



# TaXavvy

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Issue 20-2020 | 6 April 2020

## Movement Control Order - IRB's updated FAQs on MCO dated 3 April 2020

The Inland Revenue Board (IRB) has updated its FAQs in relation to tax matters during the Movement Control Order (MCO) period. Changes made to the FAQs mainly relate to updates on the payment of taxes which include deferment of payment of tax instalments under CP204 and CP500, revision of tax under CP500 and extension of time for submission of CP204B. Other changes include compliance obligations of individuals under the Stamp Act 1949 and appeals against an assessment by submission of Form Q under the Income Tax Act 1967.

### Deferment of tax instalments

#### A. Deferment of CP204 tax instalment payments

##### 1. Small and medium enterprises (SME)

**Who is eligible for deferment of CP204 payment for 3 months beginning April 2020 until June 2020? [New]**

*Item D4 of IRB's FAQs*

All types of businesses with SME status.

**Do SMEs need to apply for deferment of CP204 payment? [New]**

*Item D7 of IRB's FAQs*

No. Deferment of CP204 payment will be given automatically to all SMEs based on IRB's record.

**What are the business criteria that qualify for SME status? [New]**

*Item D6 of IRB's FAQs*

Business criteria for SME status are as follows:

- Have a paid-up capital of less than or equal to RM2.5 million ordinary shares at the beginning of the basis period for a year of assessment; and
- Have a gross business income of RM50 million and below.

*Comment:*

*The automatic approval of the deferment of tax instalment payments under CP204 based on IRB's record is welcomed as it reduces administrative burden on both the IRB and taxpayers. The automatic mechanism may however pose practical problems for taxpayers to determine their eligibility. It is noted that the eligibility criteria shares most of the conditions to qualify for the preferential tax rate of 17% under the Income Tax Act 1967. Issues include which point in time will the IRB use for the RM2.5 million paid-up capital test and the difficulties associated with the RM50 million gross business income threshold test due to non-availability of data at the time of deferring the tax instalments. Due to the practical difficulties faced and in view that the automatic approval is based on IRB's records, it is hoped that the IRB can consider as simpler approach, for example, adopting the status of the taxpayer (whether or not it qualified for the 17% tax rate) based on the latest income tax return filed, for the purpose of the deferment of CP204 payment under the Economic Stimulus Package. In respect of other cases where special consideration is warranted, IRB could perhaps deal with those cases on a case-to-case basis.*

##### 2. Tourism industry

**Who is eligible for deferment of CP204 payment for 6 months beginning April 2020 until September 2020? [New]**

*Item D5 of IRB's FAQs*

Companies related to the tourism industry (including those with SME status).

***It was previously informed that tourism industry related taxpayers had to put in a manual application for the deferment of CP204 payment. Is this procedure still applicable? [New]***  
*Item D8 of IRB's FAQs*

No. Deferment of CP204 payment will be given automatically based on IRB's record.

*Comment:*

*The automatic approval is welcomed as it reduces administrative burden. This incentive under the Economic Stimulus Package is to be given to taxpayers in the tourism sector. Based on the IRB's application form (now no longer required), it was indicated that the tourism sector covers travel agents, hotel operators and airline companies. To provide greater clarity to taxpayers and to facilitate a smooth process of making this deferment of CP204 payments, it is hoped that the IRB can specify the specific business codes which would qualify as businesses in the tourism industry.*

## **B. Deferment and revision of CP500 tax instalment payments**

***Can payment for CP500 (instalment payment of estimated tax payable for a person other than a company, trust body, co-operative society or limited liability partnership) be deferred? [New]***  
*Item D9 of IRB's FAQs*

Yes. Can be deferred starting from April 2020 to June 2020. The months eligible for deferment are March 2020 and May 2020.

***Will the taxpayer be allowed to revise CP500? [New]***

*Item D10 of IRB's FAQs*

Yes. The taxpayer is allowed to revise CP500 on or before the 30th of June 2020.

***Are all the SMEs entitled for deferment of CP500 payment? [New]***

*Item D11 of IRB's FAQs*

Yes.

***Do taxpayers in the SME category need to apply for deferment of CP500 payment from IRB? [New]***

*Item D12 of IRB's FAQs*

No. Deferment of CP500 payment will be given automatically to eligible taxpayers based on payment records with IRB.

## **C. Settlement of deferred tax instalments**

***When should the deferred payments for CP204 / CP500 be settled? [New]***

*Item D14 of IRB's FAQs*

Taxpayers do not need to pay the deferred payments. The balance of tax (if any) has to be settled upon the submission of the income tax return.

