



Crowe Chat

Vol.14/November 2020

Tax

Audit / Tax / Advisory

Smart decisions. Lasting value.

Table of Contents

- 01 | **Public Ruling (PR) 7/2020 – Appeal Against An Assessment And Application For Relief**
- 02 | **PR 8/2020 – Taxation Of A Resident Individual Part I - Gifts Or Contributions And Allowable Deductions**
- 03 | **Income Tax Exemption On Financial Assistance Received Under The Employment Retention Program**
- 04 | **Service Tax Update – Group Relief For Taxable Services**
- 05 | **An Article On “Maximising Your Individual Tax Reliefs”**

1. PR 7/2020 – Appeal Against An Assessment And Application For Relief

Introduction

Section 99 of the Income Tax Act, 1967 (ITA) provides that a taxpayer who is aggrieved by an assessment which has been made on him for any year of assessment (YA) by the Director General of Inland Revenue (DGIR) is entitled to appeal against that assessment.

Previous PR

The previous [PR 12/2017 - Appeal Against An Assessment And Application For Relief](#) was issued on 29 December 2017 and was last amended on 25 September 2018.

New PR

The Inland Revenue Board of Malaysia (IRBM) issued [PR 7/2020 - Appeal Against An Assessment And Application For Relief](#) on 7 October 2020.

1. PR 7/2020 – Appeal Against An Assessment And Application For Relief

Details of new PR

The objective of this PR is to explain the procedures with regard to appeal and application for relief in line with the provisions of the ITA including the procedures for submission of the Notice of Appeal (Form Q) and the Notice of Late Appeal (Form N).

The salient changes in this new PR are:

- appeal against best judgement assessment; and
- limitation of period for application of extension of time (Form N).



1. PR 7/2020 – Appeal Against An Assessment And Application For Relief



Details of new PR (cont'd)

Appeal Against Best Judgement Assessment under Subsection 90(3) of the ITA

Effective YA 2019, if the best judgement assessment has been made under subsection 90(3) of the ITA against a company, limited liability partnership, trust body or co-operative who fails to submit the Income Tax Return Form, the appeal against the best judgement assessment shall be made by submitting **Form Q together with the Income Tax Return Form** for the YA involved not later than thirty (30) days after the notice of assessment has been served.



If the best judgement assessment has been made against a person **other than a company, limited liability partnership, trust body or cooperative society**, the appeal shall be made by submitting Form Q not later than thirty (30) days after the notice of assessment has been served.

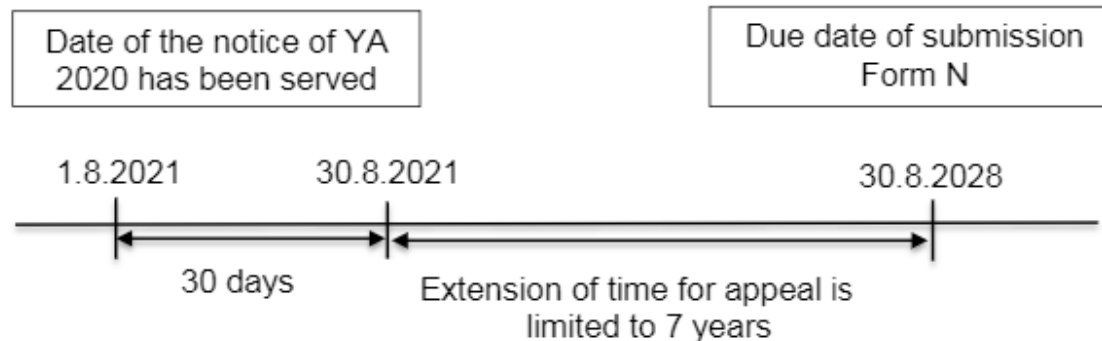
1. PR 7/2020 – Appeal Against An Assessment And Application For Relief

Details of new PR (cont'd)

Limitation of Period for Application of Extension of Time (Form N)

Effective YA 2020, Section 100 of the ITA provides that the application of extension of time (Form N) to the DGIR must be furnished within seven (7) years from thirty (30) days after the notice of assessment was served.

An example on the limitation period is as follows:



2. PR 8/2020 – Taxation Of A Resident Individual Part I - Gifts Or Contributions And Allowable Deductions

Introduction

In ascertaining the total income of a tax resident individual, gifts and / or contributions made by an individual to the government and approved institutions or organisations are allowed as deductions from his aggregate income. Certain deductions are also allowed to be deducted from the total income in determining the chargeable income of an individual.

