



MOORE Advent

TAX FLASH

FEBRUARY 2020 (SPECIAL EDITION NO. 2)

2020 Economic Stimulus Package

Given the recent Covid-19 outbreak which has turned the world upside down and severely impacted various sectors of the economy, the Malaysian Government has acted promptly by introducing measures to assist the affected sectors, particularly the travel and tourism industries, to sail through this difficult period.

The “**2020 Economic Stimulus Package**” unveiled by our Interim Prime Minister, YAB Tun Dr Mahathir Mohamad on 27th February 2020 is intended to mitigate the adverse external economic impacts of the Covid-19 outbreak on Malaysia while preserving the welfare of the *Rakyat*.

The **2020 Economic Stimulus Package** valued at RM20 billion is formulated to:-

1. Mitigate the impact of Covid-19;
2. Spur *Rakyat's* centric economic growth; and
3. Promote quality investments.

We have summarised below the key proposals outlined in the **2020 Economic Stimulus Package**.

- Moore Malaysia
- Moore Global
- Inland Revenue Board
- 2020 Economic Stimulus Package

A. Income Tax – Changes Affecting Individuals

1. Tax Relief on Expenditure Incurred in Relation to Domestic Tourism

- Relief of up to RM1,000 be given to individuals on expenditure incurred which is related to domestic tourism

B. Income Tax – Changes Affecting Companies and Unincorporated Businesses

1. Deferral of Monthly Tax Instalment Payments for Businesses in Tourism Sector

- Monthly income tax instalment payments for businesses in tourism sector be deferred for a period of 6 months beginning from April 2020 until September 2020

2. Revision of Estimate of Tax Payable for Companies Affected by Covid-19 Outbreak

- Companies be allowed to revise the estimate of tax payable for the year of assessment 2020 with respect to monthly tax instalment payments without penalty

3. Double Deduction of Expenses Incurred on Approved Tourism-Related Training

- It is proposed that a double deduction of the expenses incurred on approved tourism-related training be given to encourage employers to further invest in raising the productivity of human capital during economic slowdown period

4. Tax Deduction for Renovation and Refurbishment Cost

- Tax deduction of up to RM300,000 be given for renovation and refurbishment cost

5. Accelerated Capital Allowance on Machinery and Equipment

- Accelerated capital allowance be given over a 2-year period in respect of expenditure incurred on machinery and equipment, including information communication and technology equipment

C. Sales and Service Tax and Indirect Taxes

1. Service Tax Exemption for Hotels

- It is proposed that service tax exemption be given to hotel-related services
- Effective March 2020 to August 2020

2. Import Duty and Sales Tax Exemption on Importation or Local Purchase of Machinery and Equipment Used in Port Operations

- It is proposed that import duty and sales tax exemption be given to any importation or local purchase of machinery and equipment used in port operations
- Effective for a period of 3 years commencing from 1st April 2020

D. Others

1. Exemption on Levy for Hotels and Travel-Related Companies

- It is proposed that exemption on levy be given to hotels and travel-related companies

2. HRDF Matching Grant

- A Human Resource Development Fund [“HRDF”] matching grant of up to RM100 million to be allocated to an additional 40,000 employees from the tourism and other affected sectors to raise the productivity of human capital during this economic slowdown period

3. Digital Vouchers and Matching Grant for Tourism Sector

- Digital vouchers for domestic tourism of up to RM100 per person be given for domestic flights, rails and hotel accommodations to all Malaysians
- Additional matching grant for tourism promotion will also be provided
- The digital vouchers and matching grant will be worth RM500 million

4. Minimum EPF Contribution by Employees

- The rate of contribution by employees to the Employees Provident Fund [“EPF”] be reduced from 11% to 7% while the option to maintain the existing rate of contribution be allowed
- Effective 1st April 2020 to 31st December 2020

5. Grant for Local Entrepreneurs

- Grant of RM1,000 be provided to 10,000 local entrepreneurs to promote sales of products on e-commerce platforms

For other issues of our Tax Flash, please go to:
www.moore.com.my/publications