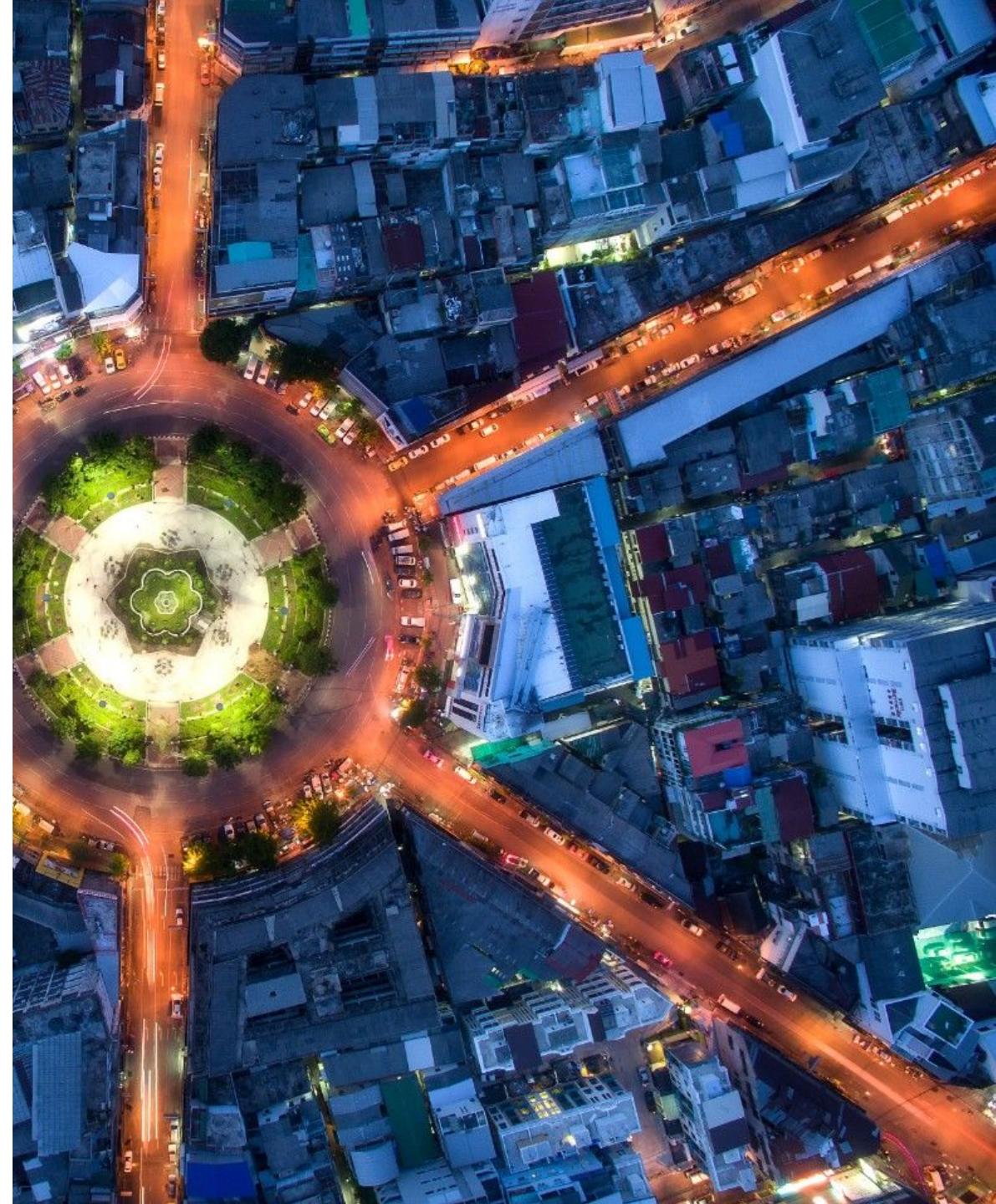




# TaXavvy

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IRB's Operational Guidelines No. 2/2020 -  
Special revision of tax estimate in the 3rd  
instalment month and deferment of tax  
instalments under the Economic Stimulus  
Package



## IRB's Operational Guidelines No. 2/2020 - Special revision of tax estimate in the 3rd instalment month and deferment of tax instalments under the Economic Stimulus Package



