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Tax Espresso

Latest Guidelines, Gazette Orders, Tax Case and more
February 2022



Greetings from Deloitte Malaysia Tax Services

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Important deadlines:

Task	Deadline	
	28 February 2022	1 March 2022
1. 2023 tax estimates for companies with March year-end		√
2. 6 th month revision of tax estimates for companies with August year-end	√	
3. 9 th month revision of tax estimates for companies with May year-end	√	
4. Statutory filing of 2021 tax returns for companies with July year-end	√	
5. Maintenance of transfer pricing documentation for companies with July year-end	√	
6. 2022 CbCR notification for applicable entities with February year-end	√	

1. Income Tax Amendment Rules 2021 [P.U.(A) 479/2021, 480/2021 and 481/2021]

1. Income Tax (Special Deduction for Reduction of Rental to a Small and Medium Enterprise) (Amendment) Rules 2021 [[P.U.\(A\) 479/2021](#)] and Income Tax (Special Deduction for Reduction of Rental to a Tenant other than a Small and Medium Enterprise) (Amendment) Rules 2021 [[P.U.\(A\) 480/2021](#)] were both gazetted on 27 December 2021.

Both these Rules amended the Income Tax (Special Deduction for Reduction of Rental to a Small and Medium Enterprise) Rules 2021 [P.U.(A) 353/2021] and Income Tax (Special Deduction for Reduction of Rental to a Tenant other than a Small and Medium Enterprise) Rules 2021 [P.U. (A) 354/2021] respectively to give effect to the proposed extension of qualifying period on special tax deduction for reduction of rental of business premises from December 2021 to June 2022, announced in the National Budget 2022.

The above Rules are effective from 1 January 2022.

2. [P.U.\(A\) 481/2021](#) – Income Tax (Costs of Renovation and Refurbishment of Business Premise) (Amendment) Rules 2021 [Gazetted on 27 December 2021 and has effect from the year of assessment (YA) 2022]

These Rules amended the Income Tax (Costs of Renovation and Refurbishment of Business Premise) Rules 2020 [P.U. (A) 381/2020] to legislate the proposed extension of the special tax deduction on costs of renovation and refurbishment of business premises for another year until 31 December 2022, announced in the National Budget 2022.

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2. Stamp Duty (Exemption) (No. 18) Order 2021 [P.U.(A) 502/2021]

[P.U.\(A\) 502/2021](#) (the Order) was gazetted on 31 December 2021 and is deemed to have come into operation on 1 July 2021 to legislate the stamp duty exemption given on instruments in relation to an approved merger or acquisition executed by small and medium enterprises (SMEs), as announced in the National Budget 2022 [[Deloitte Malaysia Tax Espresso \(Special Edition\) - Highlights of Budget 2022: Part I](#)].

Below are the qualifying conditions for an exemption under the Order:

- 1) The stamp duty exemption shall be subject to the condition that the merger or acquisition is approved by the Ministry of Entrepreneur Development and Cooperatives from 1 July 2021 but not later than 30 June 2022.
- 2) The exemption from stamp duty shall apply to instruments in relation to an approved merger or acquisition executed by the SMEs on or after 1 July 2021 but not later than 31 December 2022.

Please refer to the [Order](#) for full details.

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3. Income Tax (Exemption) (No. 12) Order 2021 [P.U.(A) 478/2021]

[P.U.\(A\) 478/2021](#) (the Order) was gazetted on 27 December 2021, with effect from YA 2020 until YA 2025 to legislate the proposed tax incentive for promoters organising arts, cultural, sports, and recreational activities in Malaysia as announced in the National Budget 2020.

