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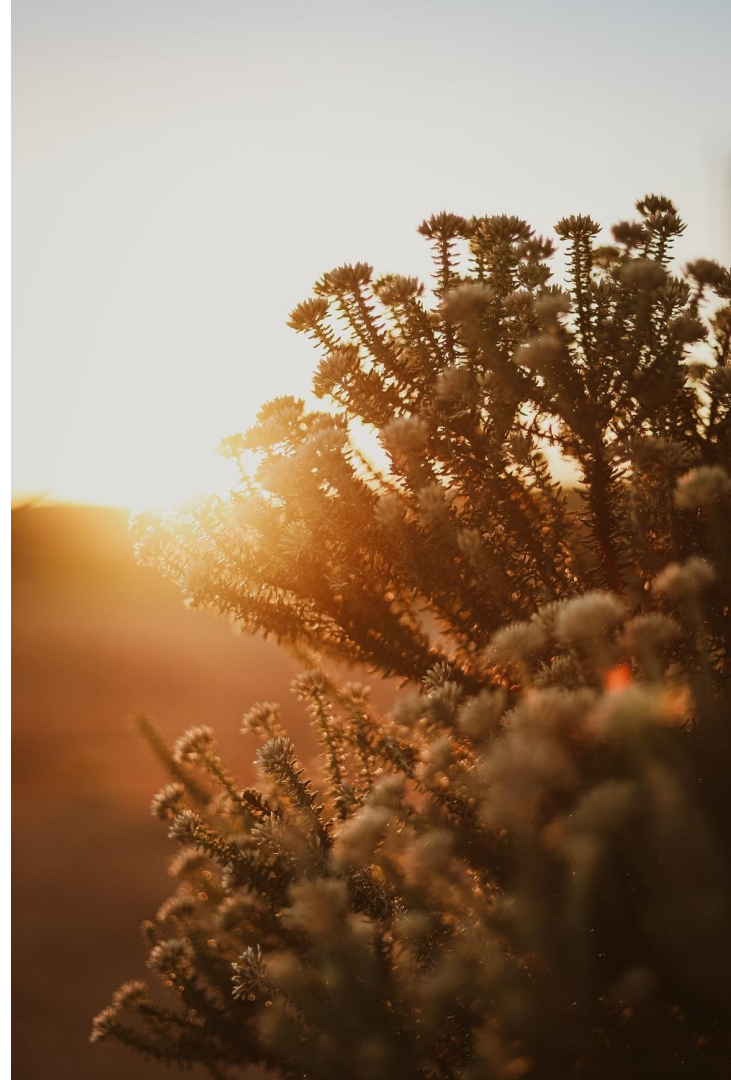
# Crowe Chat

Vol.5/2021

**Tax**

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# 1. Revised Return Form Filing Programme For The Year 2021

## Introduction

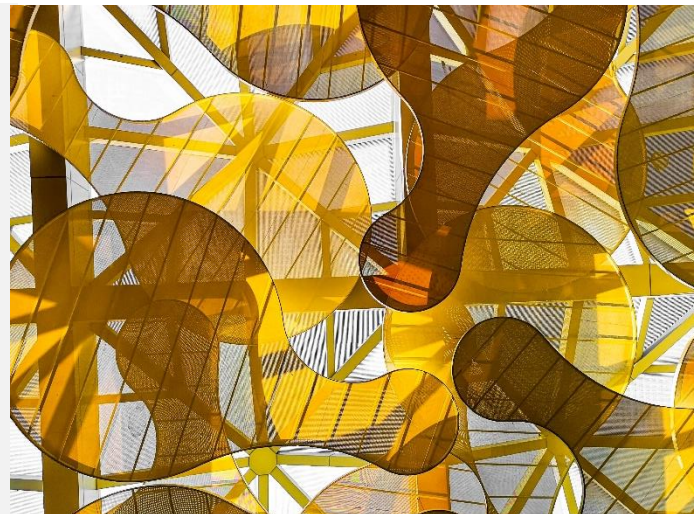
Further to the Movement Control Order restrictions imposed under Phase One of the National Recovery Plan, the Inland Revenue Board of Malaysia (IRBM) issued the [Revised Return Form Filing Programme For The Year 2021](#) on 26 June 2021.