The Inland Revenue Board (IRB) has issued Operational Guidelines No. 2/2020 dated 12 May 2020 (“Guideline”). The Guideline covers the following measures which have been introduced by the Government to ease cash flow for businesses:

- Special revision of tax estimate in the 3rd instalment month (“Special Revision”)
- 6-month deferment of tax instalment payments for the tourism sector (“6-month deferment”)
- 3-month deferment of tax instalment payments for Small and Medium Enterprises (SME) (“3-month deferment”)

The Guideline consolidates information previously issued by the IRB via its Frequently Asked Questions (FAQ) in relation to the above measures as reported in previous editions of TaXavvy (see [COVID-19 Special Edition](#)).

### Key new information

Qualifying persons for the above measure have now been expanded to include persons other than companies as follows:

- Special Revision: Companies, limited liability partnerships (LLPs), co-operative societies and various trust bodies [trust bodies, unit trusts, property trusts, business trusts, real estate investment trusts (REITs) and property trust funds (PTFs)].
- 6-month deferment: Resident companies, LLPs, co-operative societies and various trust bodies (trust bodies, unit trusts, property trusts, business trusts, REITs and PTFs) in the tourism sector
- 3-month deferment:
  - Resident companies which meet the definition of SME (Form CP204 tax instalment category),
  - Taxpayers other than resident companies, i.e. individuals with business income, individuals with income other than from employment, deceased person’s estate, associations and Hindu joint families (Form CP500 tax instalment category)

The following pages summarise the contents of the Guideline.

The Guideline is available on the IRB’s website [www.hasil.gov.my](http://www.hasil.gov.my) (Legislation > Operational Guidelines).

## Special Revision

### Qualifying persons

- Companies, LLPs, co-operative societies, trust bodies, unit trusts, property trusts, business trusts, REITs and PTFs.
- Where the 3rd tax instalment for the year of assessment (YA) falls in calendar year 2020.

### Application process

- Application form is to be submitted (via email or post) in the 3rd instalment month.
- Supporting documents are not required.
- Applications are automatically approved.
- Applications received outside the 3rd instalment month will not be processed unless extension of time has been granted (see Table 1).

### Rights and obligations under prevailing law with respect to tax estimate

- Revisions in the 6th and / or 9th month in the basis period for a YA is still allowed.
- Where the final tax payable is higher than the latest of the initial or revised estimate of tax payable, and the difference is more than 30% of the actual tax payable (“30% threshold”), a 10% penalty is imposed on the difference in excess of the 30% threshold.

### Other

- The Special Revision is not subject to the requirement of being not less than 85% of the revised / original tax estimate of the prior YA.
- Taxpayers who have obtained this Special Revision are still eligible for the 6-month / 3-month deferment of tax instalment programme and vice versa.

**Table 1: Example of application deadlines and effective date of revision**

Basis period	3rd instalment month	Last date to submit application	Effective date of revision
1 January 2020 - 31 December 2020	April 2020	30 April 2020 (Extension of time to 31 May 2020 due to MCO)	<ul style="list-style-type: none"> <li>• Revised instalment scheme commences from 15 April 2020 (i.e. from the 3rd instalment).</li> <li>• If the company has already paid the 3rd instalment on 15 April 2020, the revised instalment scheme commences from the 4th instalment .</li> <li>• Payment due dates for the 3rd and 4th instalments are extended to 31 May 2020 due to MCO</li> </ul>
1 August 2020 - 31 July 2021	November 2020	30 November 2020	<ul style="list-style-type: none"> <li>• If the application is submitted before 15 November 2020, the revised instalment scheme will commence from the 3rd instalment (i.e. the instalment due on 15 November 2020).</li> <li>• If the application is submitted after 15 November 2020, the revision will commence from 4th instalment (i.e. the instalment due on 15 December 2020).</li> </ul>