Previous PR

The previous [PR 4/2018 - Taxation Of A Resident Individual Part I - Gifts Or Contributions And Allowable Deductions](#) was issued on 13 September 2018.

New PR

The Inland Revenue Board of Malaysia (IRBM) issued [PR 8/2020 – Taxation Of A Resident Individual Part I - Gifts Or Contributions And Allowable Deductions](#) on 9 October 2020.

2. PR 8/2020 – Taxation Of A Resident Individual Part I - Gifts Or Contributions And Allowable Deductions

Details of New PR

The new PR has been updated to take into account the changes in law in the YA 2019 and YA 2020:

Changes	Effective
Restriction on deduction of gifts and/or contributions made by an individual to the government and approved institutions or organisations is increased from 7% to 10% of the aggregate income.	From YA 2020
Subsection 44(11D) of the ITA was introduced to allow a deduction in respect of gift of money in the form of wakaf or endowment.	From YA 2020
Medical expenses for serious disease treatment is extended to include fertility treatment.	From YA 2020
Maximum amount of deduction for child care fees is increased from RM1,000 to RM2,000.	From YA 2020
Maximum amount of deduction for net contribution into the SSPN account is increased from RM6,000 to RM8,000.	For YAs 2019 and 2020
Maximum amount of deduction for payment of insurance premium and contribution to an approved scheme is increased from RM6,000 to RM7,000.	From YA 2019

3. Income Tax Exemption On Financial Assistance Received Under The Employment Retention Program

Introduction

The Employment Retention Programme (ERP) was introduced under the PRIHATIN economic stimulus package as an immediate financial assistance for employees who have been given notice to take unpaid leave due to the COVID-19 pandemic. Employees earning wages not exceeding RM 4,000 a month who agreed to take unpaid leave with their employers and participate in the ERP may receive financial assistance of RM600 for a period of up to six (6) months. The funds are channelled from SOCSO to the employees through the employer's account.

New Exemption Orders

[Income Tax \(Exemption\) \(No. 4\) Order 2020](#) and [Income Tax \(Exemption\) \(No. 5\) Order 2020](#) were gazetted on 22 October 2020.

Details of New Exemption Orders

Employers are exempted from the payment of tax in respect of any financial assistance fund received under the ERP.

4. Service Tax Update – Group Relief For Taxable Services

Introduction

With effect from 1 January 2020, group relief is granted even though the taxable service is provided to a third party outside of the same group of the companies, with a condition that the total value of taxable services to third party outside the same group of companies does not exceed 5% of the total value of services provided by the company within a period of twelve (12) months.

Updated Service Tax Guide

The Royal Malaysian Customs Department (RMCD) published the updated [Guide on Professional Services](#) on 6 October 2020.

Details of Updated Service Tax Guide

Further clarification has been provided by the RMCD on the calculation of the 5% of the total value of taxable services where the taxable services here mean the total value of the “same taxable service” instead of ALL the taxable services provided by the Company.



4. Service Tax Update – Group Relief For Taxable Services

Details of Updated Service Tax Guide (cont'd)

For illustration purposes, the following table represents the value of the taxable services provided by Company XYZ to the company within the same group of the companies and third party:

Value of taxable services	Company within the group (RM)	Third party (RM)
Information Technology (IT) services	500,000	10,000
Management services	150,000	50,000

With reference to the above scenario, since there are two (2) types of taxable services provided by Company XYZ, the calculation of the 5% rule should be based on each type of the taxable services provided by Company XYZ.

4. Service Tax Update – Group Relief For Taxable Services

Details of Updated Service Tax Guide (cont'd)

IT Services

Since the total value of the IT services provided to the third party is not more than 5% of the total value of IT services (i.e. 1.96% or RM10,000 / RM510,000), the IT services provided by Company XYZ to the company within the group of the companies is **entitled to the group relief**.