***Does deferment of CP204 / CP500 payment lead to a tax increase under section 107C (9) / 107B (3) of the ITA 1967? [New]***

*Item D15 of IRB's FAQs*

No. Deferment of CP204 / CP500 payment to the companies / businesses that qualify under this Economic Stimulus Package will not be subject to tax increase under 107C (9) / 107B (3) of the ITA 1967.

## **Extension of time to 30 April 2020**

***Is extension of time given for tax estimate payments which are due on or before 15 April 2020? [New]***

*Item D2 of IRB's FAQs*

Extension of time will be given until 30 April 2020.

***Will extension of time be given to taxpayers who are required to submit Form CP204B (notification of change in accounting period) in the period of 18 March 2020 to 14 April 2020? [Updated]***

*Item C9 of IRB's FAQs*

EOT continues to be given until 30 April 2020 for submission of Form CP204B which is due for submission during the MCO Period. The MCO period has now been updated to cover the period from 1 April 2020 to 14 April 2020.

***When is the deadline for the submission of the revised tax estimate in the third month instalment in 2020? [New]***

*Item D3 of IRB's FAQs*

The deadline for the submission of the revised tax estimate in the third month instalment in 2020 is based on the company's basis period. An extension of time is granted until 30th of April 2020 for revision in the third month of instalment that falls in April 2020.

*Comment:*

*The new item D3 is related to the item D3 in the previous FAQs dated 26 March 2020 which reads as follows:*

“Question: Deferment and revision of tax estimate payment (CP204) in the 3rd month (for March 2020

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cases) instalment in 2020 under the Economic Stimulus Package.  
Answer: Submission of tax estimate revision (CP204A) in the 3rd month and the instalment payment is extended to 30 April 2020."

*We believe that the IRB intends to provide an extension of time for November 2020 year end companies which have faced difficulties to submit their application by 31 March 2020 due to the MCO, by giving such companies an extension of time to submit the revision by 30 April 2020.*

### **Appeals against an assessment**

***Will extension of time be given for the submission of Notice of Appeal to the Special Commissioners of Income Tax (SCIT) [Form Q] where the due date falls within this period? [Updated]***

***Item C3 of IRB's FAQs.***

Extension of time (EOT) continues to be given until 30 April 2020. However, taxpayers which require the EOT are now required to file an application form (Form N) and state that the delay is due to the implementation of MCO. In the IRB's previous FAQs dated 25 March 2020, the IRB has stated that there is no need to submit Form N for the EOT.

### **Stamp duty**

***How can an individual without business registered with SSM do stamping during this period? [Updated]***

***Item F5 of IRB's FAQs***

This question deals with individuals who cannot use the IRB's online stamping system [i.e. the Sistem Taksiran dan Pembayaran Duti Setem Secara Dalam Talian (STAMPS)]. For individuals, the IRB's STAMPS is only accessible for those with business registered with SSM (Companies Commission of Malaysia). To cater to the stamp duty compliance obligations of such individuals, the IRB has opened its stamp duty counters from 3 April 2020 to cater to the stamping of such individuals.

The stamping at those counters will be limited to:

- stamping for individuals and public who do not have a STAMPS user ID; and
- payment of stamp duty on a notice of assessment which cannot be made online.

This update supersedes the IRB's treatment in its previous FAQs dated 26 March 2020 where it was stated that stamping for such individuals cannot be done during the MCO period and must be done manually over the counter after 14 April 2020.

***Are all stamp duty counters open and what about the counter operating hours? [New]***

***Item F7 of IRB's FAQs***

Stamp duty counters at Branch Stamping Offices nationwide will be in operations from 3 April 2020. Stamp duty counters at Revenue Service Centres and Johor Bahru UTC will remain closed until the end of the Movement Control Order period.

Please refer to the IRB's media release dated 2 April for details on stamp duty counters which will be open and their respective operating hours. The media release can be download from the IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Homepage > Media Release > 2 April 2020)

### **Hasil Care Line**

***Operations of Hasil Care Line (HLC) has resumed to address questions in relation to Bantuan Prihatin Nasional [Updated]***

***Item A1 of IRB's FAQs***

HCL will resume operations from 30 March 2020. Please refer to the IRB's media release dated 29 March 2020 for details such as operations hours, etc. The media release can be download from the IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Homepage > Media Release > 29 March 2020)

The IRB's FAQs dated 3 April 2020 can be downloaded from the IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Homepage > Announcement > 18 March 2020).