

Deloitte.



Tax Espresso

Release of the Labuan Business Activity Tax (Amendment) Act 2020 and the Latest Gazette Orders

February 2020

Greetings from Deloitte Malaysia Tax Services

Quick links: [Deloitte Malaysia](#)
[Inland Revenue Board of Malaysia](#)

Takeaways:

1. [Labuan Business Activity Tax \(Amendment\) Act 2020](#)
2. [Income Tax \(Exemption\) \(No. 9\) Order 2019 \(Amendment\) Order 2020](#)
3. [Double Taxation Relief \(The Government of the Kingdom of Cambodia\) Order 2019](#)
4. [Income Tax \(Deduction for Expenditure Incurred for Provision of Approved Internship Programme\) Rules 2019](#)
5. [Income Tax \(Exemption\) \(No. 3\) 2014 \(Amendment\) Order 2019](#)
6. [Income Tax \(Exemption\) \(No. 8\) \(Amendment\) Order 2019](#)
7. [Income Tax \(Deduction for Payment of Education Loan of Perbadanan Tabung Pendidikan Tinggi Nasional by Employers on behalf of Employees\) \(Amendment\) Rules 2019](#)

Upcoming events:

1. [SST seminar- New development](#)
2. [2020 Capital Allowances Study Workshop](#)

Important deadlines:

Task	2020 Due Date	
	29 February	1 March
1. 2021 tax estimates for companies with March year-end		√
2. 6 th month revision of tax estimates for companies with August year-end	√	
3. 9 th month revision of tax estimates for companies with May year-end	√	
4. Statutory filing of 2019 tax returns for companies with July year-end	√	
5. Maintenance of transfer pricing documentation for companies with July year-end	√	
6. Due date for 2020 CbCR notification for companies with February year-end	√	

Labuan Business Activity Tax (Amendment) Act 2020

The Labuan Business Activity Tax (Amendment) Act 2020 has been published in the Gazette on 10 February 2020, and will come into operation on 11 February 2020.

While there are minor edits comparing the Labuan Business Activity Tax (Amendment) Act 2020 with the Labuan Business Activity Tax (Amendment) Bill 2019, they do not have significant impact. For our detailed comments in our special alert on the Labuan Business Activity Tax (Amendment) Bill 2019, please click [here](#). We recommend that you do that as there are changes that may impact your Labuan entity's tax position.

[Back to top](#)

Income Tax (Exemption) (No. 9) Order 2019 (Amendment) Order 2020 [P.U.(A) 30/2020]

The above [Amendment Order](#) was gazetted on 30 January 2020 to extend the exemption provided by the [Income Tax \(Exemption\) \(No. 9\) Order 2019](#) by a period of 4 years. With the Amendment Order, a female Malaysian citizen is exempted in the basis period for a YA, from paying income tax in respect of her gross income derived from an employment for a continuous period of not exceeding 12 months.

To be eligible, she must meet the following requirements:

- (a) Ceased employment and has not derived any employment income for at least 24 continuous months prior to, or as at 27 October 2017;
- (b) full-time employment experience of at least 3 years prior to the abovementioned cessation of employment;
- (c) signed a full-time employment contract in Malaysia (where the monthly gross income \geq RM5k) with a qualifying employer for at least 2 years;
- (d) worked for at least 12 consecutive months from the employment contract period referred to in (c) above with the same qualifying employer, and the employment period is between 27 October 2017 and 31 December 2024;
- (e) made an application for exemption under the Order to the Minister through Talent Corporation Malaysia Berhad (TalentCorp) from 1 January 2018 to 31 December 2023 and the application must have been approved; and
- (f) not exceeding 58 years in age at the time of application to TalentCorp.

The Order applies only to a female citizen who is a resident in Malaysia. Please refer to the Order for the full conditions and details.