## Details of the Revised Return Form Filing Programme For The Year 2021

In essence, the revised extension of time allowed for filing of income tax return form is given to:

- Individuals (Resident and Non-Resident, including Knowledge / Expert Workers), Partnerships, Associations, Deceased Persons' Estate and Hindu Joint Families; and
- Companies, Limited Liability Partnerships, Co-operative Societies and Trust Bodies.

A summary of the filing deadlines is reproduced in the next page.



## 1. Revised Return Form Filing Programme For The Year 2021

Taxpayers	Period	Statutory Deadline	Revised Grace Period
Individuals, Partnerships, Associations, Deceased Persons' Estate And Hindu Joint Families	Return for the Year of Assessment (YA) 2020	30 April 2021	N/A
		30 June 2021	31 August 2021
Companies, Co-operative Societies, Limited Liability Partnerships And Trust Bodies	YA 2020 for accounting period ending:		
	31 October 2020	31 May 2021	31 July 2021
	30 November 2020	30 June 2021	31 August 2021
	31 December 2020	31 July 2021	30 September 2021
	YA 2021 for accounting period ending:		
31 January 2021	31 August 2021	31 October 2021	

## 2. Stamp Duty Exemption Orders 2021

### Introduction

Under the PEMERKASA Plus economic stimulus package, the Prime Minister announced an extension of the Home Ownership Campaign (HOC) until 31 December 2021. The HOC was supposed to have ended on 31 May 2021.

### New Stamp Duty Exemption Orders

The following Orders were gazetted on 12 July 2021 to exempt the stamp duty payable on an instrument of transfer and a loan agreement:

[Stamp Duty \(Exemption\) \(No. 4\) Order 2021](#)

[Stamp Duty \(Exemption\) \(No. 5\) Order 2021](#)

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

### Details of the New Stamp Duty Exemption Orders

Stamp duty shall be exempted for the purchase of residential property priced more than RM300,000 but not more than RM2.5 million under the HOC for the following instruments:

Loan agreements	Instruments of transfer
Full exemption	Partial exemption: <ul style="list-style-type: none"> <li>- First RM1 million value: exempted</li> <li>- In excess of RM1 million value: 3% stamp duty</li> </ul>

## 2. Stamp Duty Exemption Orders 2021

### Details of the New Stamp Duty Exemption Orders (cont'd)

Stamp duty exemption will be given, subject to the following conditions:



The sale and purchase agreement (SPA) is made between an individual and a property developer;



The SPA is executed between 1 June 2021 and 31 December 2021 and is stamped at any branch of the IRBM; and



The purchase price in the SPA is a price after a discount of at least 10% from the original price offered by the property developer except for a residential property which is subject to controlled pricing.



## 3. PR 2/2021 – Tax Deduction for Sponsoring Arts, Cultural and Heritage Activities

### Introduction

Paragraph 34(6)(k) of the Income Tax Act, 1967 (ITA) provides for a tax deduction of up to RM700,000 per year in respect of expenditure incurred for sponsoring arts, cultural and heritage activities. Out of the RM700,000, a claim of up to RM300,000 per year is allowed for sponsoring foreign arts, cultural and heritage activities. In the Budget 2020, the government increased the tax deduction limit of sponsorships to RM1,000,000 per year with the deduction limit for sponsoring foreign arts, cultural and heritage activities to remain up to RM300,000 per year.

### New PR

The IRBM issued [PR 2/2021 - Tax Deduction for Sponsoring Arts, Cultural and Heritage Activities](#) on 8 July 2021.

