

TECHNICAL - DIRECT TAXATION

e-CTIM TECH-DT 29/2021

3 March 2021

LHDNM – Revised/Updated FAQ on Special Deduction for Rental Reduction and International Tax Issues due to COVID-19 Travel Restrictions

Frequently Asked Questions (“FAQ”)	Remarks (Please access the FAQ for the full details)
FAQ on Special Deduction for Taxpayers who give Rental Reduction for Business Premises to SME and Non-SME (in Bahasa Malaysia only) (19 February 2021)	<p>The Inland Revenue Board of Malaysia’s (“LHDNM”) FAQ on Special Deduction for Taxpayers who give Rental Reduction for Business Premises to Small and Medium Enterprise (“SME”) and Non-SME dated 19 February 2021 revises the previous version of the LHDNM FAQ dated 15 June 2020 as follows:</p> <p>(a) The special deduction is in respect of rental reduction of at least 30% from the existing monthly rental of business premises given to:</p> <ul style="list-style-type: none"> • SME tenants for the months of April 2020 to June 2021; and • Non-SME tenants for the months of January 2021 to June 2021. <p>(b) The SME Status Certificate issued by SME Corporation Malaysia until 30 June 2021 is applicable as verification of the SME status of the SME tenant for the purpose of the special deduction.</p>
FAQ on International Tax Issues due to COVID-19 Travel Restrictions (9 February 2021)	<p>The LHDNM FAQ on International Tax Issues due to COVID-19 Travel Restrictions dated 9 February 2021 updates the previous version of the LHDNM FAQ dated 9 October 2020 as follows:</p> <p>(a) <i>“The movement control order period is from 18 March 2020 as prescribed and extended by the Ministerial order made under S.11 of the Prevention and Control of Infectious Diseases Act 1988 [Act 342] as gazetted from time to time”;</i></p> <p>(b) <i>“Applications for tax treatment based on this FAQ must be referred to the branch that handles the taxpayer’s income tax file. If an income tax file has not been registered, applications should be made to the Non-Resident Branch. Every application for the tax treatment will be reviewed according to the merit of the case. Confirmation of taxability from foreign tax authorities involved may be requested if the need arises”;</i> and</p> <p>(c) For the scenario in FAQ No. 9, one of the conditions to be met is <i>“c. <u>the same</u> employment with the same overseas employer prior to the COVID-19 travel restrictions”.</i></p>

References:

1 - LHDNM FAQ on Special Deduction for Taxpayers who give Rental Reduction for Business Premises to SME and Non-SME (in Bahasa Malaysia only) (19 February 2021);

2 – Extension of the special tax deduction for reduction of rental on business premises to SMEs as announced in the PERMAI Assistance Package (see our [e-CTIM TECH-DT 7/2021](#) dated 20 January 2021); and

3 - [LHDNM FAQ on International Tax Issues due to COVID-19 Travel Restrictions](#) (updated 9 February 2021).

You may write to the Institute at technical@ctim.org.my in respect of any suggestions, concern or comments you may have on the above FAQs.

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