According to the Order:

1. The Minister exempts a promoter of any arts or cultural activities or sports or recreational competition of international standard from the payment of income tax on fifty per cent of the statutory income derived from the organisation of such activities provided that:
 - (a) the arts or cultural activities are held in Malaysia at the Istana Budaya, National Visual Arts Gallery or Petronas Philharmonic Hall; or

- (b) the sports or recreational competition of international standard is held in Malaysia.
2. The promoter shall not be absolved or deemed to be absolved from complying with any requirement to submit any return or statement of accounts or to furnish any other information under the Income Tax Act 1967 (ITA).
3. The promoter shall also maintain a separate account for the income derived from the organisation of any arts or cultural activities or sports or recreational competition of international standard in Malaysia.
4. Paragraphs 5 and 6 of Schedule 7A to the ITA shall apply, mutatis mutandis, to the statutory income that is exempted.

Interpretation

For the purpose of the Order:

- “arts or cultural activities” means a stage performance approved by the Ministry of Tourism, Arts and Culture and organised with participation of foreign nationals who have performed at least three performances in any countries other than their own;
- “promoter” means a company incorporated under the Companies Act 2016 [Act 777], or a society or organisation registered under the Societies Act 1966 [Act 335]; and
- “sports or recreational competition of international standard” means any sporting event or recreational activity approved by the Ministry of Youth and Sports and organised in any form with the participation of foreign nationals from a number of countries.

Please refer to the [Order](#) for more details.

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4. Income Tax Exemption on Income derived from Export of Private Health Care Services

The Income Tax (Exemption) (No. 9) 2002 (Amendment) Order 2021 [[P.U.\(A\) 499/2021](#)] (the Amendment Order) was gazetted on 31 December 2021. The Amendment Order amended the Income Tax (Exemption) (No. 9) Order 2002 [P.U. (A) 57/2002] to remove private health care from the list of qualifying services eligible for exemption with effect from YA 2021.

Subsequently, [P.U.\(A\) 501/2021](#) (the Order) was gazetted on 31 December 2021 as a consequence to the amendment made to the Income Tax (Exemption) (No. 9) Order 2002 [P.U. (A) 57/2002] as stipulated in the Amendment Order, with a view to extend the exemption on income derived from providing private health care services to foreign clients either in or from Malaysia from YA 2021 until YA 2022 as announced in the National Budget 2021.

According to [the Order](#):

- 1) The Minister exempts a Malaysian resident from the payment of income tax in respect of income derived from the export of private health care services equivalent to 100% of the value of increased exports in the basis period for a YA, subject to meeting the following conditions:
 - (a) at least 10% of its total patients consist of foreign client who have obtained private health care services in each YA; and
 - (b) at least 10% of its gross income is derived from the foreign client who have obtained private health care services in each YA.
- 2) The income tax exemption is given at the statutory income level equivalent to 100% of the value of the increase in exports of services but limited to 70% of the statutory income derived from the private health care services business and shall be determined after deducting allowances under Schedule 3 of the Income Tax Act 1967 (the Act) notwithstanding that no claim for such allowances has been made.

- 3) Where an asset used for the purpose of the private health care services business is also used for the purpose of a business other than that business, the allowances under Schedule 3 of the Act shall be deducted as is reasonable having regard to the extent to which the asset is used for the purpose of the first mentioned business.
- 4) The Order shall not absolve or deemed to have absolved the resident person from complying with any requirement to submit any return or statement of accounts or to furnish any other information under the provision of the Act.
- 5) Where by reason of the restriction of 70% of the statutory income or of an insufficiency or absence of statutory income from a business of the person in the basis period for a YA, exemption cannot be granted or granted in full to the amount of the determined value of the increased exports to which the person is entitled for that YA, then so much of that amount or the aggregate amount as cannot be granted for that year shall be granted to the person for the first subsequent YA in the basis period for which there is statutory income from that business, and for subsequent YAs until the person has received the whole of that amount or the aggregate amount to which the person is so entitled.
- 6) A resident person who is entitled for the exemption shall maintain a separate account for the income derived from the private health care services business.
- 7) Paragraphs 5 and 6 of Schedule 7A to the Act shall apply, mutatis mutandis, to the amount of income exempted.
- 8) The above tax exemption shall not apply to a resident person who has been granted the following:
 - i. incentives (except for deductions for promotion of exports) under the Promotion of Investments Act 1986 [Act 327];
 - ii. investment allowance under Schedule 7B of the Act;
 - iii. exemption under Sections 127(3)(b) or 127(3A) of the Act in respect of an approved service project; or
 - iv. exemption under the Income Tax (Exemption) (No. 9) Order 2002 [P.U. (A) 57/2002].

