



TaXavvy

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Extension of stamp duty exemption for residential properties under the Home Ownership Campaign 2021

Following the announcement under PEMERKASA+ ([TaXavvy 11/2021](#)) to extend the stamp duty exemption for residential properties purchased under the Home Ownership Campaign 2021 to 31 December 2021, the Stamp Duty (Exemption) (No. 4) Order 2021 and Stamp Duty (Exemption) (No. 5) Order 2021 have been gazetted.



Salient points of the Exemptions Orders are as follows:

	Stamp Duty (Exemption) (No. 4) Order 2021	Stamp Duty (Exemption) (No. 5) Order 2021						
<i>Instrument exempted from stamp duty</i>	Loan agreement between an individual and a qualifying financier which includes licensed banks, registered co-operative societies, licensed insurers and takaful operators, or employers providing housing loan schemes.	Instrument of transfer between an individual and a property developer registered with the Real Estate and Housing Developers' Association (REHDA) Malaysia, Sabah Housing and Real Estate Developers' Association (SHAREDADA) or Sarawak Housing and Real Estate Developers' Association (SHEDA).						
<i>Rate of exemption</i>	Full exemption	Partial exemption as follows: <table border="1" data-bbox="1753 644 2456 875"> <thead> <tr> <th>Value of property</th> <th>Stamp duty rate</th> </tr> </thead> <tbody> <tr> <td>First RM1 million</td> <td>Exempted</td> </tr> <tr> <td>Balance in excess of RM1 million</td> <td>RM3 for every RM100</td> </tr> </tbody> </table>	Value of property	Stamp duty rate	First RM1 million	Exempted	Balance in excess of RM1 million	RM3 for every RM100
Value of property	Stamp duty rate							
First RM1 million	Exempted							
Balance in excess of RM1 million	RM3 for every RM100							
<i>Type of property</i>	A Home Ownership Campaign 2021-certified residential property which is acquired directly from a registered property developer.							
<i>Individual</i>	A purchaser who is a Malaysian citizen or co-purchasers who are Malaysian citizens.							
<i>Value of property</i>	More than RM300,000 to RM2.5 million.							
<i>Date of purchase</i>	Sale and purchase agreement executed between the individual and registered property developer from 1 June 2021 to 31 December 2021 and duly stamped at any branch of the Inland Revenue Board (IRB).							
<i>Discount requirement</i>	A minimum of 10% discount from the original price offered must be given (except for properties which are subject to controlled pricing).							

Budget 2020 proposals gazetted

The following proposals announced in Budget 2020, have been gazetted:

- Tax exemption for management fee in relation to Shariah-compliant funds
- Accelerated capital allowance for excursion bus



Tax exemption for management fee in relation to Shariah-compliant funds

Gazette orders have been issued to provide for the extension from the year of assessment (YA) 2021 to YA 2023 (previously given up to YA 2020) of tax exemption on statutory income derived from business of providing fund management services in Malaysia to the following service recipients:

Service recipient	Gazette order
Business Trusts or Real Estate Investment Trusts	Income Tax (Exemption) (No. 6) Order 2021
Local investors	Income Tax (Exemption) (No. 7) Order 2021
Foreign investors	Income Tax (Exemption) (No. 8) Order 2021

Qualifying conditions for the above exemption include obtaining an annual certification from the Securities Commission Malaysia, having at least two full-time employees in Malaysia and incurring a minimum annual operating expenditure of RM250,000 in Malaysia.

Accelerated capital allowance for excursion bus

The Income Tax (Accelerated Capital Allowance) (Excursion Bus) Rules 2021 is effective for YA 2020 to 2021. It provides accelerated capital allowance (initial allowance 20%; annual allowance 40%) for locally assembled excursion bus purchased by licensed tour operators. Qualifying conditions include using the excursion bus exclusively for conveyance of tourists, the tour operator is the first registered owner of the bus and holds a tourism vehicle license. The accelerated capital allowance does not apply to the purchase of a reconditioned excursion bus.

Income Tax (Deduction for Expenditure on Industry4WRD Readiness Assessment) (Amendment) Rules 2021

The Income Tax (Deduction for Expenditure on Industry4WRD Readiness Assessment) (Amendment) Rules 2021 (“Amendment Rules”) has been gazetted.

The Amendment Rules has been issued to extend the qualifying period of the special deduction for fee expenditure of up to RM27,000 incurred in relation to Industry4WRD Readiness Assessment programme implemented by the Malaysia Productivity Corporation (MPC) for the purpose of assessing the gap and level of readiness of companies to adopt Industry 4.0. Salient points are as follows:

- The deduction is to be extended to cover fee expenditure incurred during the period from 2 January 2019 to 31 December 2025 (previously 31 December 2020).
- Application for the special deduction is to be made through MPC before 31 December 2026 (previously 31 December 2021).

