



## **Malaysia: Tax developments in response to COVID-19**

### **General Information**

This page offers an overview of tax developments being reported globally by KPMG member firms in response to the Novel Coronavirus (COVID-19).

The content will be updated on a daily basis. However, due to the fast-moving pace of change, it may not always reflect the most current developments in a given jurisdiction. Please refer to the date of accuracy and refer to the relevant links, under additional information, for original source information.

### **Date accurate as of: 11 May 2020**

#### **Business Income Tax**

The Prime Minister has proposed the following measures:

- Annual allowance for qualifying capital expenditure incurred on machinery and equipment from March 1, 2020 to December 31, 2020 will be increased to 40%
- A tax deduction of up to RM 300,000 will be given for expenses incurred on renovation and refurbishment of business premises from March 1, 2020 to December 31, 2020
- Double deduction will be given on pre-commencement expenses incurred by International Shipping Companies for setting up regional offices in Malaysia
- Tax deduction on expenses incurred by companies for provision of disposable personal protective equipment

#### **Customs/Import and Other Miscellaneous Taxes**

The Prime Minister has proposed the following measures:

- Service tax exemption for hotel and similar
- Import duty and sales tax exemption on equipment and machineries for port operators
- Expansion of the value-added activities permitted in the Licensed Manufacturing Warehouse and the Free Industrial Zone.

## Filing/Payment Deadline Extension

- Deferment of Monthly Tax Installment Payments (CP204):
  - 3 Months from April 2020 through June 2020 for Small and Medium Enterprises (“SMEs”)
  - 6 Months from April 2020 through September 2020 for Companies in the Tourism Industry
- Deferment of Monthly Tax Installment Payments (CP500)
  - CP500 payment for March 2020 and May 2020 tax installments can be deferred starting from April 2020 to June 2020; and
  - There is no requirement to pay the deferred tax installment payments and tax penalties will not be imposed. The balance of tax (if any) has to be settled upon the submission of the income tax return
- Extension of time until 31 May 2020 is allowed for submitting documents for tax audit or investigation
- Payments of WHT can be made between 29 April 2020 and 31 May 2020
- Extension to 31 May 2020 for the submission of the irrevocable election form (Form LE3) for Labuan entities, where the due date falls within the period 18 March 2020 and 28 April 2020.

### [Additional Information](#)

[Additional information regarding employment-related measures, economic stimulus measures and other measures.](#)

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