

## **PRIHATIN ECONOMIC STIMULUS PACKAGE 2020**

### **ADDITIONAL PRIHATIN SME ECONOMIC STIMULUS PACKAGE 2020**

#### **FAQs ON TAX MATTERS DURING THE MCO (ISSUED BY IRBM)**

*“Protecting Rakyat, Supporting Businesses, Strengthening Economy”*

**10 APRIL 2020**

## **FOREWORD**

*The spread of the COVID-19 pandemic has made a devastating impact on the world and Malaysia. In our country, the outbreak has now entered the second wave. As such, the Government implemented the Movement Control Order (MCO) from 18th March 2020 to 28th April 2020 throughout the country. The objective of this measure is to prevent more rakyat from getting infected and provide an opportunity for the Government to accelerate the curbing efforts.*

*Further to the earlier Economic Stimulus Package, the Malaysia government announced a comprehensive economic stimulus package known as Prihatin Economic Stimulus Package (PRIHATIN) and Prihatin SME Economic Stimulus Package (PRIHATIN SME+). Further to these, Inland Revenue Board of Malaysia (IRBM) has issued media release on updated Frequently Asked Questions (FAQs) in relation to tax matters during the MCO period. It aims at helping the Rakyat and businesses pull through this unprecedented challenging period.*

*The package is designed based on 3 main objectives:*

- *Protecting the welfare and well-being of the rakyat*
- *Supporting the businesses*
- *Strengthening the nation’s economy*

*Some of the key measures include the following:*

- *Tax deduction on rental reduction*
- *Reduction in foreign workers’ levy*
- *Deferment of monthly tax instalment payments (CP204) will be given automatically*
- *Deferment of monthly tax instalment payments (CP500) will be given automatically*
- *Private retirement scheme (PRS)*

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## **CHANGES AFFECTING DIRECT TAX - COMPANIES**

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### ***Tax deduction on rental reduction***

*Owners of buildings or business spaces that provide rental reduction or waiver to tenants that consist of SMEs are given a further tax deduction which is equivalent to the amount of rental reduction for the months of April 2020 until June 2020.*

*This further tax deduction is subject to the condition that the rental reduction is at least 30% of the original rental rate for that particular period.*

### ***Third month tax instalment in 2020***

*Companies are allowed to revise tax estimate in the third month instalment in 2020 (based on the company's basis period) by 30 April 2020.*

### ***Deferment\* of monthly tax instalment payments (CP204) will be given automatically***

*All types of businesses with SMEs status are allowed to defer their monthly income tax instalment payments due between 1 April 2020 and 30 June 2020 (3 months).*

*Companies related to the tourism sector (including those with SME status) are allowed to defer their monthly income tax instalment payments which are due between 1 April 2020 and 30 September 2020 (6 months).*

*\*Deferment of payment: Companies / Taxpayers do not need to pay the deferred payments. The balance of tax (if any) has to be settled upon the submission of the income tax return.*

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## **CHANGES AFFECTING DIRECT TAX - OTHER THAN COMPANIES**

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***Deferment\* of monthly tax instalment payments (CP500) will be given automatically***

*Taxpayers are allowed to defer their monthly tax instalment payments starting from April 2020 to June 2020.*

*The months eligible for deferment are March 2020 and May 2020.*

***Private retirement scheme (PRS)***

*The Government allows pre-retirement withdrawals from Account B of PRS up to RM1,500 per member without any tax penalties between April 2020 and December 2020.*

*\*Deferment of payment: Companies / Taxpayers do not need to pay the deferred payments. The balance of tax (if any) has to be settled upon the submission of the income tax return.*

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