Please refer [TaXavvy 45/2020](#) for details on qualifying conditions.



Updated guidelines and application form for tax incentives for upstream petroleum industry

The Ministry of Finance (MOF) has recently updated and published the guidelines and application form for tax incentives for upstream petroleum industry under the Petroleum (Income Tax) Act 1967 and the Customs Act 1967.



Salient points from the updated guidelines and application form are as follows:

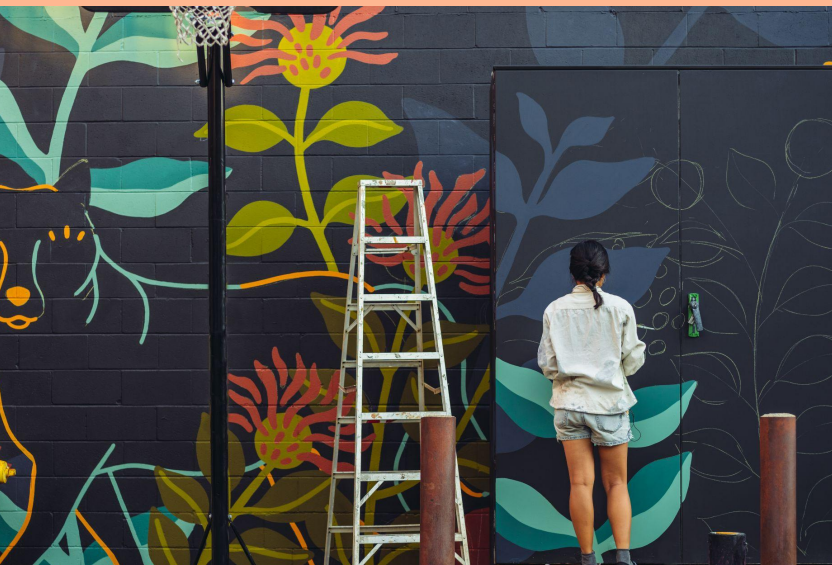
Submission timeline	<ul style="list-style-type: none">The application form for tax incentives shall be submitted to MOF (via PETRONAS) within 5 years from the date of the first Field Development Plan (FDP) approval. <p>Note: This is in line with the IRB's amended Guidelines for Claiming Incentives for Upstream Petroleum Industry under the Petroleum (Income Tax) Act 1967 (Amendment) dated 30 December 2020. Refer TaXavvy 2-2021.</p> <ul style="list-style-type: none">Effective from 1 September 2021, applications submitted after the 5-year period from the date of the first FDP approval will not be considered by the MOF.
Calculation of total tax savings	<ul style="list-style-type: none">Calculation of estimated tax savings is now required to be included in the application form.The calculation is based on the estimated tax payable in accordance with the provisions under the Petroleum (Income Tax) Act 1967 and Customs Act 1967 by taking into account the amount of tax payable, with or without tax incentives. The calculation is based on the Cash Flow Estimate prepared by the Operator.
Deferment in utilisation of tax incentives	<ul style="list-style-type: none">Only deferment of marginal field tax incentive is allowed provided that the deferment is due to absence of oil production.Deferment must be informed to MOF via PETRONAS.
Surrendering of tax incentives	An operator who intends to surrender the incentives due to reasons such as termination of operations, etc. is required to inform PETRONAS formally and the matter will be deliberated in the Upstream Petroleum Industry Incentive Committee Meeting.

The guideline and application form are available on MOF's website www.mof.gov.my respectively (Ministry of Finance Core Business > Tax > Tax Incentives > Tax Incentives by Sector; MOF Links > For Business > Download Forms > Tax Division).

Public Ruling 2/2021 - Tax Deduction for Sponsoring Arts, Cultural and Heritage Activities

The Inland Revenue Board (IRB) has issued Public Ruling 2/2021 - Tax Deduction for Sponsoring Arts, Cultural and Heritage Activities (“PR 2/2021”).

PR 2/2021 explains the tax deduction under Section 34(6)(k) of the Income Tax Act 1967 (ITA) in relation to sponsorship of any local or foreign arts, cultural and heritage activities approved by the Ministry of Tourism, Arts and Culture Malaysia (MOTAC).