[Back to top](#)

Double Taxation Relief (The Government of the Kingdom of Cambodia) Order 2019 [P.U.(A) 377/2019]

The [Order](#) was gazetted on 30 December 2019 and came into operation on 1 January 2020. The Order provides double taxation relief in relation to Malaysia tax and Cambodia tax based on the arrangements specified in the Schedule of the Order. As of the date of this publication, the Double Taxation Agreement (DTA) has not entered into force. The DTA will have effect in Malaysia, in respect of Malaysian tax, to tax chargeable for any year of assessment (YA) beginning on or after the first day of January in the calendar year, following the year in which the DTA enters into force, as stated in 'Article 29 Entry into Force' of the Order.

[Back to top](#)

Income Tax (Deduction for Expenditure Incurred for Provision of Approved Internship Programme) Rules 2019 [P.U.(A) 398/2019]

Pursuant to the Structured Internship Programme proposal made in the respective Budgets 2015, 2017, 2019, and 2020, the above [Rules](#) were gazetted on 31 December 2019. The Rules apply to a Malaysian resident person (approved by the Talent Corporation Malaysia Berhad to conduct an approved internship programme) who has conducted/conducts an approved internship programme for a Malaysian citizen student:

- In the YAs 2015 until 2016 (must be a student pursuing a diploma programme in a higher education institution or a student pursuing a vocational programme of minimum Malaysian Skills Certificate Level 4)*; and
- in the YAs 2017 until 2021 (must be a student pursuing a diploma or degree programme or a student pursuing a vocational programme of minimum Malaysian Skills Certificate Level 3).

***Note:** The internship programme for a student pursuing a degree programme in YAs 2015 until 2016 is provided under the Income Tax (Deduction for Expenditure Incurred for the Provision of an Approved Internship Programme) Rules 2012 [P.U.(A) 130/2012].

The 2019 Rules provide that, in ascertaining an adjusted income of the abovementioned Malaysian resident person from his business for a basis period for a YA, a deduction shall be allowed for any expenses described below which were incurred by such persons during that basis period for conducting an approved internship programme:

- (a) The internship monthly allowance of not less than RM500 paid to the students;
- (b) The expenditure incurred for the provision of training for the students; and
- (c) The expenditure incurred on meal, travelling, and accommodation for the students during the internship programme.

The deduction allowed shall be a double amount of expenses incurred under the Rules. However, the total expenses under paragraphs (b) and (c) which are allowed for each Malaysian citizen student shall not exceed RM5,000 for a YA.

Please refer to the Rules for the full conditions imposed.

[Back to top](#)

Income Tax (Exemption) (No. 3) 2014 (Amendment) Order 2019 [P.U.(A) 399/2019]

The [Amendment Order](#) was gazetted on 31 December 2019 and it amends the Income Tax (Exemption) (No.3) Order 2014 [P.U.(A) 167/2014] to be applicable to an angel investor who has made an application to the Minister from 1 January 2013 to 31 December 2023 to make an investment in an investee company.

P.U.(A) 167/2014, which was deemed to have come into operation on 1 January 2013, exempts an angel investor (who must be a Malaysian resident individual whose sources of income is not derived solely from business), in respect of his aggregate income for the basis period for a YA, from the payment of income tax in the 2nd YA following the YA in which an investment is made by the angel investor in an investee company (must be a Malaysian resident company incorporated under the Companies Act 2016). The amount of income tax exempted is the investment amount made by the angel investor in that investee company (exemption capped at aggregate income for the basis period for a YA mentioned above). P.U.(A) 167/2014 shall not apply if a claim had been made for a deduction under the Income Tax (Deduction for Investment in a Venture Company) Rules 2005 [P.U.(A) 76/2005].

Please refer to P.U.(A) 167/2014 for the full conditions imposed.

[Back to top](#)

Income Tax (Exemption) (No. 8) (Amendment) Order 2019 [P.U.(A) 414/2019]

The [Amendment Order](#) was gazetted on 31 December 2019 and it amends the Income Tax (Exemption) (No. 8) Order 2019 [P.U.(A) 205/2019] to have effect for the YA 2019 until YA 2021.

