

Summary of Tax Related Measures announced under the Strategic Programme to Empower the People and the Economy (PEMERKASA)

The Malaysian Institute of Certified Public Accountants ("MICPA") is pleased to summarise the tax related measures announced by the Prime Minister on March 19, 2021 below.

- 1) Additional tax deduction for rental expense on premise and hostels for employees

To encourage companies to participate in the Safe@Work programme implemented by MITI, an additional tax deduction for rental expense on premise and hostels for employees will be given to manufacturing companies and service companies related to manufacturing. The purpose of the Safe@Work programme is to ensure a "safe work bubble" with the segregation of employees affected by COVID-19 from the community and fellow workers to break the COVID-19 chain while ensuring continuity of operations of the companies.

The qualifying expenditure for this additional tax deduction is restricted to RM50,000 for each company registered with MITI for the Safe@Work programme and has passed the Safe@Work compliance audit. Companies can register for the Safe@Work programme with MITI from 1 April 2021.

- 2) Additional tax deduction on the cost of COVID-19 detection tests for employees

Employers can claim an additional tax deduction on the cost of COVID-19 detection test for employees incurred up to December 31, 2021.

- 3) Tourism sectors related tax Measures

- Extension of tourism tax and service tax exemptions on accommodation provided by hotel operators up to December 31, 2021
- Extension of tax incentives for tour operating companies up to Year of Assessment 2022
- Allow deferment of monthly tax instalment payments from April 1, 2021 to December 31, 2021 to tourism industry companies and selected industries such as cinemas and spas
- Entertainment duty exemption on admission fees to entertainment venues such as theme parks, stage performances, sporting events and competitions as well as cinema screenings in all Federal Territories.

- 4) Excise Duty Exemption

Locally assembled motorcycles with an engine capacity of 150cc and below will be given 100 per cent excise duty exemption from 1 April 2021 to 31 December 2021.