

e-CTIM TECH-DT 59/2015

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TO ALL MEMBERS

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TECHNICAL

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## Direct Taxation

### [Public Ruling No.4/2015 on Entertainment Expense](#)

The Inland Revenue Board of Malaysia (LHDNM) has uploaded the [Public Ruling \(PR\) No. 4/2015 on Entertainment Expense](#) on 29 July 2015, on its website.

The definition of “entertainment” in Section 18 of the Income Tax Act 1967, was amended (**bold and highlighted** below) by the Finance Act 2014 [Act 761], effective from the year of assessment 2014. The new definition of “entertainment” is as follows:

*"entertainment" includes—*

*(a) the provision of food, drink, recreation or hospitality of any kind; or*

*(b) the provision of accommodation or travel in connection with or for the purpose of facilitating entertainment of the kind mentioned in paragraph (a),*

*by a person or an employee of his, **with or without any consideration paid whether in cash or in kind, in promoting or** in connection with a trade or business carried on by that person;*

This PR replaces the PR No. 3/2008 dated 22 October 2008 to take into account of the amendment. It explains the tax treatment of entertainment expense as a deduction against gross income of a business; and steps to determine the amount of entertainment expense allowable as a deduction. New examples 6, 13, 14 and 15 were inserted.

Members may view the PR at the [Institute website](#) and the [LHDNM website](#).

You may write to the Institute at [technical@ctim.org.my](mailto:technical@ctim.org.my) or [secretariat@ctim.org.my](mailto:secretariat@ctim.org.my) in respect of any suggestions, concern or comments you may have on the [PR](#) so that we may raise them to the LHDNM.

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