Please refer to [the Order](#), and the [Amendment Order](#) for more details.

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5. Stamp Duty (Exemption) (No. 17) Order 2021 [P.U.(A) 487/2021]

[P.U.\(A\) 487/2021](#) (the Order) was gazetted on 28 December 2021 and has effect from 1 January 2022 to legislate the proposed stamp duty exemption on P2P loan/financing agreements made between MSMEs and investors as announced in the National Budget 2022 which is in line with the Government's effort to encourage MSMEs to increase their business capital and to reduce their cost of financing through P2P alternative financing.

According to the Order:

1. The Minister grants stamp duty exemption on the instrument of investment note or Islamic investment note for peer to peer financing (P2P) executed by micro enterprises, or small and medium enterprises (MSMEs) or executed between MSMEs and investor, or a person authorised to act on behalf of the investor from 1 January 2022 until 31 December 2026 on condition that the P2P platform is operated by a P2P operator registered with the Securities Commission Malaysia.
2. Interpretation

For the purpose of the Order:

- "micro enterprises" or "small and medium enterprises" means micro enterprises or small and medium enterprises as may be determined by the National Entrepreneur and Small and Medium Enterprises Development Council established under Section 2A of the Small and Medium Industries Development Corporation Act 1995 [Act 539];
- "P2P platform" means an electronic platform that directly or indirectly facilitates the issuance, execution or offering of an investment note or an Islamic investment note specified in the Guidelines on Recognised Markets issued or revised from time to time by the Securities Commission Malaysia; and

- “investment note” or “Islamic investment note” has the same meaning assigned to it under the Capital Markets and Services (Prescription of Securities and Islamic Securities) (Investment Note and Islamic Investment Note) Order 2016 [P.U. (A) 126/2016].

Please refer to the [Order](#) for full details.

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6. Income Tax (Deduction for The Sponsorship of Scholarship to Malaysian Students Pursuing Studies at the Technical and Vocational Certificate Levels) Rules 2021 [P.U.(A) 503/2021]

[P.U.\(A\) 503/2021](#) (the Rules) was gazetted on 31 December 2021 and is deemed to have effect from YA 2015 to legislate the proposed extension of double deduction for scholarship in relation to vocational and technical field as announced in the National Budget 2015.

According to [the Rules](#):

1. A resident company incorporated under the Companies Act 2016 [Act 777] will be allowed a double deduction in ascertaining its adjusted business income in a basis period for a YA on expenses incurred and paid by that company for sponsoring scholarship in accordance with the period of the relevant sponsorship agreement executed with a student between the period of 11 October 2014 and 31 December 2016.
2. The student refers to an individual:
 - (a) who is a Malaysian citizen and resident in Malaysia;
 - (b) who receives full-time course of study at technical and vocational certificate levels in an institution;
 - (c) who has no means of his own; and
 - (d) whose parents or guardians have a total monthly income not exceeding RM5,000.
3. The expenses incurred and paid by the company for sponsoring scholarship to the student consist of:
 - (a) payment required by the relevant institution relating to the course of study; and
 - (b) educational aid and reasonable cost of living expenses throughout the student’s period of study at the relevant institution.
4. Where the total amount of any expenses which would have been allowed as a deduction under the Rules exceeds the amount which in the opinion of the Director General of Inland Revenue (DGIR) would reasonably be expected to be incurred in the ordinary course of business, the DGIR may, to the extent of that excess, disallow that amount as a deduction under the Rules.
5. Any amount refunded by the student to the company shall, when received, be treated as gross income of that company from the business derived from Malaysia in the basis period for that YA.

Please refer to [the Rules](#) for more details.

