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**Deloitte Malaysia
Inland Revenue
Board**

Takeaways:
**Refurbish your office
and claim renovation
allowance over 2
years**

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**Due date for 2011 tax
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**6th month revision of
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**9th month revision of
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**Statutory filing of
2009 tax returns for
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Tax Espresso

3/2010
March 2010



Tax developments

Update on renovation or refurbishment of business premises

In the March 2009 issue of Tax Espresso we highlighted renovation and refurbishment of premises as one of the incentives under the RM60 billion stimulus package. Further information is now available with the publication in the Gazette of the Income Tax (Renovation or Refurbishment Expenditure) Rules 2010.

Claim for renovation allowance spread over two years of assessment can be made provided certain conditions are complied with:

- (a) The renovation or refurbishment of premises is incurred between 10 March 2009 and 31 December 2010.
- (b) The premise is used for the business at the end of the basis period.
- (c) The total expenditure for the period does not exceed RM100,000.
- (d) The expenditure is incurred on general electrical installation, lighting, gas system, water system, kitchen fittings, sanitary fittings, door, gate, window, grill and roller shutter, fixed partitions, flooring, wall covering, false ceiling and cornices, ornamental features or decorations excluding fine art, canopy or awning, fitting room or changing room, children play area and recreational room for employee.
- (e) Designer fee, professional fee and purchase of antique are excluded.

Labuan Offshore Business Activity Tax (Amendment) Act 2010 (Effective from 12 February 2010)

The Labuan Offshore Business Activity Tax Act 1990 (LOBATA) is now named as the Labuan Business Activity Tax Act 1990 (LBATA).

The word "offshore" that appears in LOBATA is changed to "Labuan". For example: "offshore business activity" and "offshore company" are now changed to "Labuan business activity" and "Labuan entity". A list of Labuan entities is provided in a new Schedule.

Previously, a Labuan company carrying on a business of shipping operations and a branch of a Malaysian insurer were taxed under the Income Tax Act, 1967. They are now taxed under LBATA at 3% or RM20,000.

Fines for offences committed under LBATA ranging from RM3,000 – RM10,000 are now increased to a maximum of RM1 million.

A new provision allows the Director General to issue guidelines to clarify or facilitate any matter relating to LBATA. A person may apply for advance ruling on any provision in LBATA.

Information may now be disclosed to the Government of a country that has a double taxation agreement with Malaysia.

Filing of Tax Forms for Year of Assessment 2010

For companies

Company income tax Form C 2010 and Form R are to be submitted by the 7th month after the close of its accounting period. No Form R for year of assessment 2010 is required to be submitted by companies that commenced operations after 31 December 2007.

Based on the filing programme for the year 2010 issued by the Inland Revenue Board, a grace period of 7 days is given for the submission of a *manual* return form for the *year of assessment 2010* if the return is submitted *vide post*. If the return form is received later than the 7-day grace period, proof is required to be furnished that the return form was sent by the due date to avoid late submission penalty. There is no grace period for the electronic filing of a return form.

The above grace period will also apply to the payment of the balance of tax payable (after deducting the instalments paid).

Application for extension of time for the submission of a manual return form should be made at least 15 days before the due date. A valid reason for the application is required. Even though extension of time for the submission of the return form may be given, the balance of the tax payable and any debt due must be paid by the due date for submission of return form.

(Note: For the year of assessment 2009, the grace period is 14 days).

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