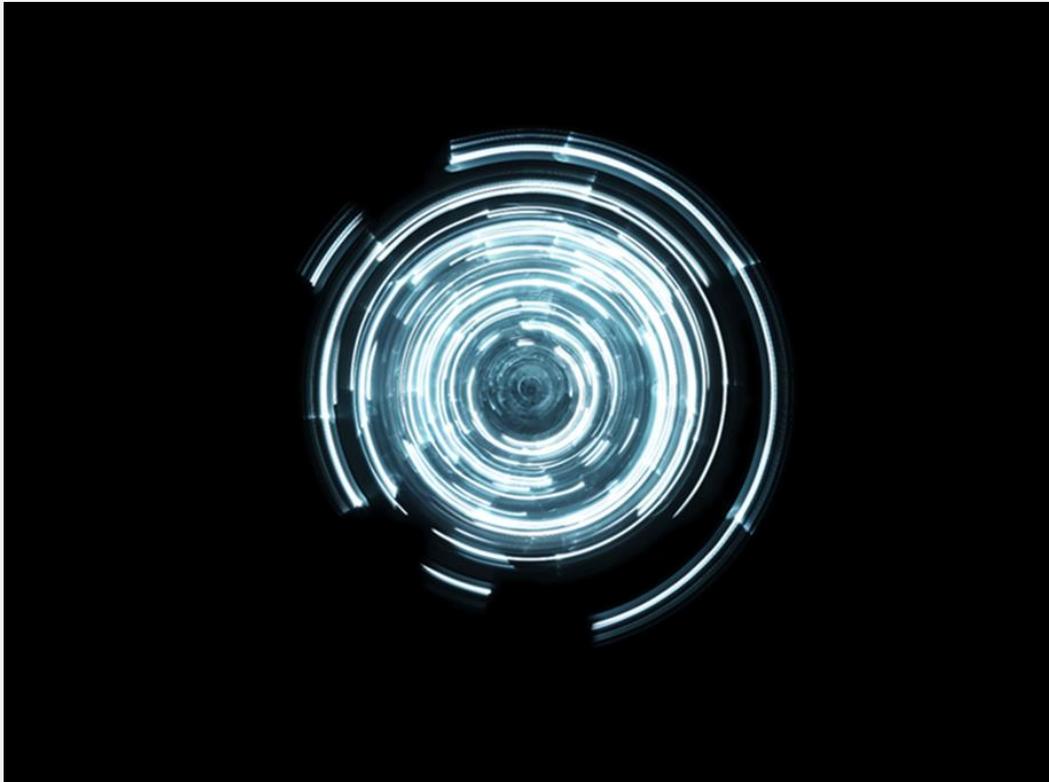


Malaysia | Tax | 24 March 2020



Tax Espresso – Special Alert (COVID-19
Related)
Further Measures by Government

Further to the Economic Stimulus Package 2020 announced on 27 February 2020, the Prime Minister made an Economic Action Council (EAC) [announcement](#) yesterday, 23 March 2020, introducing several new measures to deal with the impact of the COVID-19 pandemic. These new measures include providing additional funds to State Governments and hospitals as well as measures aimed to provide relief to the Rakyat during the crisis. The Ministry of Finance (MOF) subsequently issued a [press release](#) on the announcement, together with new measures by the MOF.

We highlight the measures aimed to aid individuals and businesses:

1. Sales tax and import duty exemption for face masks

The Minister of Finance has approved the following exemptions:

- a) Import duty and sales tax exemption on the import of face masks.
- b) Exemption to sales tax registered manufacturers from charging sales tax on the sale of face masks.

Face mask type	Tariff code
Face mask (surgical/medical) 1 ply (ear loop)	6307.90.40 00
Face mask (surgical/medical) 2 ply (ear loop)	6307.90.40 00
Face mask (surgical/medical) 3 ply (ear loop/head loop/head tie-on)	6307.90.40 00
Face mask (surgical/medical) N95	6307.90.90 00

Effective: From 23 March 2020 until a date announced by the MOF.

Our commentary: *The exemption above serves to address the issue of insufficient supply of face masks in Malaysia – especially for frontline healthcare staff in containing the COVID-19 pandemic. This is further complemented with the export ban of the same type of face masks above vide the Control of Supplies (Prohibition on Export) (Amendment) Regulations 2020 which was issued on 12 March 2020. However, given that the exemption is applied to specific face masks, relevant businesses should ensure accuracy of the HS codes used to avoid future disputes by the RMCD.*

2. Tax deduction for donation and contributions to the COVID-19 Fund and the MOH

To encourage individuals and corporates to assist in combating the COVID-19 outbreak, the MOF has approved a tax deduction for contributions and donations in cash and in kind such as medicine, medical equipment and

personal protective equipment (PPE) etc. by individuals and corporates to the COVID-19 Fund and the Ministry of Health (MOH).

Effective: not stated in the press release by the MOF.

Our commentary: *It appears that the approved tax deduction is a special deduction by way of a gazette order. In the meantime, we advise taxpayers to keep a record of donation in cash and contribution in kind to the COVID-19 Fund and the MOH, (e.g. evidence of transactions, receipts etc., if available) to substantiate a deduction thereof, pending issuance of the deduction rule.*

3. Withdrawal from Employees Provident Fund (EPF)

EPF members aged up to 55 years can apply for a maximum withdrawal of RM500 monthly, for a period of 12 months through the i-Lestari Account 2 Withdrawal facility. This initiative is in addition to the reduced statutory contribution rate for employee contributions from 11% to 7%, which was announced during the Economic Stimulus Package 2020.

** MOF has prepared some Q&As (available in Bahasa Malaysia only) to address concerns that EPF members may have. Please refer to [Attachment 2](#) in the press release.*

Effective: Applications may be made from 1 April 2020. Withdrawals can be made from 1 May 2020 onwards.

4. Travel restrictions in the Asia Pacific region

As part of the world's response in managing the COVID-19 outbreak, governments across the Asia Pacific region have imposed or extended respective current travel restrictions to control the spread, with most borders closed or with severe flight restrictions in place. Deloitte Asia Pacific Immigration has compiled the measures described in the attached excel file on "COVID-19 Asia Pacific Immigration Restrictions" (valid as of 23 March 2020), including a required 14-day quarantine for passengers who come from affected countries.

Please see our attached excel file for details. Alternatively, for more information, please reach out to Ang Weina, Deloitte Malaysia Global Employer Services Leader at angweina@deloitte.com.

Please refer to the MOF's [press release](#) for more details.



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