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7. Income Tax (Deduction for Expenditure in relation to Vendor Development Programme) Rules 2022 [P.U.(A) 2/2022]

[P.U.\(A\) 2/2022](#) (the Rules) was gazetted on 6 January 2022 to legislate the proposed extension of tax incentives for anchor companies under the Vendor Development Programme to cover Memorandum of Understandings (“MOUs”) signed during the calendar years 2021 to 2025 and to increase the deduction limit from RM300,000 to RM500,000 per year as announced in the National Budget 2022. The Rules are effective from YA 2021.

The Vendor Development Programme is a programme approved by the Minister of Entrepreneur Development and Cooperatives (MEDAC), to be implemented by an anchor company in developing a new vendor company or strengthening the development of existing vendor company, at both domestic and international levels.

According to the [Rules](#):

1. An anchor company will be allowed a double deduction of the qualifying expenditure up to RM500,000 incurred by that anchor company in ascertaining its adjusted business income for each YA for a period of three consecutive YAs commencing from the YA in the basis period of which the first expenditure is incurred in carrying out the following activities in relation to the Vendor Development Programme:
 - i. activities in relation to product development namely product quality development, product innovation or research and development;
 - ii. activities in relation to capability improvement namely certification programme, assessment programme or business process re-engineering; or
 - iii. activities in relation to human capital namely hard skill training, lean management, financial management system or capacity building.
2. The expenditure entitled for double deduction shall be verified by the MEDAC and shall not include capital expenditure incurred on plant, machinery, fixtures, land, premises, buildings, structures or works of a permanent nature or on alterations, additions or extensions thereof or in the acquisition of any rights in or over any property, incurred by the anchor company.
3. For the purpose of qualifying for the incentive under the Rules:
 - (a) The anchor company and vendor company must be a resident in Malaysia and incorporated or deemed to be registered under the Companies Act 2016 [Act 777].
 - (b) The anchor company has signed an MOU with the MEDAC under the Vendor Development Programme from 1 January 2021 until 31 December 2025 and participates in the Vendor Development Programme.
 - (c) The vendor company must be a manufacturer or supplier of components, or service provider of the anchor company under the Vendor Development Programme.

Please refer to the [Rules](#) for more details.

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8. Income Tax (Conditions for the Grant of Rebate under Subsection 6D(4)) Order 2021 [P.U.(A) 504/2021]

[P.U.\(A\) 504/2021](#) (the Order) was gazetted on 31 December 2021 and has effect from YA 2021 to specify the conditions imposed under Section 6D(4) of the Income Tax Act 1967 (ITA) for the purposes of the grant of tax rebate under Section 6D of the ITA.

Tax rebate under Section 6D

A resident company or limited liability partnership (LLP) incorporated / registered in Malaysia with paid-up capital or contribution of capital not exceeding RM2.5 million at the beginning of the basis period for a YA, which commenced operation on or after 1 July 2020 but not later than 31 December 2021, and has gross income from a business not exceeding RM50 million for the basis period for a YA, may be granted a tax rebate for three consecutive years from the YA in which the company or LLP first commences operation in an amount equivalent to its operating or capital expenditure which it has incurred limited to a maximum amount of RM20,000 for each YA.

First basis period ends in 2020

Where a qualifying company or qualifying LLP first commenced operation on or after 1 July 2020 and its basis period ended on or before 31 December 2020, a rebate may be granted in accordance with the Order for the YA 2021 and YA 2022 only.

Conditions imposed under Section 6D(4)

For the purposes of the grant of rebate under Section 6D of the ITA, a qualifying company or a qualifying LLP shall comply with the following conditions:

