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Crowe Chat

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Tax

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1. Gazette Orders on Flexible Work Arrangement Incentives

Introduction

The Government has proposed certain flexible work arrangement incentives under the Short-term Economic Recovery Plan (PENJANA) which were announced on 5 June 2020. One of the incentives proposed was a tax exemption of up to RM5,000 for a year of assessment (YA) on the value of benefits given to employees by their employers for the purpose of acquiring smartphone, tablet or personal computer. Prior to this exemption, such benefits are taxable as perquisite in the hands of the employee.

New Gazette Order / Rules

The following Gazette Order / Rules have been issued on 26 January 2021 to legislate the above proposal:

- [Income Tax \(Exemption\) Order 2021](#)
- [Income Tax \(Deduction for Value of Benefit given to Employees\) Rules 2021](#)

1. Gazette Orders on Flexible Work Arrangement Incentives

Details of the New Gazette Orders / Rules

Income Tax (Exemption) Order 2021

- An employee is exempted from the payment of income tax up to RM5,000 per YA on the value of benefit received from his employer for the purpose of acquiring smartphone, tablet or personal computer.
- Effective for the YA 2020.
- The Order will not apply to an employee where:
 - (a) the employee is a sole proprietor;
 - (b) the employee is the employer's partner in a partnership; or
 - (c) the employee has control or power to manage the affairs of the company or any other company that has control over his employer.



1. Gazette Orders on Flexible Work Arrangement Incentives



Details of the New Gazette Orders / Rules (cont'd)

Income Tax (Deduction for Value of Benefit given to Employees) Rules 2021

- The employer is allowed to claim a tax deduction on the value of the benefit given to his employee.
- The value of benefit shall be for the purpose of acquiring smartphone, tablet or personal computer.
- Effective for the YA 2020.

2. Stamp Duty Exemption on Purchase and Financing of First Residential Property

Introduction

During the 2021 Malaysian Budget Speech, the Finance Minister announced that full stamp duty exemption will be given on both the instrument of transfer and loan agreement for the purchase of the first residential property worth up to RM500,000 by an individual. The previous stamp duty exemption which had since expired on 31 December 2020, was applicable to residential properties with a market value not exceeding RM300,000.

New Stamp Duty Exemption Orders

The following Orders were gazetted on 10 February 2021 to exempt the stamp duty payable on an instrument of transfer and a loan agreement relating to the purchase of a residential property by a first-time home buyer:

- [Stamp Duty \(Exemption\) Order 2021](#)
- [Stamp Duty \(Exemption\) \(No. 2\) Order 2021](#)

These Orders are deemed to have come into operation on 1 January 2021.

2. Stamp Duty Exemption on Purchase and Financing of First Residential Property

Details of the New Stamp Duty Exemption Orders

| | Category of property | Instrument exempted | Exemption given on stamp duty | Stamp duty exemption period |
|---|---|------------------------|-------------------------------|--|
| Stamp Duty (Exemption) Order 2021 | Residential property of a value not exceeding RM500,000 | Loan agreement | 100% exemption | Sale and purchase agreement executed from 1 January 2021 to 31 December 2025 |
| Stamp Duty (Exemption) (No. 2) Order 2021 | | Instrument of transfer | | |

3. RPGT (Exemption) 2018 (Amendment) Order 2021

Introduction

As announced in the 2019 Malaysian Budget, a Malaysian citizen or a permanent resident will be imposed RPGT at the rate of 5% on the chargeable gain arising from the disposal of a chargeable asset in the sixth and subsequent years after the acquisition of the asset. Concurrently, the Government also announced that the chargeable gain arising from the disposal of properties (real property company shares not included) by any individual after five (5) years is exempted from RPGT, provided that the individual is a Malaysian citizen and the consideration for such disposal is not more than RM200,000.

Previous Exemption Order

The previous [Real Property Gains Tax \(Exemption\) Order 2018](#) came into operation on 1 January 2019.

Amendment Order

The [Real Property Gains Tax \(Exemption\) 2018 \(Amendment\) Order 2021](#) was gazetted on 9 February 2021 and came into operation on 10 February 2021.

3. RPGT (Exemption) 2018 (Amendment) Order 2021

Details of the Amendment Order

The Amendment Order introduces several amendments as follows:

- the RM200,000 threshold will now be compared against the consideration or market value, whichever is higher; and
- a new condition is included – the total consideration or market value, whichever is the higher, is not more than RM200,000.

In summary, the conditions to qualify for the exemption have now been tightened. In order to qualify for the exemption, both the consideration or the market value of the chargeable asset, whichever is higher, as a whole must not be more than RM200,000.



Budget 2021 – “Resilient As One, Together We Triumph”

This article was featured in the Tax Guardian and written by:

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[Read more](#)



Current Issues

BUDGET 2021

“Resilient As One,
Together We Triumph”

Chong Mun Yew & Shanthini Parama Dorai

2021

On 6 November 2020, the Minister of Finance, YB Senator Tengku Datu' Seri Zafrul Tengku Abdul Aziz delivered the Budget 2021 Speech and an unprecedented stimulus package which has not only clawed many lives but also crippled the economy locally and globally. With the theme “Resilient As One, Together We Triumph”, this largest and expansionary budget in Malaysian history is aimed at helping the country to cope with the economic impact of COVID-19.

Ara continuity of the PERKUTAN, PERILATIM (MGI PLUS, PENJANA and AKTA PERILATIM) stimulus packages. Budget 2021 was formulated based on Three budget Goals:

- First, Rakyat's Well-Being
- Second, Economic Continuity, and
- Third, Economic Resilience.

The three goals are subordinated into various strategies. This article looks at some of the Budget 2021 proposals in the light of these goals.

BEST GOAL – RAKYAT'S WELL-BEING

Strategy 1: COVID-19 Resilience and Public Health
This strategy focuses on allocations to the COVID-19 fund and public health related expenditures. The government

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