



Tax developments



12 October 2022

KPMG in Malaysia

Table of Contents

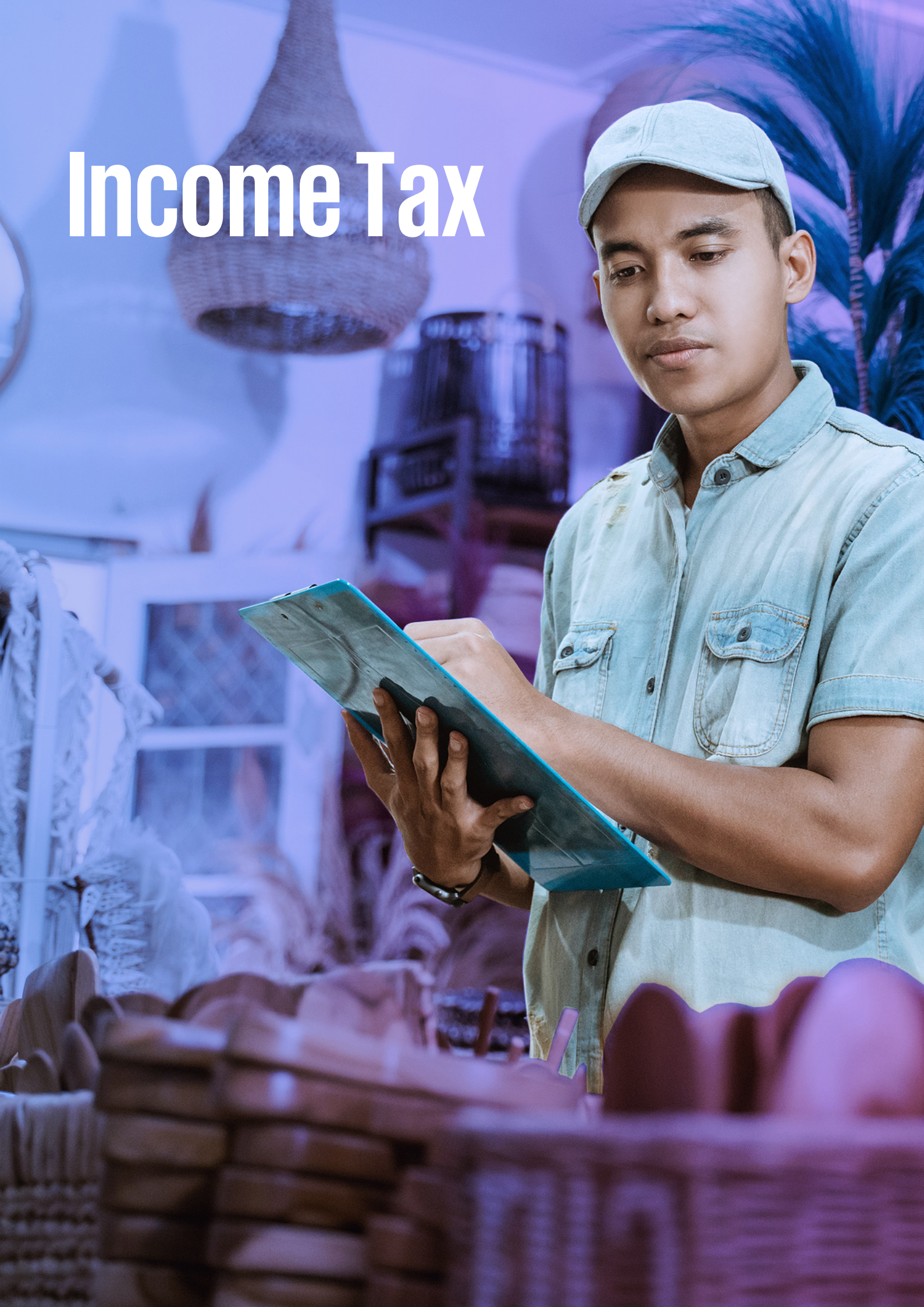
Income Tax

- 1 Amendment rules for further deduction for expenses in relation to the cost of detection of COVID-19 for employees
- 2 MIRB's concession to submit and remit WHT of small value on recurring transactions under Section 109 and Section 109B of the ITA
- 3 Budget proposals effected for oil and gas companies on LLA production

