

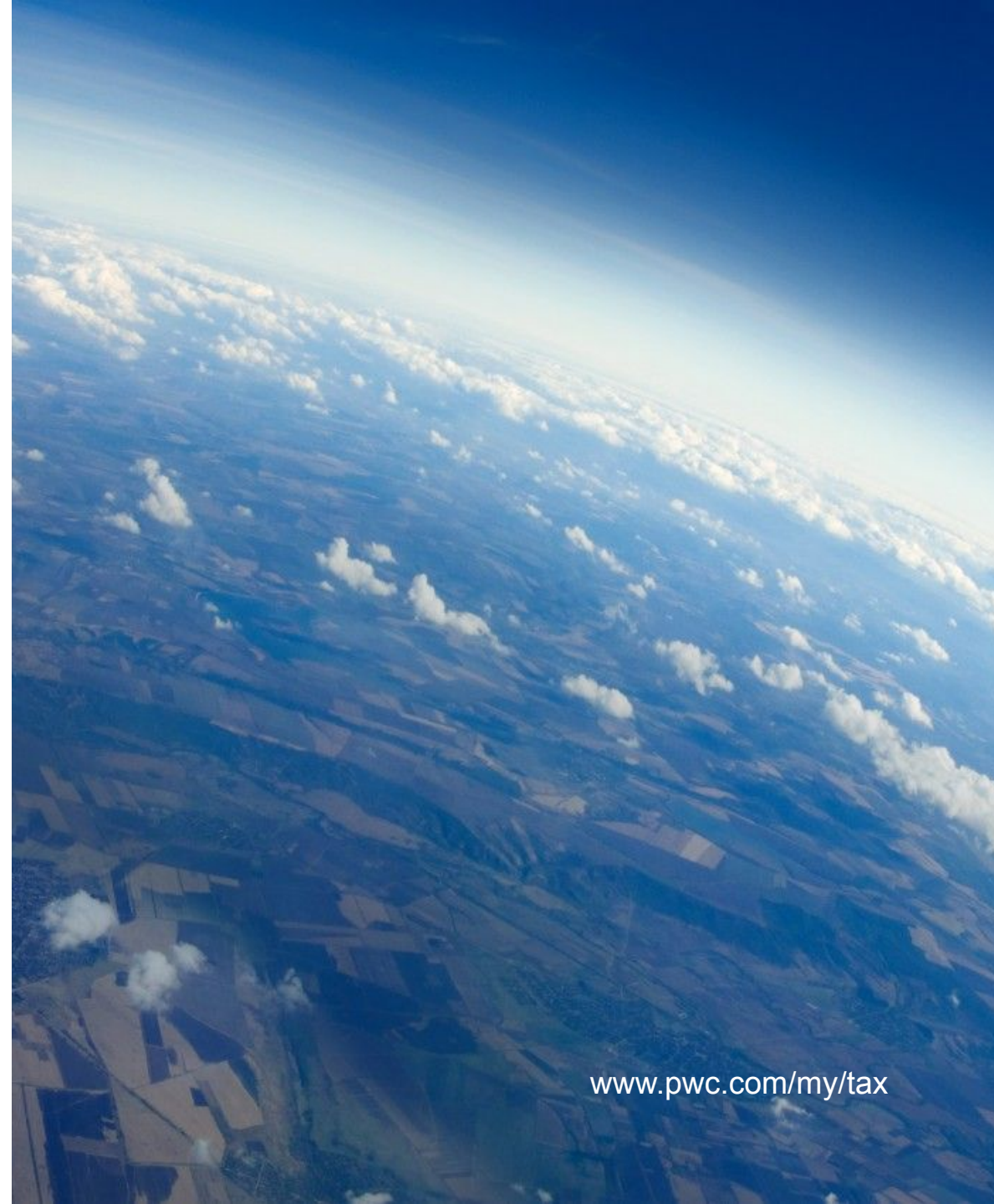


Taxavvy

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Perlindungan Ekonomi & Rakyat Malaysia assistance package (PERMAI)