## Deferment programme

	6-month deferment for tourism industry	3-month deferment for SMEs	
		Resident Companies (Form CP204 instalment category)	Others (Form CP500 instalment category)
<b>Qualifying taxpayer</b>	Resident companies including SMEs, LLPs, co-operative societies, trust bodies, unit trusts, property trusts, business trusts, REITs and PTFs which are in the tourism industry.  The tourism industry is determined based on the taxpayer's business codes. Please refer to page 5 for the list of business codes.	Resident companies which meet the definition of SME as follows: <ul style="list-style-type: none"> <li>• Paid-up capital of RM2.5 million or less at the beginning of a basis period for a YA, and</li> <li>• Gross income of RM50 million or less.</li> </ul> Paragraphs 2B and 2C of Schedule 1 of the Income Tax Act 1967 are not applicable to determine the SME definition for this purpose.	Individuals with business income, individuals with income other than from employment, deceased person's estate, associations and Hindu joint families.
<b>Instalments covered under the deferment programme</b>	Instalments due within the months of April 2020 to September 2020 for any YA.	Instalments due within the months of April 2020 to June 2020 for any YA.	Instalments due in March 2020 and May 2020 for YA 2020.
<b>Deferment granted automatically by IRB</b>	Granted based on information in the YA 2018 tax return (i.e. based on business code for tourism industry).  Taxpayers will be notified of the deferment via their registered email.	Granted based on information in the YA 2018 tax return (i.e. based on information satisfying the SME definition).  Taxpayers will be notified of the deferment via their registered email.	Granted to resident taxpayers listed under the <i>Senarai Pengeluaran Am CP500</i> for YA 2020  Taxpayers will be notified of the deferment via their registered email.

## Deferment programme (cont'd)

### When to settle the deferred instalments?

The deferred tax instalments are to be settled upon submission of the income tax return, together with any balance of tax payable.

### Application of late payment penalty

The 10% tax increase imposed for late payment of tax instalment is not applicable to instalments covered under the deferment programme.

### Business codes falling under the tourism sector for the purpose of the 6-month deferment programme

No.	Business Code	Description of activities
1	51101	Transport of passengers by air over regular routes and on regular schedules
2	51102	Non-scheduled transport of passenger by air
3	51103	Renting of air-transport equipment with operator for the purpose of passenger transportation
4	55101	Hotels and resort hotels
5	55102	Motels
6	55103	Apartment hotels
7	55104	Chalets
8	55105	Rest house/guest house
9	55106	Bed and breakfast units
10	55107	Hostels

No.	Business code	Description of activities
11	55108	Home stay
12	55109	Other short term accommodation activities n.e.c.
13	55200	Camping grounds, recreational vehicle parks and trailer parks
14	55900	Other accommodation
15	50111	Operation of excursion, cruise or sightseeing boats
16	50112	Operation of ferries, water taxis
17	50113	Rental of pleasure boats with crew for sea and coastal water transport
18	79110	Travel agency activities
19	79120	Tour operator activities
20	79900	Other reservation service and related activities

## Deferment programme (cont'd)

### Illustration of the 6-month deferment programme for a company in the tourism industry [Scenario A (Example 2) of the Guidelines]

- The company has a 31 December year end.
- For the financial period/basis period 1 January 2020 to 31 December 2020, the initial tax estimate (Form CP204) submitted by the Company is RM120,000.
- Final tax payable for YA 2020 is RM150,000.

Instalment no.	Due date for instalment payment	Instalment scheme per initial tax estimate (Form CP 204)	Instalment scheme after the 6-month deferment programme
		(RM)	(RM)
1	15.02.20	10,000	10,000
2	15.03.20	10,000	10,000
3	15.04.20	10,000	
4	15.05.20	10,000	
5	15.06.20	10,000	
6	15.07.20	10,000	Deferred
7	15.08.20	10,000	
8	15.09.20	10,000	
9	15.10.20	10,000	10,000
10	15.11.20	10,000	10,000
11	15.12.20	10,000	10,000
12	15.01.21	10,000	10,000
<b>Total</b>		<b>120,000</b>	<b>60,000</b>

	RM
Final tax payable per tax return	150,000
Less: Monthly instalments paid	60,000
<b>Balance of tax payable</b>	<b>90,000</b>

#### Note:

- Similar treatment applies for the 3-month deferment programme for SMEs. If the taxpayer is a SME company, instalments due in April 2020 to June 2020 (i.e. instalments no. 3, 4 and 5) will also be deferred and are to be paid together with the balance of tax payable upon submission of tax return.

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