- (a) a qualifying company or a qualifying LLP shall not own or be owned directly or indirectly by a related company or related LLP which has a paid-up capital in respect of ordinary shares or contribution of capital (whether in cash or in kind) of more than RM2.5 million at the beginning of the basis period for a YA;
- (b) the operations of the qualifying company or qualifying LLP shall be carried out in different premises from its related company or its related LLP;
- (c) the qualifying company or qualifying LLP shall not use the plant, equipment, and facility owned by its related company or its related LLP or which has been disposed of to the qualifying company or qualifying LLP by its related company or its related LLP;
- (d) the employees of the qualifying company or qualifying LLP, except for its Chief Executive Officer and director, shall be different from its related company or its related LLP;
- (e) the business activity carried out by the qualifying company or qualifying LLP shall be:
 - (i) different from its related company or its related LLP; or
 - (ii) different from a sole proprietorship where the sole proprietorship is converted to a company or an LLP;
- (f) the qualifying company or qualifying LLP shall not be a result of a merger or acquisition of two or more companies or LLPs which have a paid-up capital in respect of ordinary shares or contribution of capital (whether in cash or in kind) of RM2.5 million and less at the beginning of the basis period for a YA and gross income from a source or sources consisting of its business not exceeding RM50 million in the basis period for that YA; and
- (g) the qualifying company or qualifying LLP is not a partnership or company which has been converted into an LLP in accordance with Sections 29 or 30 of the Limited Liability Partnerships Act 2012 [Act 743].

Please refer to the [Order](#) for full details.

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9. Income Tax (Deduction for Investment in a Project of Commercialisation of Research and Development Findings) Rules 2022 [P.U.(A) 3/2022]

[P.U.\(A\) 3/2022](#) (the Rules) was gazetted on 6 January 2022 to legislate the proposed tax incentive for investor company on the commercialisation of research and development (R&D) findings as announced in the National Budget 2021. The Rules are deemed to be in operation from 7 November 2020.

According to the Rules:

1. A resident company incorporated under the Companies Act 2016 shall be allowed a deduction in arriving at its adjusted business income in the basis period for a YA on the value of investment made in relation to financing a project on commercialisation of R&D findings in a related company in the basis period for that YA.
2. The value of investment that is eligible for a deduction:
 - (a) shall be equivalent to the expenditure incurred by the related company for the operation of its commercialisation activity and asset used for that activity in the basis period for the same YA; and
 - (b) shall not be disposed of within 5 years from the date of the last investment made, if such investment is in the form of holding of paid-up share capital in respect of the ordinary shares.

3. Where a company claims a deduction on investment made in the related company for the purpose of commercialisation activity in the form of holding of paid-up share capital in respect of ordinary shares disposes the shares within 5 years from the date of the last investment, the amount of consideration received for the disposal of the shares shall be added in ascertaining that company's adjusted business income for the basis period in a YA in which that amount is received.
4. To qualify for the deduction mentioned above, the company claiming that deduction shall satisfy the following conditions:
 - (a) the application for approval for the project of commercialisation shall be received by the Malaysian Investment Development Authority (MIDA) from 7 November 2020 until 31 December 2025;
 - (b) the company is incorporated in Malaysia under the Companies Act 2016; and
 - (c) the project of commercialisation shall commence within one year from the date of approval issued by the MIDA.
5. The deduction shall cease in the basis period for a YA in which the tax exemption period of the related company commences as determined by the Minister of Finance or the Minister of International Trade and Industry, as the case may be.

Please refer to the [Rules](#) for full details.

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10. LHDNM – Frequently asked questions (FAQ) on implementation of tax identification number (TIN)

Further to the 2022 Budget announcement on the implementation of tax identification number (TIN), the Inland Revenue Board of Malaysia (LHDNM) has issued the [FAQ](#) on the implementation of TIN dated 31 December 2021.

The FAQ includes questions and answers under the following sections:

- A – General
- B – Implementation of TIN under the Income Tax Act (ITA) 1967
- C – Implementation of TIN under the Real Property Gains Tax Act (RPGTA) 1976
- D – Implementation of TIN under the Stamp Act 1949

The implementation of TIN is effective from 1 January 2022 according to the new provision under Section 66A of the ITA 1967, Section 57B of the RPGTA 1976, and Section 77C of the Stamp Act 1949. TIN is the income tax number (e.g. SG/OG/C tax file no.) of taxpayers as per the LHDNM's existing records. The income tax number assigned to any taxpayer before or on 1 January 2022 is deemed to be the TIN for that taxpayer. Taxpayers are required to have an income tax number if they are assessable and chargeable to tax or are required to furnish a return.

