

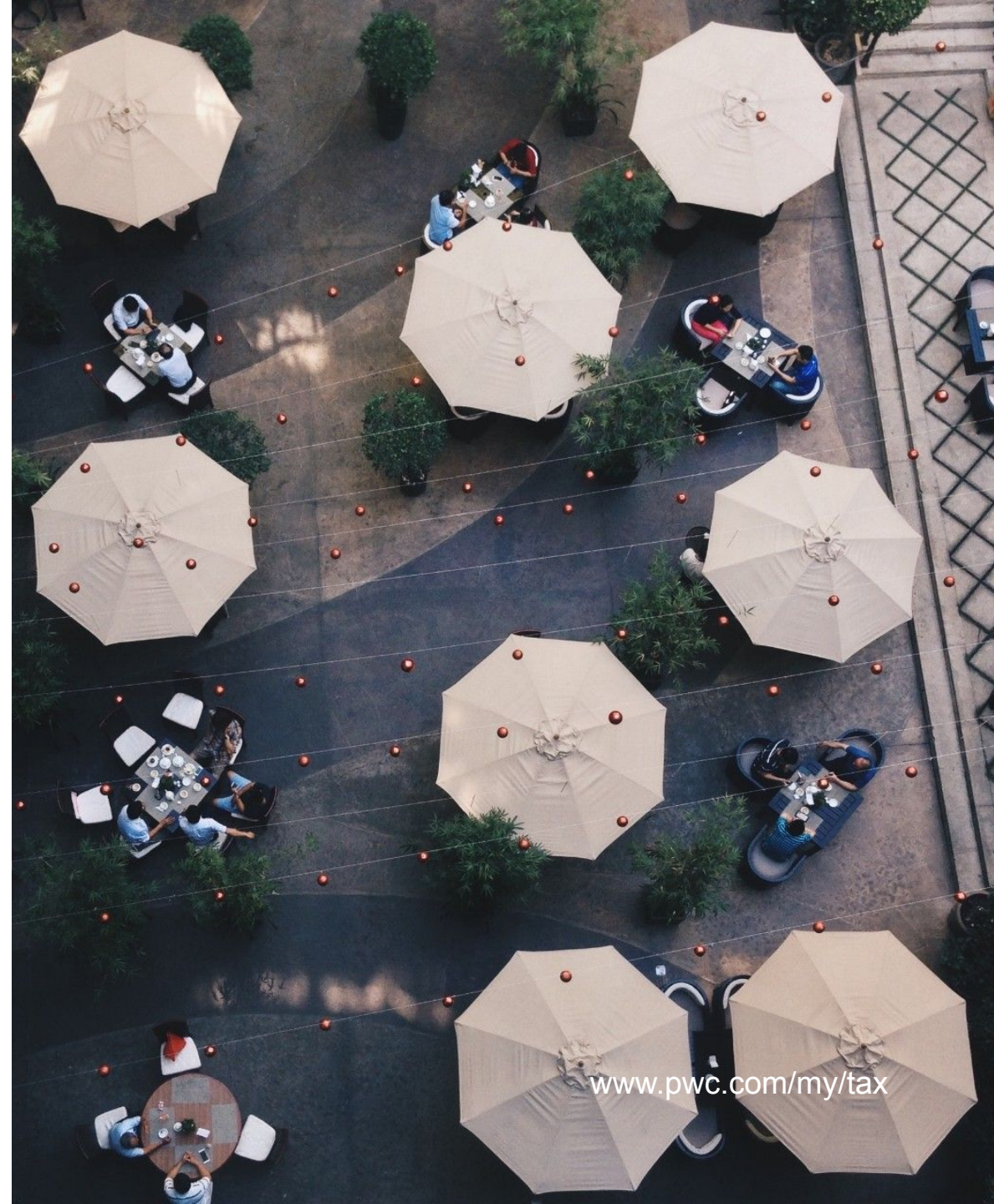


TaXavvy

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In this issue

- Guidelines for Approval of Director General of Inland Revenue under Subsection 44(6) of the Income Tax Act 1967 - revised
- Application for deferment of payment and revision of estimate of taxes



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Guidelines for Approval of Director General of Inland Revenue under Subsection 44(6) of the Income Tax Act 1967 - revised

The Inland Revenue Board (IRB) has issued a revised guidelines dated 30 January 2020 ("2020 Guidelines") which replaces the previous guidelines dated 5 September 2019 ("2019 Guidelines"). The guidelines are available on IRB's website www.hasil.gov.my (Legislation > Technical Guidelines)

The 2020 Guidelines have been updated with the following:



Conditions for appointment of members of board of trustees / board of directors / committee (collectively "board members")

One of the conditions to qualify for a section 44(6) status is that more than 50% of the board members must consist of outsiders who are not related to the institution or organisation. The 2020 Guidelines state that this condition applies only to institutions / organisations that are registered with the Companies Commission of Malaysia and the Legal Affairs Division of the Prime Minister's Department.

In the case of institutions or organisations registered with the Registrar of Societies (referred to as the Malaysian Registration Department in paragraph 3.3 of the 2020 Guidelines), the board members shall be appointed from registered members with voting powers.

Applicants must be registered taxpayers

Applicants must be registered taxpayers under the Association (Form TF) category and are required to indicate their TF tax reference when making an application.

Budget 2020 proposals

The proposals made in Budget 2020 have been reflected in the 2020 Guidelines:

List of donors

The donation threshold to be included in the list of donors to be provided to IRB is increased from RM10,000 to RM20,000.

