

Income Tax (Deduction for the Costs of Implementation of Flexible Work Arrangements) Rules 2021

WARTA KERAJAAN PERSEKUTUAN
FEDERAL GOVERNMENT
GAZETTE

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KAEDAH-KAEDAH CUKAI PENDAPATAN
(POTONGAN BAGI KOS PELAKSANAAN PENGATURAN
KERJA FLEKSIBEL) 2021

INCOME TAX (DEDUCTION FOR THE COSTS OF
IMPLEMENTATION OF FLEXIBLE WORK
ARRANGEMENTS) RULES 2021

DISSARAKAN OLEH/
PUBLISHED BY
JABATAN PELAJIAN NEGARA/
ATTORNEY GENERAL'S CHAMBERS

- IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes these Rules, which was gazetted on 4 October 2021.
- These Rules are deemed to have effect from the year of assessment 2020.

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- In determining the adjusted income of that qualifying person from his business in that year of assessment, a deduction shall be allowed for expenses incurred by that qualifying person in the basis period for the implementation of flexible work arrangements in relation to:
 - consultation fee,
 - cost of capacity development,
 - cost of software, and
 - software subscription.




Terms and Conditions





- Talent Corporation Malaysia Berhad must certify the qualifying person's implementation of flexible work arrangements or upgrading of current flexible work arrangements; and
- On or after July 1, 2020, but no later than December 31, 2022, the qualifying person shall submit the application to Talent Corporation Malaysia Berhad for the implementation of flexible work arrangements or the improvement of current flexible work arrangements.




Terms and Conditions  

- The costs of the capacity development for implementation of flexible work arrangements referred to are—
 - a) training course or programme fee;
 - b) internal trainer fee;
 - c) training material cost;
 - d) rental of training space cost;




Terms and Conditions  


- e) examination fee; and
- f) training related travelling expenses incurred by the employees and trainers as follows:
 - i. the transportation cost the amount of which is—
 - A. in relation to travelling from outside Malaysia to Malaysia and from Malaysia to outside Malaysia, equal to economic class air fare; or
 - B. in relation to travelling within Malaysia, equal to economic class air fare if the travelling is by air transport, or the actual cost incurred if the travelling is by land or water transport;

 Terms and Conditions  

- ii. the accommodation cost not exceeding three hundred ringgit per day; and
- iii. the expenditure incurred on meal not exceeding one hundred fifty ringgit per day.


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- The total amount of deduction permitted shall be equivalent to *double the amount of costs allowed* under these Rules, and such expenses shall be verified by Talent Corporation Malaysia Berhad, with the total amount of expenditure not exceeding RM 500,000 for each year of assessment.
- The deduction will be made for three consecutive years of assessment, beginning with the year of assessment in the basis period in which Talent Corporation Malaysia Berhad certifies the implementation of flexible work arrangements.




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- When the total amount of any expenses that would have been allowed as a deduction under these Rules exceeds the amount that would reasonably be expected to be incurred in the ordinary course of business, the Director General may disallow that amount as a deduction under these Rules to the extent of the excess.
- When a qualifying person has claimed a deduction for expenditures incurred under this rule, no claim for a deduction for expenses incurred under section 33, any of the rules made under section 154, or Schedule 3 of the Act may be made.



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“Qualifying Person” referred to in this Order



- resident in Malaysia; and
 - a) a company incorporated under the Companies Act 2016 [Act 777]; or
 - b) a limited liability partnership registered under the Limited Liability Partnerships Act 2012 [Act 743]; or
 - c) a partnership registered under the Partnership Act 1961 [Act 135].


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Interpretation



– “*Flexible Work Arrangements*” means flexible arrangements for—


- place of work;
- scheduling of working hours; or
- number of hours worked;



– “*Talent Corporation Malaysia Berhad*” means a company limited by guarantee incorporated under the Companies Act 2016 to initiate and facilitate initiatives which address the talent needs in Malaysia

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