Indirect Tax

- 1 Excise Duty on premixed beverages
- 2 Service Tax Policy 2/2022 – Full exemption and Service Tax refund to companies operating in the JDA
- 3 Extension of payment period for Phase 2 of VA Programme
- 4 Registration for Tourism Tax on DPSP

Income Tax



Income Tax

The relevant authorities have issued the following:

Further deduction for expenses in relation to the COVID-19 detection test for employees



The [Income Tax \(Deduction for Expenses in relation to the Cost of Detection Test of COVID-19 for Employees\) Rules 2021](#) (“2021 Rules”) provides a further deduction to a resident employer for COVID-19 detection test costs incurred for employees. The employer must keep relevant receipts and certification issued by a medical practitioner registered with the Malaysian Medical Council or outside Malaysia.

The [Income Tax \(Deduction for Expenses in relation to the Cost of Detection Test of COVID-19 for Employees\) \(Amendment\) Rules 2022](#) (“2022 Amendment Rules”) expand the list of acceptable supporting documents to

include receipts and results of the COVID-19 detection test issued by a health facility listed in the “List of Laboratories Conducting RT-PCR Test for COVID-19” for the COVID-19 Management Guidelines in Malaysia No. 5/2020 issued by the Ministry of Health Malaysia.

The Amendment Rules also clarify that the requirement for a receipt and certification issued by a medical practitioner registered outside Malaysia applies when the COVID-19 detection tests for employees are performed outside Malaysia.

The 2022 Amendment Rules will take effect from YA 2021.

Source for the Rules: Official portal of [Federal Legislation Portal of Malaysia](#)

MIRB’s concession to submit and remit WHT of small value on recurring transactions under Section 109 and Section 109B of the ITA

The MIRB has issued a [media statement](#) on 27 September 2022 (only available in the Malay Language) to officially announce the concession granted. Please refer to KPMG’s [September monthly tax development](#) for further details.

Below are the notable points compared to KPMG’s September monthly tax development:

- The deadline to submit and remit WHT to the MIRB for payments made to non-residents in the period from 1 June to 30 November in the current year should be 31 December (instead of 30 December) of the current year.
- The “date the payment was paid/credited” in the WHT forms (Forms CP 37 / CP37D) should be completed with either 30 June / 31 December, depending on the period of payment to non-residents.

Source for the media statement: Official portal of [MIRB](#)

Budget proposals effected for oil and gas companies on LLA production

The following 2022 budget proposals have been effected to attract oil and gas companies to invest and venture into LLA projects:

PU Order	Tax incentives
<u>Petroleum (Income Tax) (Accelerated Capital Allowances) (Late-Life Assets Production Sharing Contract) Rules 2022</u>	Accelerated capital allowances – initial allowance of 20% / annual allowance of 40%
<u>Petroleum (Income Tax) (Exemption) Order 2022</u>	Petroleum income tax rate at 25%
<u>Petroleum (Income Tax) (Adjusted Loss from Oil or Gas Field Decommissioning Activity) (Late-Life Assets Production Sharing Contract) Regulations 2022</u>	Carry back of losses from decommissioning activities to be utilised against the income for 2 consecutive immediate preceding YAs.

The above tax incentives are deemed to have come into operation on 1 January 2022 and are applicable for LLA production sharing contracts signed between 1 January 2020 and 31 December 2029.

