OTHERS

Description	Extension of Time	Expansion of Scope
1. Wage Subsidy Program (WSP) 3.0	3 months	Not applicable
2. Waiver of listing related fees on the Main, LEAP or ACE markets	12 months from 27 February 2021	Rebate on annual listing fees for the year 2021 for listed companies which have reported losses in their quarterly report



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Find out how Grant Thornton can help you with your taxation matters.



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