### Details of new PR

The objective of this PR is to provide an explanation on the tax deduction available to a company that sponsors any approved local or foreign arts, cultural and heritage activities in Malaysia.

This new PR provides guidance on the following aspects:

- Application for an Approval of Sponsorship and Letter of Approval for Tax Deduction; and
- Tax Deduction.

### 3. PR 2/2021 – Tax Deduction for Sponsoring Arts, Cultural and Heritage Activities

#### Details of new PR (cont'd)

##### Application for an Approval of Sponsorship and a Letter of Approval for Tax Deduction

The new PR explains the guidelines issued by the Ministry of Tourism, Arts and Culture Malaysia (MOTAC) in relation to:

a) the activities or programmes eligible for a tax deduction which are:

- Festivals or fairs
- Exhibitions or expo
- Conferences, seminars, workshops, symposium and discourse
- Preservation or conservation
- Research, documentation or publication
- Recording or production
- Competition
- Recognition or appreciation
- Education or learning
- Promotion or development
- Marketing, product promotion or activities
- Innovation
- Content development
- Archiving or creation of records or data
- Other activities or programmes related to arts, culture and heritage recognised by MOTAC



### 3. PR 2/2021 – Tax Deduction for Sponsoring Arts, Cultural and Heritage Activities

#### Details of new PR (cont'd)

- b) the form of sponsorship (cash / payment of cost of organizing activities/ donation in kind, etc.);
- c) the process of applying for a letter of sponsorship; and
- d) the process of applying for a letter of approval for a tax deduction.

#### Tax Deduction

The new PR also explains the provision in the ITA which allows a tax deduction claim of up to RM1,000,000 per year in respect of expenditure incurred for sponsoring arts, cultural and heritage activities of which the amount deducted in respect of expenditure incurred in sponsoring foreign arts, cultural and heritage activities must not exceed RM300,000 per year.



# In the Matter of Interest

“Interest is the monetary charge for the privilege of borrowing money, typically expressed as an annual percentage rate. Interest is the amount of money a lender or financial institution receives for lending out money. Interest can also refer to the amount of ownership a stockholder has in a company, usually expressed as a percentage.”

[Read more](#)

This article was featured in the Tax Guardian, a publication by the Chartered Tax Institute of Malaysia and was written by:



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## Domestic Issues



“Interest” is defined as the return or compensation for the use or attention by one person of a sum of money belonging to or owed to another in Halsbury’s Laws of England. In *Richer v Westminster Bank Ltd* [1927] AC 398, Lord Wright observed that “interest is payment which becomes due because the creditor has not had his money at the due date. It may be regarded either as representing the profit he might have made if he had had the use of the money, or conversely the loss he suffered because he had not that use”.

In the Malaysian tax landscape, there is no statutory definition of interest given in the Malaysian Income Tax Act 1967 (MITA).

This article seeks to examine on the type of interest income which is chargeable to tax in Malaysia and, on the flip-side, on whether interest expense incurred is deductible against the gross income.

### INTEREST INCOME – BUSINESS OR NON-BUSINESS SOURCE

Generally, interest income is chargeable to tax under Section 4(a) of the MITA. However, certain types of income are also taxed as business income under Section 4(a) of the MITA. Several cases went to the courts in Malaysia to debate the fact of whether interest income should be treated as part of the business income or taken to be passive investment income. Among the notable cases are *Kerua Pengarah Hasil Dalam*

*Negeri v Fan Century Edible Oil Sdn Bhd* [2002] MSTC3287 and *FMAJ Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri* [2005] MATC 3,609. Following this, a new Section 4B was introduced in the MITA which provides that interest income shall be treated as business income only if the debenture, mortgage or other source to which the interest relates forms part of the stock-in-trade of a business of a person or the interest is receivable by a person from the business of lending money and that business is one which is licensed under any written law. This new Section 4B of the MITA which came into effect from the year of assessment (YA) 2013, effectively means that any interest, other than interest received by financial

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