[P.U.\(A\) 205/2019](#), which was gazetted on 24 July 2019, exempts a Malaysian citizen employee (under full-time employment) from paying income tax in relation to his employer's gift to him of the 'value of benefit' of the amount of educational loan of Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) paid by the employer on behalf of the employee in ascertaining the gross income from his employment in the basis period for a YA. The employer must have sources of income of a registered business only.

[You may also refer to our [Tax Espresso - August 2019 issue](#) on P.U.(A) 205/2019]

The Amendment Order also amends the period the PTPTN education loan can be paid by his employer on behalf of his employee from 1 January 2019 to 31 December 2021.

Please refer to the Amendment Order and the Order respectively for the full conditions imposed.

[Back to top](#)

Income Tax (Deduction for Payment of Education Loan of Perbadanan Tabung Pendidikan Tinggi Nasional by Employers on behalf of Employees) (Amendment) Rules 2019 [P.U.(A) 415/2019]

The [Amendment Rules](#) were gazetted on 31 December 2019 and it amends the Income Tax (Deduction for Payment of Educational Loan of Perbadanan Tabung Pendidikan Tinggi Nasional by Employers on Behalf of Employees) Rules 2019 [P.U.(A) 206/2019] to have effect for the YAs 2019 until YA 2022.

[P.U.\(A\) 206/2019](#), which was gazetted in 24 July 2019, allows for the Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) education loan paid by an employer on behalf of his Malaysian citizen employee (under full-time employment) to be treated as a deduction of the remuneration allowable under Section 33 of the Income Tax Act 1967 in a basis period for a YA in ascertaining that employer's adjusted income from business in the basis period for the YA. [You may also refer to our [Tax Espresso - August 2019 issue](#) on P.U.(A) 206/2019]

The Amendment Rules also amends P.U.(A) 206/2019 on the below details:

- (a) The employer must pay the PTPTN education loan in the period of 1 January 2019 to 31 December 2021.
- (b) The Rules apply to an employer who have sources of business income (instead of registered business).

Please refer to the Amendment Rules and the Rules respectively for the full conditions imposed.

[Back to top](#)

We invite you to explore other tax-related information at:

<http://www2.deloitte.com/my/en/services/tax.html>

Tax Team - Contact us

Service lines / Names	Designation	Email	Telephone
Business Tax Compliance & Advisory			
Sim Kwang Gek	Managing Director	kgsim@deloitte.com	+603 7610 8849
Tan Hooi Beng	Deputy Managing Director	hooitan@deloitte.com	+603 7610 8843
Stefanie Low	Executive Director	gelow@deloitte.com	+603 7610 8891
Thin Siew Chi	Executive Director	sthin@deloitte.com	+603 7610 8878
Choy Mei Won	Director	mwchoy@deloitte.com	+603 7610 8842
Suzanna Kavita	Director	sukavita@deloitte.com	+603 7610 8437

Business Process Solutions

Julie Tan	Executive Director	jultan@deloitte.com	+603 7610 8847
Shareena Martin	Director	sbmartin@deloitte.com	+603 7610 8925

Capital Allowances Study

Chia Swee How	Executive Director	swchia@deloitte.com	+603 7610 7371
Sumaisarah Abdul Sukor	Associate Director	sabdulsukor@deloitte.com	+603 7610 8331

Global Employer Services

Ang Weina	Executive Director	angweina@deloitte.com	+603 7610 8841
Chee Ying Cheng	Executive Director	yichee@deloitte.com	+603 7610 8827
Michelle Lai	Director	michlai@deloitte.com	+603 7610 8846
Cynthia Wong	Director	cywong@deloitte.com	+603 7610 8091

Government Grants & Incentives

Tham Lih Jiun	Executive Director	ljtham@deloitte.com	+603 7610 8875
Thin Siew Chi	Executive Director	sthin@deloitte.com	+603 7610 8878
Peggy Wong	Director	pwong@deloitte.com	+603 7610 8529

