



TaXavvy

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Guidelines for approval under section 44(11C) for COVID-19 Relief Fund



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The Inland Revenue Board (IRB) has published the guidelines for application for approval by the Minister of Finance (MOF) under section 44(11C) of the Income Tax Act 1967 for COVID-19 Relief Fund (“Guideline”).

Applications are to be made to MOF from 30 April 2020 to 31 August 2020.

The Guideline is available on IRB’s website www.hasil.gov.my (Legislation > Technical Guidelines).



What is a COVID-19 Relief Fund

- Not a society or organisation approved and registered under any authority
- A fund established for national interest to combat the COVID-19 pandemic in Malaysia and approved by MOF under section 44(11C)
- Carries out donation drives to assist those affected medically, economically or socially by the COVID-19 pandemic

Types of contributions to the COVID-19 Relief Fund

- Cash
- Equipment - ventilators, beds, air-conditioner
- Consumables - masks, hand sanitizers, gloves, test kits and personal protective equipment
- Raw and cooked / prepared food
- Sanitisation services, provision of portable toilets, costs of delivery of supplies
- Sponsorship - provision of permanent or temporary site infrastructure (marquee tents)

Who can apply for approval under section 44(11C)

- A company limited by guarantee incorporated under the Companies Act 2016;
- A society registered under the Societies Act 1966;
- A trustee incorporated under the Trustees (Incorporation) Act 1952 (Legal Affairs Division of the Prime Minister’s Department); or
- A section 44(6) approved institution / organisation which sets up a COVID-19 Relief Fund.

Parties who qualify to receive donation from the COVID-19 Relief Fund

- Government agencies / departments
- Non-governmental agencies registered with Companies Commission Malaysia, Registrar of Societies and Prime Minister’s Office
- Public and private hospitals
- Public universities
- Orphanages, old folks home and home for invalids
- Refugees and hardcore poor
- Zoos and animal shelters

The donation must not be profit or politically motivated

Conditions

Board of Directors / Committee members / Board of Trustees

A Board of Directors / Committee members / Board of Trustees is to be elected to administer the COVID-19 Relief Fund. More than 50% of the composition of the board should not be related with the institution / organization / founder which establishes the COVID-19 Relief Fund by way of but not limited to:

- family relationships such as parents, children, siblings including close family relationships,
- employer-employee relations, or
- directors or employees of the same company or group of companies.

Progress report on activities

A progress report on the activities of the COVID-19 Relief Fund is to be submitted to MOF and IRB every 3 months.

Dissolution

The COVID-19 Relief Fund has to be dissolved upon expiry of the approved period and application for dissolution is to be made to MOF. Any balance of funds remaining is to be transferred to the National Disaster Management Agency (NADMA) or the Ministry of Health (MOH) and the bank account is to be closed thereafter, with proof of account closure and fund transfer to be submitted to MOF.

Breach of conditions

The MOF may withdraw the approval if the COVID-19 Relief Fund does not comply with the approval conditions.

In the event of dissolution due to a breach of conditions, the following actions are to be taken:

- Any contributions (cash or kind) must be transferred to NADMA or MOH, and the bank account must be closed.
- Proof of transfer to NADMA or MOH and the closed bank account is to be submitted to MOF.

Application procedures

General information required:

- Period of donation drive (start and end dates)
- List of donees identified and types of contribution to be made (if available)
- Targeted amount of contribution (if available)
- Separate accounts opened and bank statements for the COVID-19 Relief Fund

Detailed information is to be submitted based on the appendices to the guidelines.

Tax benefits

Tax deduction for donors

Donors to the COVID-19 Relief Fund approved under section 44(11C) can claim a tax deduction on an amount equal to any gift of money or cost of contribution in kind against the aggregate income. The deduction is capped at 10% of aggregate income. The 10% cap includes donations made to institutions/organisations approved under section 44(6), sports activity under section 44(11B) and wakaf or endowment under section 44(11D).

Supporting documents to be kept by donors to claim a tax deduction

Cash donations - Official donation receipt stating:

- Name of COVID-19 Relief Fund
- Serial number of official receipt
- Date of donation and amount (RM)
- Contributor's name
- Identification card number / business registration number of contributor
- MOF's approval file reference number
- Effective date of approval.

Contributions in kind - Acknowledgment receipts with the recipient's official stamp. The receipt is to be based on a format set out in *Lampiran D* of the Guidelines

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