Management Services

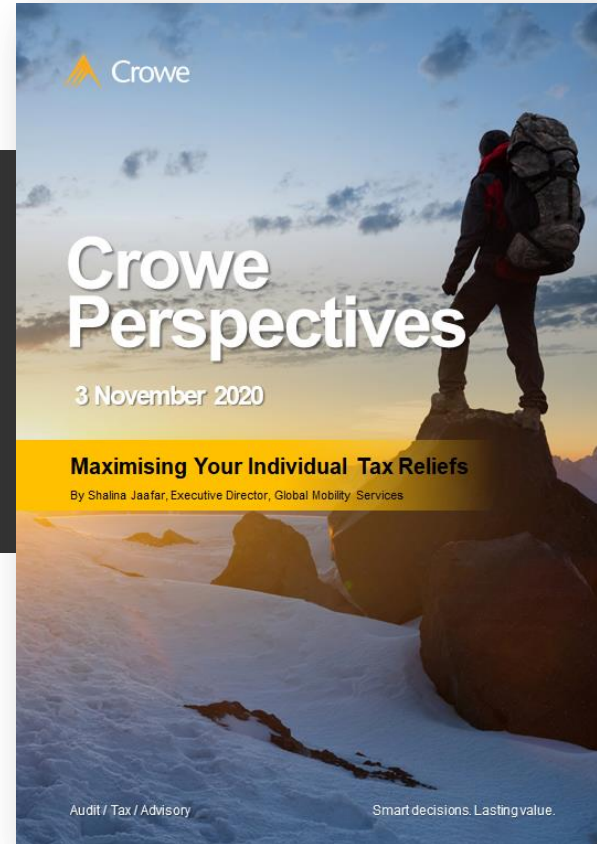
Since the total value of the management services provided to the third party is more than 5% of the total value of management services (i.e. 25% or RM50,000 / RM200,000), the management services provided by Company XYZ to the company within the group of companies and the third party is **not entitled to the group relief**.

In view of the above, companies are advised to review this 5% of the total value of taxable services on a monthly basis.

Maximising Your Individual Tax Reliefs

By **Shalina Jaafar**,
Executive Director, Global Mobility Services

[Read more](#)



Start the Conversation with Us

Corporate Tax Compliance

Foo Meng Huei
Executive Director
menghuei.foo@crowe.my
+603 2788 9898 Ext 2501

Voon Yuen Hoong
Executive Director
yuenhoong.voon@crowe.my
+603 2788 9898 Ext 2522

Wong Man Yee
Executive Director
manyee.wong@crowe.my
+603 2788 9898 Ext 2519

Liza Ooi Yap Lin
Director
liza.ooi@crowe.my
+603 2788 9898 Ext 2557

Tax Advisory

Chong Mun Yew
Executive Director
munyew.chong@crowe.my
+603 2788 9898 Ext 2523

Mervyn Ong Hean Chong
Executive Director
mervyn.ong@crowe.my
+603 2788 9898 Ext 2587

Indirect Tax

Fam Fui Chien
Manager
fuichien.fam@crowe.my
+603 2788 9898 Ext 2504

Business Outsourcing

Esther Chan
Manager
esther.chan@crowe.my
+603 2788 9898 Ext 2546

Transfer Pricing

Song Sylvia
Executive Director
sylvia.song@crowe.my
+603 2788 9898 Ext 2514

Global Mobility Services

Shalina Binti Jaafar
Executive Director
shalina.jaafar@crowe.my
+603 2788 9898 Ext 2505



Our Offices (West Malaysia)

Kuala Lumpur

Level 16, Tower C,
Megan Avenue 2,
12 Jalan Yap Kwan Seng,
50450 Kuala Lumpur,
Malaysia

+603 2788 9999 Main
+603 2788 9899 Fax

Contact: Poon Yew Hoe
Email: yewhoe.poon@crowe.my

Klang

Suite 50-3, Setia Avenue,
No. 2, Jalan Setia Prima SU13/S,
Setia Alam, Seksyen U13,
40170 Shah Alam,
Selangor, Malaysia

+603 3343 0730 Main
+603 3344 3036 Fax

Contact: Michael Ong
Email: michael.ong@crowe.my

Penang

Level 6, Wisma Penang Garden,
42 Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia

+604 227 7061 Main
+604 227 8011 Fax

Contact: Eddy Chan
Email: eddywaihun.chan@crowe.my

Johor Bahru

E-2-3 Pusat Komersial Bayu Tasek,
Persiaran Southkey 1,
Kota Southkey, 80150 Johor Bahru,
Johor, Malaysia