Indirect Tax

Tan Eng Yew	Executive Director	etan@deloitte.com	+603 7610 8870
Senthuran Elalingam	Executive Director	selalingam@deloitte.com	+603 7610 8879
Chandran TS Ramasamy	Director	ctsramasamy@deloitte.com	+603 7610 8873
Larry James Sta Maria	Director	lstamaria@deloitte.com	+603 7610 8636
Wong Poh Geng	Director	powong@deloitte.com	+603 7610 8834

International Tax & Value Chain Alignment

Tan Hooi Beng	Deputy Managing Director	hooitan@deloitte.com	+603 7610 8843
---------------	--------------------------	--	----------------

Mergers & Acquisitions

Sim Kwang Gek	Managing Director	kgsim@deloitte.com	+603 7610 8849
---------------	-------------------	--	----------------

Private Wealth Services

Chee Pei Pei	Executive Director	pechee@deloitte.com	+603 7610 8862
--------------	--------------------	--	----------------

Chan Ee Lin	Director	eelchan@deloitte.com	+604 218 9888
-------------	----------	--	---------------

Tax Audit & Investigation

Chow Kuo Seng	Executive Director	kuchow@deloitte.com	+603 7610 8836
---------------	--------------------	--	----------------

Stefanie Low	Executive Director	gelow@deloitte.com	+603 7610 8891
--------------	--------------------	--	----------------

Anston Cheah	Director	kcheah@deloitte.com	+603 7610 8923
--------------	----------	--	----------------

Kei Ooi	Director	soooi@deloitte.com	+603 7610 8395
---------	----------	--	----------------

Wong Yu Sann	Director	yuwong@deloitte.com	+603 7610 8176
--------------	----------	--	----------------

Transfer Pricing

Theresa Goh	Executive Director	tgoh@deloitte.com	+603 7610 8837
-------------	--------------------	--	----------------

Subhabrata Dasgupta	Executive Director	sudasgupta@deloitte.com	+603 7610 8376
---------------------	--------------------	--	----------------

Philip Yeoh	Executive Director	phyeh@deloitte.com	+603 7610 7375
-------------	--------------------	--	----------------

Gagan Deep Nagpal	Director	gnagpal@deloitte.com	+603 7610 8876
-------------------	----------	--	----------------

Justine Fan	Director	jufan@deloitte.com	+603 7610 8182
-------------	----------	--	----------------

Vrushang Sheth	Director	vsheth@deloitte.com	+603 7610 8534
----------------	----------	--	----------------

Anil Kumar Gupta	Director	anilkgupta@deloitte.com	+603 7610 8224
------------------	----------	--	----------------

Sectors / Names**Designation****Email****Telephone****Automotive**

Stefanie Low	Executive Director	gelow@deloitte.com	+603 7610 8891
--------------	--------------------	--	----------------

Consumer Products

Sim Kwang Gek	Managing Director	kgsim@deloitte.com	+603 7610 8849
---------------	-------------------	--	----------------

Financial Services

Chee Pei Pei	Executive Director	pechee@deloitte.com	+603 7610 8862
Mark Chan	Executive Director	marchan@deloitte.com	+603 7610 8966
Mohd Fariz Mohd Faruk	Director	mmohdfaruk@deloitte.com	+603 7610 8153

Oil & Gas

Toh Hong Peir	Executive Director	htoh@deloitte.com	+603 7610 8808
Kelvin Kok	Director	kekok@deloitte.com	+603 7610 8157

Real Estate

Chia Swee How	Executive Director	swchia@deloitte.com	+603 7610 7371
Tham Lih Jiun	Executive Director	ljtham@deloitte.com	+603 7610 8875
Gan Sin Reei	Director	sregan@deloitte.com	+603 7610 8166

Telecommunications

Thin Siew Chi	Executive Director	sthin@deloitte.com	+603 7610 8878
---------------	--------------------	--	----------------

Other Specialist Groups / Names	Designation	Email	Telephone
--	-------------	-------	-----------

Chinese Services Group

Tham Lih Jiun	Executive Director	ljtham@deloitte.com	+603 7610 8875
---------------	--------------------	--	----------------

