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Tax Espresso – Special Alert

PEMERKASA Plus – Tax-related measures

On 31 May 2021, the Prime Minister announced Program Strategik Memperkasa Rakyat Dan Ekonomi Tambahan (PEMERKASA Plus), valued at RM40 billion as the latest initiative to help alleviate the challenges faced

following the enforcement of Full Movement Control Order (MCO) or total lockdown, running from 1 June 2021 to 14 June 2021.

3 main objectives of PEMERKASA Plus

- Enhancing public health capacity;
- Continuing the Prihatin Rakyat agenda; and
- Supporting business continuity.

Here are the key tax-related measures in supporting business continuity:

1. IRBM to consider appeals against penalty imposition and rescheduling payment of outstanding taxes

To reduce the cash flow burden of taxpayers and affected businesses, the Inland Revenue Board of Malaysia (IRBM) will consider appeals against the imposition of penalties, defer the payment of penalties to year 2022, as well as reschedule payments of outstanding tax.

2. Extension of special tax deduction to any landlord that provides a reduction of rental on business premises to SMEs and non-SMEs

Under the previous initiative by the government, it was proposed that a special tax deduction be given to any taxpayer (company, individual, cooperative or other business and non-business entities) that provides a reduction of rental on business premises to small medium entities (SMEs) or non-SMEs of at least 30% from the original rental rate from 1 April 2020 (or from 1 January 2021 in the case of non-SMEs) to 30 June 2021.

It is proposed that this special deduction will be extended for another 6 months until 31 December 2021.

Effective: 1 April 2020 (or from 1 January 2021 in the case of non-SMEs) to 31 December 2021

[Note: Apart from this, MARA has agreed that the 30% rental discount on business premises given for November 2020 to April 2021, will be extended to July 2021.]

3. Exemption of Stamp Duty on acquisition of residential property extended

Currently acquisition of residential property under the Home Ownership Campaign 2020/2021 (HOC) is given the following stamp duty (SD) exemption:

- On the instruments of transfer: on the first RM1,000,000 of the residential property value; and
- On the loan agreement: full exemption

Among the conditions for exemption are:

- the residential properties must be valued between RM300,000 and RM2,500,000;
- the sales and purchase agreement (SPA) must be executed between 1 June 2020 and 31 May 2021;
- the property developer participating in this HOC must provide at least 10% discount for the property;
- the SPA must be executed between the purchaser and the property developer registered with REHDA, SHAREDADA and SHEDADA; and
- the purchaser must be a Malaysian citizen.

The above SD exemption announced in the previous initiatives by the government has been legislated via the Stamp Duty (Exemption) (No. 3) Order 2020 [P.U.(A) 216/2020] and Stamp Duty (Exemption) (No. 4) Order 2020 [P.U.(A) 217/2020].

It is proposed that the HOC stamp duty exemption be extended to 31 December 2021.

Effective: 1 June 2020 to 31 December 2021

4. Extension of sales tax exemption on passenger vehicles

Currently, a 100% sales tax exemption for locally assembled passenger vehicles and 50% sales tax exemption for imported passenger vehicles are given from 15 June 2020 to 30 June 2021.

It is proposed that the abovementioned sales tax exemption for locally assembled and imported passenger vehicles be extended to 31 December 2021.

Effective: 15 June 2020 to 31 December 2021

5. Exemption from payment of Human Resource Development Fund (HRDF) levy for June 2021

Under PEMERKASA, affected companies in the tourism and retail sectors are exempted from the HRDF levy up to June 2021.

It is proposed that all employers registered with Pembangunan Sumber Manusia Berhad be exempted from the payment of the HRDF levy for the month of June 2021. Employees can also improve their knowledge and skills through the free e-LATiH learning portal with over 400 modules and skills courses.

6. Further extension of Wage Subsidy Program 3.0

Under PEMERKASA, the Wage Subsidy Program 3.0 under the Social Security Organization (SOCSSO) has been extended for another 3 months in a more targeted manner, which includes the tourism sector, wholesale and retail sector, as well as other businesses which were closed during the MCO period, such as gymnasiums and spas. Eligible employers will receive a wage subsidy of RM600 for each employee earning RM4,000 or less, limited to 500 employees per employer.

It is proposed that the Wage Subsidy Program 3.0 be further extended for 1 month until July 2021 to all economic sectors which are affected by the MCO, limited to 500 employees per employer.

Assistance required

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