Source for the Rules, Order and Regulations: Official portal of [Federal Legislation Portal of Malaysia](#)



Indirect Tax

Indirect Tax

Excise Duty on premixed beverages

The proposed Excise Duty on SSB to include premix preparations have been gazetted effective **1 November 2022** with the issuance of the following Orders:

- [Excise Duties \(Amendment\) Order 2022](#)
- [Excise Duties \(Exemption\)\(Amendment\)\(No. 2\) Order 2022](#)
- [Excise \(Exemption from Licensing\)\(Amendment\) Order 2022](#)
- [Excise Duties \(Premix Preparation\)\(Payment\) Order 2022](#)



The Excise Duty is at **RM0.47 per 100g**.

The additional items covered are **specific subheadings** classified under the following tariff headings and threshold:

- Heading 18.06 (*"Chocolate and other food preparations containing cocoa"*)
- Heading 19.01 (*"Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40% by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of headings 04.01 to 04.04, not containing cocoa or containing less than 5% by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included"*)
- Heading 21.01 (*"Extracts, essences and concentrates, of coffee, tea or maté, and preparations with a basis of these products or with a basis of coffee, tea or maté; roasted chicory and other roasted coffee substitutes, and extracts, essences and concentrates thereof"*)
- Heading 21.06 (*"Food preparations not elsewhere specified or included"*)

that contain sugar of more than **33.3g/ 100g**.

With the broadening of the Excise Duty, importers and manufacturers would need to ensure that the relevant licensing registrations are applied, compliance obligations are adhered to, taxes paid and ample communication are disseminated to the customers.

Source for the Orders: [Federal Legislation Portal of Malaysia](#)

Service Tax Policy 2/2022 – Full exemption and Service Tax refund to companies operating in the JDA

Effective **15 August 2022**, pursuant to Section 34(3)(b) of the Service Tax Act 2018, the Minister of Finance provides that companies operating in the JDA can claim Service Tax refund on taxable services acquired, subject to meeting conditions. Amongst others, the following conditions:

- The services acquired must be wholly used for the official purpose of the JDA operator and must be a main and important element in the daily operations of the JDA.
- For control and monitoring purposes, the JDA operator must make a declaration and the MTJA must verify that the services were used wholly for the official purpose of the JDA operator.
- The JDA operator paid for the services.
- Application for refund must be made to the DGC within the timeframe prescribed i.e. on a quarterly basis and must be made no later than the last day of the month following the end of the quarterly period.
- Any other conditions and procedures as may be prescribed by the DGC.



No Service Tax exemption is given on imported taxable services and digital services provided by foreign registered person to MTJA and JDA operator.

With the above, the earlier 'upfront' exemption provided via the Service Tax Policy 1/2021 will be applicable until 14 August 2022.

Source for the Service Tax Policy: [RMCD - MySST \(Service Tax Policy\)](#)

Extension of payment period for Phase 2 of VA Programme

The payment period for Phase 2 of the VA Programme has been extended until **14 October 2022**. Note that this is applicable for **applications made on or before 30 September 2022**.

Please click [here](#) for a copy of our earlier Tax Whiz.

Source for the Announcement: [RMCD – MySST \(Announcement\)](#)

Registration for Tourism Tax on DPSP

The RMCD has announced that the effective date for the registration for Tourism Tax on DPSP commences on 1 October 2022. With this, the online registration portal is also live, accessible [here](#).

With an effective date of 1 January 2023 to impose Tourism Tax for online booking of accommodation premises in Malaysia, DPSPs would need to ensure that the systems and documentation are ready and in place, to levy Tourism Tax at the rate of RM10 per room per night on tourists (excluding Malaysian citizen and a tourist who is a permanent resident of Malaysia).

Source for the Announcement: [RMCD - MyTTx \(Announcement\)](#)

Insights on Earlier Tax Whiz

Please refer below to our earlier Tax Whiz for more information.

No.	Subject	Date of issue
1	Extension of payment period for Phase 2 of VA Programme	26.09.2022

The table below sets out the various abbreviations and references used in this publication.