Japanese Services Group

Mark Chan	Executive Director	marchan@deloitte.com	+603 7610 8966
-----------	--------------------	--	----------------

Korean Services Group

Chee Pei Pei	Executive Director	pechee@deloitte.com	+603 7610 8862
Lily Park Sung Eun	Associate Director	lipark@deloitte.com	+603 7610 8595

Branches / Names	Designation	Email	Telephone
Penang			
Ng Lan Kheng	Executive Director	lkng@deloitte.com	+604 218 9268
Au Yeong Pui Nee	Director	pnauyeong@deloitte.com	+604 218 9888
Monica Liew	Director	monicaliew@deloitte.com	+604 218 9888
Tan Wei Chuan	Director	wctan@deloitte.com	+604 218 9888
Ipoh			
Mark Chan	Executive Director	marchan@deloitte.com	+603 7610 8966
Lam Weng Keat	Director	welam@deloitte.com	+605 253 4828
Patricia Lau	Director	palau@deloitte.com	+605 254 0288
Melaka			
Julie Tan	Executive Director	jultan@deloitte.com	+603 7610 8847
Gabriel Kua	Director	gkua@deloitte.com	+606 281 1077
Johor Bahru			
Chee Pei Pei	Executive Director	pechee@deloitte.com	+603 7610 8862
Thean Szu Ping	Director	spthean@deloitte.com	+607 222 5988
Kuching			
Tham Lih Jiun	Executive Director	ljtham@deloitte.com	+603 7610 8875
Philip Lim Su Sing	Director	suslim@deloitte.com	+608 246 3311
Chai Suk Phin	Director	spchai@deloitte.com	+608 246 3311
Kota Kinabalu			
Chia Swee How	Executive Director	swchia@deloitte.com	+603 7610 7371
Leong Sing Yee	Assistant Manager	sleong@deloitte.com	+608 823 9601



Sim Kwang Gek



Tan Hooi Beng



Stefanie Low



Thin Siew Chi



Julie Tan



Chia Swee How



Ang Weina



Chee Ying Cheng



Tham Lih Jiun



Tan Eng Yew



**Senthuran
Elalingam**



Chee Pei Pei



Mark Chan



Chow Kuo Seng



Theresa Goh



**Subhabrata
Dasgupta**



Philip Yeoh



Toh Hong Peir



Ng Lan Kheng



Choy Mei Won



Suzanna Kavita



Shareena Martin



Michelle Lai



Cynthia Wong



Peggy Wong



**Chandran TS
Ramasamy**



**Larry James
Sta Maria**



Wong Poh Geng



Chan Ee Lin



Anston Cheah



Kei Ooi



Wong Yu Sann



Gagan Deep Nagpal



Justine Fan



Vrushang Sheth



Anil Kumar Gupta



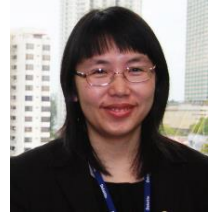
Mohd Fariz Mohd Faruk



Kelvin Kok



Gan Sin Reei



Au Yeong Pui Nee



Monica Liew



Tan Wei Chuan



Lam Weng Keat



Patricia Lau



Gabriel Kua



Thean Szu Ping



Philip Lim Su Sing



Chai Suk Phin



Sumaisarah Abdul Sukor



Lily Park Sung Eun



Leong Sing Yee

Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 286,000 people make an impact that matters at www.deloitte.com.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities provide services in Australia, Brunei Darussalam, Cambodia, East Timor, Federated States of Micronesia, Guam, Indonesia, Japan, Laos, Malaysia, Mongolia, Myanmar, New Zealand, Palau, Papua New Guinea, Singapore, Thailand, The Marshall Islands, The Northern Mariana Islands, The People’s Republic of China (incl. Hong Kong SAR and Macau SAR), The Philippines and Vietnam. In each of these, operations are conducted by separate and independent legal entities.

About Deloitte in Malaysia

In Malaysia, services are provided by Deloitte Tax Services Sdn Bhd and its affiliates.

Disclaimer

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.