+607 288 6627 Main
+607 338 4627 Fax

Contact: Patrick Wong
Email: patrick.wong@crowe.my

Melaka

52 Jalan Kota Laksamana 2/15,
Taman Kota Laksamana, Seksyen 2,
75200 Melaka, Malaysia

+606 282 5995 Main
+606 283 6449 Fax

Contact: Patrick Wong
Email: patrick.wong@crowe.my

Muar

8, Jalan Pesta 1/1,
Taman Tun Dr. Ismail 1,
Jalan Bakri, 84000 Muar,
Johor, Malaysia

+606 952 4328 Main
+606 952 7328 Fax

Contact: Ng Kim Kiat
Email: kimkiat.ng@crowe.my

Ipoh

A-2-16, 2nd Floor, Wisma MFCB
1, Persiaran Greentown 2
Greentown Business Centre
30450 Ipoh
Perak Darul Ridzuan
Malaysia

+605 238 0411 Main

Contact: Choong Kok Keong
Email: kokkeong.choong@crowe.my



Our Offices (East Malaysia)

Kuching- iCom Square

2nd Floor, C378, Block C,
iCom Square,
Jalan Pending,
93450 Kuching, Sarawak, Malaysia

+6082 552 688 Main
+6082 266 987 Fax

Contact: Kenny Chong
Email: kenny.chong@crowe.my

Kuching- Brighton Square

2nd Floor, Lots 11994 - 11996,
Brighton Square,
Jalan Song,
93350 Kuching, Sarawak, Malaysia

+6082 285 566 Main
+6082 285 533 Fax

Contact: Eddie Wee
Email: eddie.wee@crowe.my

Miri

Lot 2395, Block 4,
Bulatan Business Park,
Jalan Bulatan Park,
98000 Miri, Sarawak, Malaysia

+6085 658 835 Main
+6085 655 001 Fax

Contact: Matthew Wong
Email: matthew.wong@crowe.my

Bintulu

1st floor, Lot 4542-4543,
Jalan Abang Galau Shophouse,
Kampung Masjid, 97000
Bintulu, Sarawak, Malaysia

+6086 333 328 Main
+6086 334 802 Fax

Contact: Lau Hin Siang
Email: hinsiang.lau@crowe.my

Sibu

1st & 2nd Floor, No. 1 Lorong
Pahlawan 7A2, Jalan Pahlawan,
96000 Sibu, Sarawak, Malaysia

+6084 211 777 Main
+6084 216 622 Fax

Contact: Morris Hii
Email: morris.hii@crowe.my

Kota Kinabalu

Damai Plaza 3, 3rd Floor, C11, Jalan
Damai 88300, P.O. Box 11003,
88811 Kota Kinabalu, Sabah, Malaysia

+6088 233 733 Main
+6088 238 955 Fax

Contact: Michael Tong
Email: michael.tong@crowe.my

Labuan

Lot 36, Block D, Lazenda Centre,
Jalan OKK Abdullah, P.O. Box
81599, 87025, Labuan, Malaysia

+6087 417 128 Main
+6087 417 129 Fax

Contact: Christabel Chieng
Email: christabel.chieng@crowe.my



Contact us

Crowe Malaysia PLT
Level 16, Tower C
Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

Tel. +603 2788 9999

About Crowe Malaysia PLT

Crowe Malaysia PLT is the 5th largest accounting firm in Malaysia and an independent member of Crowe Global. The firm in Malaysia has 13 offices, employs over 1,300 staff, serves mid-to-large companies that are privately-owned, publicly-listed and multinational entities, and is registered with the Audit Oversight Board in Malaysia and the Public Company Accounting Oversight Board in the US.

About Crowe Global

Ranked the 8th largest accounting network in the world, Crowe Global has over 250 independent accounting and advisory firms in 146 countries. For almost 100 years, Crowe has made smart decisions for multinational clients working across borders. Our leaders work with governments, regulatory bodies and industry groups to shape the future of the profession worldwide. Their exceptional knowledge of business, local laws and customs provide lasting value to clients undertaking international projects.

www.crowe.my

This communication is prepared and issued by Crowe Malaysia PLT, it is meant for general information purposes only and it is not intended to be professional advice. Recipients should not act upon this communication and please consult qualified advisors for professional advice and services. Crowe Malaysia PLT or any of Crowe's entities will not be responsible for any loss or consequences of anyone acting in reliance on this communication or for decisions made based on this communication.

Crowe Malaysia PLT is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe is a separate and independent legal entity. Crowe Malaysia PLT and its affiliates are not responsible or liable for any acts or omissions of Crowe or any other member of Crowe and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe or any other Crowe member.

© 2020 Crowe Malaysia PLT