

# Tax Alert

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**7 October 2019**



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# Double Deduction for the Employment of Disabled Persons

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Pursuant to the Income Tax (Deductions for the Employment of Disabled Persons) Rules 1982, a person is allowed a double deduction on the remuneration payable by him to each employee who is physically or mentally disabled in ascertaining its adjusted income from business. The person claiming the double deduction shall prove to the satisfaction of the Director General that the employee is not able to perform the work of a normal person.

Following the Budget 2018 announcement, the Income Tax (Deductions for the Employment of Disabled Persons) (Amendments) Rules 2019 has been gazetted to extend the above double deduction to include remuneration payable to employee who is physically or mentally disabled due to an accident or critical illness. The person claiming the double deduction shall provide a certification from the Social Security Organisation certifying that the employee is able to work within his capabilities.

The above amended Rules shall have effect from the year of assessment (“YA”) 2019.



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# Deduction for the Payment of PTPTN Loan by Employers on behalf of Employees

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Following the Budget 2019 announcement, the Income tax (Deduction for Payment of Educational Loan of Perbadanan Tabung Pendidikan Tinggi Nasional by Employers on behalf of Employees) Rules 2019 has been gazetted to allow a deduction for expenditure incurred by an employer equivalent to the amount of education loan from the Perbadanan Tabung Pendidikan Tinggi Nasional (“PTPTN”) in ascertaining the adjusted income from his business.

The Rules shall apply to:-

- a) an employer who has sources of income of registered business only and has paid the PTPTN educational loan on behalf of his employee during the period from 1 January 2019 to 31 December 2019; and
- b) an employee who is a Malaysian citizen and received the PTPTN educational loan.

The deduction is subject to the following conditions:-

- i. the employer shall not impose any payment to the employee as a consideration for the payment of education loan;
- ii. the employer and the employee are not be the same person;
- iii. the employee is employed on a full-time basis; and
- iv. the employer is not a relative of the employee, that is:-
  - a spouse;
  - a parent, including a step parent or a parent in law;
  - a child, including a step child or a child adopted in accordance with any law;
  - a brother or a sister, including step brother or a step sister; or
  - a grandparent or a grandchild, including a step grandparent or a step grandchild.

The Rules shall have effect for the YA 2019 and YA 2020.



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# Income Tax Exemption on Value of Benefit Received by an Employee for the Payment of PTPTN Loan by Employers on behalf of Employees

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Following the 2019 Budget announcement, the Income Tax [Exemption] (No. 8) Order 2019 has been gazetted to provide exemption to an employee from payment of income tax in relation to the value of benefit received by the employee for the amount of PTPTN educational loan paid on behalf by the employer during the period from 1 January 2019 to 31 December 2019.

The Order shall apply to:-

- a) an employer who has sources of income of registered business only; and
- b) an employee who is a Malaysian citizen and received the PTPTN educational loan.

The exemption is subject to the following conditions:-

- i. the employee is employed on a full-time basis; and
- ii. the employer is not a relative of the employee, that is:-
  - a spouse;
  - a parent, including a step parent or a parent in law;
  - a child, including a step child or a child adopted in accordance with any law;
  - a brother or a sister, including step brother or a step sister; or
  - a grandparent or a grandchild, including a step grandparent or a step grandchild.

The Order shall have effect for the YA 2019.



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# Income Tax Exemption for Women Returning to Work after Career Break

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Following the 2018 Budget announcement, the Income Tax (Exemption) (No. 9) Order 2019 has been gazetted to provide tax exemption on employment income up to 12 consecutive months derived by a Malaysian citizen returning to work after being on a career break.

The Order shall apply to an individual:-

- a) who is a woman residing in Malaysia;
- b) who has ceased employment and has not derived any employment income for a continuous period of at least 24 months prior to or as at 27 October 2017;
- c) who has at least 3 years full time employment experience prior to the cessation of employment in (b);
- d) who has not exceeded the age of 58 years on the date the application to Talent Corporation Malaysia Berhad (“Talent”) is made;
- e) who has signed a full time employment contract in Malaysia with a “qualifying employer” for a period of at least 24 months;
- f) who has worked for at least 12 consecutive months from the employment contract period in (e) with the same “qualifying employer” and the period of that employment is between 27 October 2017 until 31 December 2020;
- g) whose gross income from an employment contract in (e) is at least RM5,000 a month; and
- h) whose application for exemption has to be made through Talent between 1 January 2018 to 31 December 2019 and has been approved by Talent

For the purposes of this Order, qualifying employer means any person excluding:-

- i. a company which is controlled , either directly or indirectly, by the approved individual;
- ii. a sole proprietorship; or
- iii. a relative of the approved individual who is:
  - a parent, including a parent in law;
  - a child, including a step child or a child adopted in accordance with any law;
  - a brother or a sister;
  - a grandparent or a grandchild;
  - a spouse.

The Order shall have effect from the YA 2018 until YA 2020.

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# Capital Allowance for Development Cost for Customised Computer Software

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Following the 2018 Budget announcement, the Income Tax (Capital Allowance) (Development Cost for Customised Computer Software) Rules 2019 has been gazetted to allow the claim of capital allowance on capital expenditure incurred by a resident person on development cost for customised computer software.

The salient points extracted from the Rules are as follows:-

- a) development cost for customised software means consultation fee, payment for rights of software ownership and incidental fee relating to the development of customised computer software;
- b) the capital expenditure is deemed to be incurred in the year of assessment on which the customised computer software is capable of being used for the purpose of the business;
- c) the capital allowance claim for both initial and annual allowance shall be at the rate of 20%; and
- d) the Income Tax (Deduction for Information Technology-Related Expenditure) Rules 2000 are revoked with effect from YA 2018

The Rules shall have effect from the YA 2018.

## Reference link to the above rules:

[Double Deduction for the Employment of Disabled Persons](#)

[Deduction for the Payment of PTPTN Loan by Employers on behalf of Employees](#)

[Income Tax Exemption on Value of Benefit Received by an Employee for the Payment of PTPTN Loan by Employers on behalf of Employees](#)

[Income tax Exemption for Women Returning to Work after Career Break](#)

[Capital Allowance for Development Cost for Customised Computer Software](#)



# Coming next : Tax Seminar on Budget 2020



## Tax Seminar on Budget 2020

Budget highlights and recent tax developments



### Kuala Lumpur :

The Gardens Hotel & Residences  
30th October 2019 (Wednesday) | 8.30am - 5pm



### Kuantan :

Vistana Kuantan City Centre  
8 November 2019 (Friday)  
8.30am - 1pm



### Penang :

Eastern & Oriental Hotel  
1 November 2019 (Friday) | 8.30am - 5pm



### Japanese Session (KL) :

Sheraton Imperial KL Hotel  
8 November 2019 (Friday)  
9.30am - 12.30pm



### Johor Bahru :

DoubleTree Hilton  
4 November 2019 (Monday) | 8.30am - 5pm



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