Cap on tax relief for donations made

The cap on tax relief against the aggregate income is now standardised at 10% of aggregate income for both individuals and companies. Up to year of assessment 2019, the cap was set at 7% for individuals.

Application for deferment of payment and revision of estimate of taxes

The IRB has issued application forms for the following announcements under the Economic Stimulus Package:

- Deferment of tax instalment payments for tourism industry
- Revision of tax estimate in the month of the 3rd monthly tax instalment

The forms are available on IRB's website www.hasil.gov.my (Forms > Download Forms > Other Forms).

Deferment of tax instalment payments for tourism industry

The deferment of tax instalment payments applies to instalments falling within the period 1 April 2020 to 30 September 2020. The total tax instalments deferred is to be paid evenly over the remaining instalment period for the year of assessment. The application for deferment is only allowed for travel agents, hotel operators and airline companies and may be submitted starting from March 2020.

Example (from application form)

Basis period for YA 2020: 1 January to 31 December 2020

Instalment due date	Tax estimate payable (RM)	Tax estimate payable after deferral (RM)
15 February 2020	100,000	100,000
15 March 2020	100,000	100,000
15 April 2020	100,000	0
15 May 2020	100,000	0
15 June 2020	100,000	0
15 July 2020	100,000	0
15 August 2020	100,000	0
15 September 2020	100,000	0
15 October 2020	100,000	250,000
15 November 2020	100,000	250,000
15 December 2020	100,000	250,000
15 January 2021	100,000	250,000
Total	1,200,000	1,200,000

Revision of tax estimate in the month of the 3rd monthly tax instalment

All companies can now apply for revision of tax estimate in the month of their 3rd monthly instalment provided that the 3rd monthly instalment falls in the calendar year 2020.

Revision of tax estimate in the 6th and the 9th month of the basis period under the prevailing law remains applicable to companies which have revised their tax estimate in the month of their 3rd monthly instalment.

Application procedure

Application forms are to be submitted manually* to:

Lembaga Hasil Dalam Negeri Malaysia,
Bahagian Pengurusan Rekod dan Maklumat Percukaian,
Jabatan Operasi Cukai,
Menara Hasil Bangi, Aras 7,
No. 3, Jalan 9/10, Seksyen 9,
43650 Bandar Baru Bangi,
Selangor Darul Ehsan.

(* Originally announced to be made via online submission)

Connect with us

Kuala Lumpur

Jagdev Singh

jagdev.singh@pwc.com
+60(3) 2173 1469

Penang & Ipoh

Tony Chua

tony.chua@pwc.com
+60(4) 238 9118

Johor Bahru

Benedict Francis

benedict.francis@pwc.com
+60(7) 218 6000

Melaka

Benedict Francis

benedict.francis@pwc.com
+60(7) 218 6000

Tan Hwa Yin

hwa.yin.tan@pwc.com
+60(6) 283 6169

Kuching

Bryan Chen

bryan.chen@pwc.com
+60(82) 527 218

Labuan

Jennifer Chang

jennifer.chang@pwc.com
+60(3) 2173 1828

Corporate Tax Compliance & Advisory

Consumer & Industrial Product Services

Margaret Lee

margaret.lee.seet.cheng@pwc.com
+60(3) 2173 1501

Steve Chia

steve.chia.siang.hai@pwc.com
+60(3) 2173 1572

Specialist services

Corporate Services

Lee Shuk Yee

shuk.yee.x.lee@pwc.com
+60(3) 2173 1626

Dispute Resolution

Tai Weng Hoe

weng.hoe.tai@pwc.com
+60(3) 2173 1600

Global Mobility Services

Sakaya Johns Rani

sakaya.johns.rani@pwc.com
+60(3) 2173 1553

Hilda Liow

hilda.liow.wun.chee@pwc.com
+60(3) 2173 1638

Emerging Markets

Fung Mei Lin

mei.lin.fung@pwc.com
+60(3) 2173 1505

Energy, Utilities & Mining

Lavindran Sandragasu

lavindran.sandragasu@pwc.com
+60(3) 2173 1494

Indirect Tax

Raja Kumaran

raja.kumaran@pwc.com
+60(3) 2173 1701

Yap Lai Han

lai.han.yap@pwc.com
+60(3) 2173 1491

Chan Wai Choong

wai.choong.chan@pwc.com
+60(3) 2173 3100

International Tax Services / Mergers and Acquisition

Gan Pei Tze

pei.tze.gan@pwc.com
+60(3) 2173 3297

Financial Services

Jennifer Chang

jennifer.chang@pwc.com
+60(3) 2173 1828

Services & Infrastructure

Lim Phaik Hoon

phaik.hoon.lim@pwc.com
+60(3) 2173 1535

Tax Technology

Tax Reporting & Strategy

Yap Sau Shiung

sau.shiung.yap@pwc.com
+60(3) 2173 1555

Pauline Lum

pauline.ml.lum@pwc.com
+60(3) 2173 1059

Transfer Pricing

Jagdev Singh

jagdev.singh@pwc.com
+60(3) 2173 1469

Technology, Media, and Telecommunications

Heather Khoo

heather.khoo@pwc.com
+60(3) 2173 1636

China Desk

Lorraine Yeoh

lorraine.yeoh@pwc.com
+60(3) 2173 1499

Japanese Business Consulting

Yuichi Sugiyama

yuichi.sugiyama@pwc.com
+60(3) 2173 1191

Clifford Yap

clifford.eng.hong.yap@pwc.com
+60(3) 2173 1446



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