The income tax number can be obtained by registration as follow:

- Online through e-Daftar at <https://mytax.hasil.gov.my>; or
- Manually by submitting the registration form to the nearest LHDNM branch.

The LHDNM will also provide the income tax number through automatic registration as follow:

- Registering income tax number for individuals through monthly tax deduction (MTD); or
- Newly incorporated company (local or foreign company) that has registered online with the Companies Commission of Malaysia (SSM) through the MyCoID portal.

The income tax number for individuals can be checked via this [link](#).

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11. Income Tax (Accelerated Capital Allowance) (Excursion Bus) (Amendment) Rules 2022 [P.U.(A) 9/2022]

[P.U.\(A\) 9/2022](#) (the Amendment Rules) was gazetted on 11 January 2022 and has effect from the YA 2022. The Amendment Rules amended the Income Tax (Accelerated Capital Allowance) (Excursion Bus) Rules 2021 [[P.U. \(A\) 291/2021](#)] to legislate the proposed extension of timeframe to claim Accelerated Capital Allowance (ACA) for the purchase of new locally assembled excursion buses for 3 years, up to YA 2024 as announced in the National Budget 2022.

Below are the qualifying conditions:

- (a) The resident licensed tour operator who is a holder of the tourism vehicle licence issued under the Land Public Transport Act 2010 [Act 715] or the Tourism Vehicles Licensing Act 1999 [Act 594] shall incur capital expenditure for the purchase of an excursion bus as the first registered owner in the basis period for a YA from a source consisting of his business in relation to the tour operations.
- (b) The excursion bus purchased by the resident licensed tour operator shall:
 - i. be used exclusively for the conveyance of tourists pursuant to the Land Public Transport Act 2010 or the Tourism Vehicles Licensing Act 1999;
 - ii. be assembled or constructed in Malaysia pursuant to Motor Vehicles (Registration and Licensing) Rules 1959 [L.N. 173/1959];
 - iii. not be a recondition excursion bus; and
 - iv. be acquired within the period of YA 2020 until YA 2024.

Please refer to the [Amendment Rules](#) and [P.U. \(A\) 291/2021](#) for more details.

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12. Tax case – Deductibility of the payments made for the release of Bumiputera units

Taman Equine (M) Sdn Bhd V Ketua Pengarah Hasil Dalam Negeri (HC)

This was an appeal filed by the appellant, Taman Equine (M) Sdn Bhd, against the Director General of Inland Revenue Board of Malaysia (DGIR) for the decision of the Special Commissioners of Income Tax (SCIT), as contained in the Deciding Order (DO) dated 27 September 2019.

Issues:

1. Whether payments made by the taxpayer to Lembaga Perumahan dan Hartanah Selangor (LPHS) to obtain the release of Bumiputera quota are deductible under Section 33(1) of the Income Tax Act, 1967 (ITA); and
2. Whether the penalties imposed on the taxpayer under Section 113(2) of the ITA at the rate of 25% on the additional assessments raised for the YAs 2011, 2012, and 2013 were correct and reasonable.

Decision:

The High Court (HC) overturned the SCIT's decision and allowed the taxpayer's appeal on all issues with the following grounds of judgement:

1. The SCIT's decision in the case of *Prima Nova Harta Development Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri* (Case No.: WA-14-7-12/2019) and *Sovereign Teamwork (M) Sdn Bhd v Director General of Inland Revenue* (Case No. WA-14-1-01/2020) have been overturned by the HC. The decisions of HC in the respective cases provide certainty that the expenditure incurred by the taxpayer for the release of the Bumiputera units is deductible under Section 33(1) of the ITA as it directly generates taxpayer's income in relation to taxpayer's principal business activity as a property developer.
2. The HC ruled that without making the payment, the taxpayer is unable to sell the unsold Bumiputera units to non-Bumiputera buyers, therefore, hindering taxpayers from generating income. The case *Inland Revenue v Carron Company 1968 SC (HL) 47* and *Director General of Inland Revenue v Kulim Rubber Plantations Ltd* demonstrates that a

payment made to remove an obstacle to profitable trading is deductible, as there is no new asset created or enduring benefit acquired. Therefore, such payment is regarded as revenue in nature.