Salient points of PR 2/2021 are as follows:

Eligible activities or programmes

Activities or programmes identified by MOTAC which are eligible for tax deduction under Section 34(6)(k) of the ITA include:

- Stage performances
- Festivals or fairs
- Exhibitions or expos
- Conferences, seminars, workshops, etc
- Preservation or conservation
- Research, documentation or publication
- Recording or production
- Competition
- Recognition or appreciation
- Education or learning
- Promotion or development
- Marketing, product promotion or activities
- Innovation
- Content development
- Archiving or creation of records or data
- Other activities or programmes related to the arts, culture and heritage recognised by MOTAC

Supporting letter from MOTAC

An organiser, representative or programme owner is required to submit an application to MOTAC to obtain MOTAC’s supporting letter of sponsorship. The application is to be submitted 30 days before the activity or programme is carried out. With the supporting letter, sponsorship may be sourced from private or corporate sponsors.

Letter of approval for tax deduction from MOTAC

A sponsor would require a letter of approval for tax deduction in order to claim a tax deduction. The application for the approval letter is to be submitted by the organiser, representative or programme owner not later than 90 days after the activity or programme has been carried out.

Further details and application forms are available on MOTAC’s website www.motac.gov.my (Ministry’s Programmes > Funds & Incentives > Sponsorship Tax Deduction Incentives).

Forms of sponsorship

The forms of sponsorship determined by MOTAC include:

- Cash
- Artist and professional fee
- Purchase of goods and equipment
- Event organising costs such as food and beverages, logistics, accommodations, venue rental, technical or sound system and lighting, decoration, security, equipment and utilities
- Costs (cash or in kind) of production (product) approved by MOTAC
- Prize sponsorship
- Donation in kind such as goods or equipments or venue
- Costs of preservation and conservation of heritage sites
- Materials donation such as historic buildings, monuments and artifacts
- Costs of research and development activities and programmes
- Costs of marketing and promotion activities and programmes
- Other forms of sponsorship recognised by MOTAC

Tax deduction for sponsors

Based on the letter of approval for tax deduction from MOTAC, a sponsor is eligible to claim a tax deduction against its business income on sponsorships incurred. The aggregate deduction for each YA is subject to a maximum amount of RM1 million of which any amounts related to sponsorship of foreign arts, cultural or heritage activity is subject to a maximum amount of RM300,000.

Illustration on maximum amount of tax deduction (based on example 2 of PR 2/2021)

- XY Sdn Bhd incurred RM1.3 million for sponsoring both local and foreign arts, cultural and heritage activities in YA 2020.
- Based on the letter of approval for a tax deduction from MOTAC, XY Sdn Bhd's claim for tax deduction under Section 34(6)(k) of the ITA is as follows:

Sponsorship for art, culture or heritage activities	Amount sponsored (RM)	Tax deduction under Section 34(6)(k) for YA 2020 (RM)	
		Option 1	Option 2
Local	1,000,000	Restricted to 700,000	1,000,000
Foreign	300,000	300,000	-
Total	1,300,000	1,000,000	1,000,000

Note: Tax deductions can be made based on Option 1 or 2.

PR 2/2021 is available on the IRB's website www.hasil.gov.my (Legislation > Public Rulings).

Public Ruling 3/2021 - Special Allowances for Small Value Assets

The IRB has issued Public Ruling 3/2021 - Special Allowances for Small Value Assets (“PR 3/2021”).

PR 3/2021 replaces Public Ruling 10/2014 of the same title (“PR 10/2014”).

The contents of PR 3/2021 are essentially updated contents of PR 10/2014 which incorporates changes made to the law since PR 10/2014 was issued. Key updates are in relation to the following Budget 2020 measures which took effect from YA 2020:

- **Value of each small value asset (SVA) which qualifies for special allowance (i.e. accelerated capital allowance of at the rate of 100%)**

The value has increased from RM1,300 to RM2,000.

- **Cumulative special allowance claimable by non-Small and Medium Companies (SMC) for each YA**

The cumulative qualifying plant expenditure from SVAs has increased from RM13,000 to RM20,000.

(Note: This cumulative limit does not apply to an SMC)

- **Definition of SMC**

The following parts of the SMC definition has been revised to incorporate a new condition pertaining to gross income from business (new conditions are denoted in coloured-*italics* words):

“a company resident and incorporated in Malaysia which has a paid up capital in respect of ordinary shares of RM2.5 million and less at the beginning of the basis period for a YA *and gross income from source or sources consisting of a business not exceeding RM50 million for the basis period for that YA*”.

The public ruling is available on the IRB’s website www.hasil.gov.my (Legislation > Public Rulings).



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