Abbreviation	Reference
COVID-19	Coronavirus Disease 2019
DGC	Director General of Customs
DPSP	Digital Platform Service Provider
ITA	Income Tax Act 1967
JDA	Joint Development Area
LLA	Late-Life Asset
MIRB	Malaysian Inland Revenue Board
MTJA	Malaysia-Thailand Joint Authority
RMCD	Royal Malaysian Customs Department
RT-PCR	Reverse Transcription Polymerase Chain Reaction
SSB	Sugar Sweetened Beverages
VA Programme	Voluntary Disclosure and Amnesty Programme
WHT	Withholding Tax
YA	Year of Assessment

Contact Us

Petaling Jaya Office

Soh Lian Seng

Executive Director –
Head of Tax and Head of Tax Dispute Resolution
lsoh@kpmg.com.my
+603 7721 7019

Tai Lai Kok

Executive Director – Head of Corporate Tax
ltai1@kpmg.com.my
+603 7721 7020

Bob Kee

Executive Director – Head of Transfer Pricing
bkee@kpmg.com.my
+603 7721 7029

Long Yen Ping

Executive Director –
Head of Global Mobility Services
yenpinglong@kpmg.com.my
+603 7721 7018

Ng Sue Lynn

Executive Director – Head of Indirect Tax
suelynng@kpmg.com.my
+603 7721 7271

Outstation Offices

Penang Office

Evelyn Lee

Executive Director – Penang Tax
evewflee@kpmg.com.my
+604 238 2288 (ext. 312)

Kota Kinabalu Office

Titus Tseu

Executive Director – Kota Kinabalu Tax
titustseu@kpmg.com.my
+6088 363 020 (ext. 2822)

Ipoh Office

Crystal Chuah Yoke Chin

Associate Director – Ipoh Tax
ycchuah@kpmg.com.my
+605 253 1188 (ext. 320)

Kuching & Miri Offices

Regina Lau

Executive Director – Kuching Tax
reglau@kpmg.com.my
+6082 268 308 (ext. 2188)

Johor Bahru Office

Ng Fie Lih

Executive Director – Johor Bahru Tax
flng@kpmg.com.my
+607 266 2213 (ext. 2514)

KPMG Offices

Petaling Jaya

Level 10, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya, Selangor
Tel: +603 7721 3388
Fax: +603 7721 3399
Email: info@kpmg.com.my

Penang

Level 18, Hunza Tower,
163E, Jalan Kelawei,
10250 Penang
Tel: +604 238 2288
Fax: +604 238 2222
Email: info@kpmg.com.my

Kuching

Level 2, Lee Onn Building,
Jalan Lapangan Terbang,
93250 Kuching, Sarawak
Tel: +6082 268 308
Fax: +6082 530 669
Email: info@kpmg.com.my

Miri

1st Floor, Lot 2045,
Jalan MS 1/2,
Marina Square, Marina Parkcity,
98000 Miri, Sarawak
Tel: +6085 321 912
Fax: +6085 321 962
Email: info@kpmg.com.my

Kota Kinabalu

Lot 3A.01 Level 3A,
Plaza Shell,
29, Jalan Tunku Abdul Rahman,
88000 Kota Kinabalu, Sabah
Tel: +6088 363 020
Fax: +6088 363 022
Email: info@kpmg.com.my

Johor Bahru

Level 3, CIMB Leadership Academy,
No. 3, Jalan Medini Utara 1,
Medini Iskandar,
79200 Iskandar Puteri, Johor
Tel: +607 266 2213
Fax: +607 266 2214
Email: info@kpmg.com.my

Ipoh

Level 17, Ipoh Tower,
Jalan Dato' Seri Ahmad Said,
30450 Ipoh, Perak
Tel: +605 253 1188
Fax: +605 255 8818
Email: info@kpmg.com.my

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



www.kpmg.com.my/Tax

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 KPMG Tax Services Sdn. Bhd., a company incorporated under Malaysian law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.