3. The Bumiputera units built by the taxpayer are regarded as circulating capital (stock-in-trade) of the taxpayer's business as opposed to a fixed capital. The case *L Sdn Bhd v Comptroller General of Inland Revenue* highlights that expenditure relating to circulating capital, will be deductible under Section 33(1) of the ITA.
4. Such payments can also be deductible under Section 44(6) of the ITA which explicitly provides that any gift of money made in the basis year to a State Government or local authority is deductible for that year in arriving at the total income. Thus, the payment being a contribution to the State Government for each Bumiputera unit released, can be regarded as a gift or contribution in nature under Section 44(6) of the ITA.
5. The HC is of the view that the SCIT had failed to appreciate that nowhere in Section 39(1) of the ITA stipulates that the payment made to release the Bumiputera units is non-deductible. Therefore, when there is no express provision stipulating that expenses such as the payment made to release the Bumiputera units herein is non-deductible, it is trite, more so in tax law, that one can only look at what is clearly stated in the ITA and nothing is to be read in nor implied.
6. The payment made to the State Government to release the Bumiputera units, which consist of 10% refund for the Bumiputera quota and 5% penalty for violating the terms of the quota, cannot be considered as a penalty in the sense of it being a punishment, as the taxpayer did not release the Bumiputera units to generate income before obtaining the approval from the State Government. Therefore, no violation of law is found to be committed by the taxpayer, hence, such payment is incidental to the taxpayer's business and it is deductible.
7. No penalty shall be imposed under Section 113(2) of the ITA as the taxpayer had at all times acted in good faith, gave full co-operation throughout the course of the audit by providing all the requested documents and information, made full and frank disclosure and obtained professional advice in managing its finance and tax affairs. The taxpayer did not file an incorrect return by omitting or understating its income or gave any incorrect information relating to matters affecting its chargeability to tax. The taxpayer had taken a reasonable and genuine position in submitting its returns.

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13. Updated public rulings

The Inland Revenue Board of Malaysia uploaded the following public rulings on its website recently:

- i. Notification of Change of Accounting Period By A Company / Limited Liability Partnership / Trust Body / Co-Operative Society [[PR 6/2021](#)] – updated [PR 8/2019](#) issued on 6 December 2019;
- ii. Taxation of Partnerships Part I - Determination of the Existence of a Partnership [[PR 7/2021](#)];
- iii. Taxation of Partnerships Part II - Computation And Allocation of Income [[PR 8/2021](#)];
- iv. Private Retirement Scheme [[PR 9/2021](#)] – updated [PR 9/2014](#) issued on 24 December 2014;
- v. Tax Treatment of Research and Development Expenditure Part II - Special Deductions [[PR 10/2021](#)] – this PR must be read together with [PR 5/2020](#); and
- vi. Bilateral Credit and Unilateral Credit [[PR 11/2021](#)] – updated PR [11/2011](#) issued on 20 December 2011.

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We invite you to explore other tax-related information at:

<http://www2.deloitte.com/my/en/services/tax.html>

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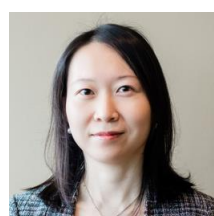
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Chee Ying Cheng



Tham Lih Jiun



Thin Siew Chi



Tan Eng Yew



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Mark Chan



Toh Hong Peir



Ng Lan Kheng



Thean Szu Ping



Suzanna Kavita



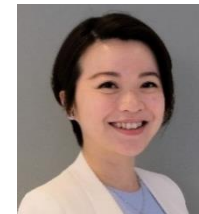
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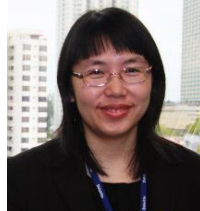
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