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PERMAI assistance package

The PERMAI assistance package has been announced by the Prime Minister this afternoon. Valued at RM15 billion, its objectives are to:

- Combat the COVID-19 pandemic
- Safeguard the welfare of the people
- Support the business community



Key tax related measures from PERMAI

The following measures were announced this afternoon by the Prime Minister:

- Special deduction for rental discount given to SME tenants
- Personal tax relief for private COVID-19 screening
- Extension of special personal income tax relief on the purchase of personal computer, smartphone or tablet
- Extension of sales tax exemption on passenger motor vehicles
- Shorter ownership period to qualify for excise duty and sales tax exemption for taxi owners
- Wage Subsidy Programme 3.0
- Human Resources Development Fund (HRDF) levy exemption

Special deduction for rental discount given to SME tenants

A special tax deduction equivalent to the amount of reduction of at least 30% in rent that is given to SME tenants from 1 April 2020 to 31 March 2021 was announced previously.

This special deduction is now expanded and extended as follows:

- Expanded to cover rental reduction given to non-SME tenants.
- The special deduction period is extended until 30 June 2021.

Clarity is required on special deduction period applicable for non-SME tenants.

Personal tax relief for private COVID-19 screening

Under Budget 2021 the tax relief for medical examination was increased from RM500 to RM1,000, effective from year of assessment 2021.

To support individuals to undergo COVID-19 screening and detection testing privately, the scope for tax relief for medical examination is expanded to include COVID-19 screening.

Extension of special personal income tax relief on the purchase of personal computer, smartphone or tablet

A special personal income tax relief of up to RM2,500 was given under PENJANA and is provided to resident individuals for the purchase of personal computer, smartphone or tablet made between 1 June 2020 and 31 December 2020. The special personal income tax relief was given in addition to the existing lifestyle relief of RM2,500 which also covers the purchase of personal computer, smartphone or tablet.

This special tax relief will be extended for another year until 31 December 2021.

Clarity is required on whether a taxpayer who makes a claim for the special relief for purchases already made from 1 June 2020 to 31 December 2020 will receive another special tax relief of up to RM2,500 for additional purchases made from 1 January 2021 to 31 December 2021.



Extension of sales tax exemption on passenger motor vehicles

Sales tax exemption of 100% is given to the sale of locally assembled passenger motor vehicles while sales tax exemption of 50% is given to the importation of passenger motor vehicles until 30 June 2021.

This extension of sales tax exemption was announced on 29 December 2020 in a letter from the Ministry of Finance to the Malaysian Automotive Association (MAA) and Malaysian Association of Malay Vehicle Importers and Traders (PEKEMA). Refer to our Indirect Tax Alert No. 25/2020 dated 30 December 2020.

[Effective 1 January 2021 to 30 June 2021]

Shorter ownership period for taxi which has enjoyed excise duty and sales tax exemption

Previously, a licensed taxi driver who owns a taxi which has been exempted from excise duty and sales tax must keep the taxi for a minimum period of 7 years before he can sell the taxi or transfer it for his private use.

The minimum ownership period has now been shortened to 5 years.

[Effective 1 January 2021 to 31 December 2021]

Wage Subsidy Programme 3.0

Under the previous Wage Subsidy Programme 2.0, employers who have fulfilled certain conditions can apply for a subsidy of RM600 per employee for a period of 3 or 6 months for employees who earn RM4,000 or less per month subject to a maximum number of 200 employees. Under Budget 2021, a targeted wage subsidy was announced for the tourism and retail sectors in which RM600 will be given to employees earning RM4,000 or less per month subject to a maximum number of 500 employees for a period of three months.

The new Wage Subsidy Programme 3.0 now allows employers of any sector which operates in the MCO states to apply for a subsidy of RM600 per employee for a period of one month for employees who earn RM4,000 or less per month subject to a maximum number of 500 employees.

Human Resources Development Fund (HRDF) levy exemption

It is announced that the HRDF will exempt the employer levy for companies that are unable to operate during the Movement Control Order (MCO) and Conditional MCO periods.

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