

CONTRIBUTION / DONATION**(Updated on 29 May 2020)**

No.	Question	Feedback
General		
1.	Is donation to the COVID-19 Fund allowed as tax deduction?	Yes. Please refer to IRBM's Press Release dated 26 March 2020 at: http://lampiran1.hasil.gov.my/pdf/pdfam/Media_LHDNM_26032020_INSENTIF_POTONGAN_CUKAI_BAGI_SUMBANGAN KEPADA TABUNG_COVID19.pdf
Contribution / donation under paragraph 34(6)(h) of the ITA 1967		
2.	What form of donation is allowed under paragraph 34(6)(h) of the ITA 1967?	Cash and in-kind donations. Please refer to the guideline issued by the Ministry of Finance Malaysia at the following link: https://www1.treasury.gov.my/pdf/percukaian/prosidur_pengeluaran/garis_panduan/Garis_Panduan_Khas_%20346h_COVID19.pdf
3.	Where can contribution under paragraph 34(6)(h) of the ITA 1967 be channeled?	Contribution can be channeled to the COVID-19 Fund managed by Ministry of Health Malaysia.
4.	Who can contribute / donate under paragraph 34(6)(h) of the ITA 1967?	Contributors with business income are entitled to a deduction from gross business income on the contributions made.
5.	What is the supporting document needed for tax relief and tax deduction for cash donation under paragraph 34(6)(h) of the ITA 1967?	i. Government Official Receipt (Kew. 38); ii. Money transfer slip via ATM; iii. Cheque deposit machine slip; iv. Deposit slip via bank counter; v. Online payment slip; vi. Transfer slip via Interbank Giro (IBG Transfer); vii. Receipt of Real Time Electronic Transfer of Funds and Securities (RENTAS) System; or viii. Telegraphic transfer receipt with advice of credit.
6.	What is the supporting document needed for tax relief and tax deduction for contribution of equipment / goods under paragraph 34(6)(h) of the ITA 1967?	i. The original approval letter by the Ministry of Finance Malaysia; ii. Official receipt or letter of receipt of donation from the receiving body; or iii. Verification letter of service value/project cost value from the relevant Government agencies.

7.	What kind of goods can be contributed?	<p>Eligible contribution:</p> <ul style="list-style-type: none"> i. Equipment such as ventilators, patient beds and air conditioners; ii. Face mask, hand sanitiser, glove, test kit and personal protection equipment (PPE); iii. Services such as cost of disinfection and sanitation (roads, buildings, markets, places of worship, etc.), moving toilets & delivery of supplies; or iv. Financing cost such as provision of permanent or temporary infrastructure (for example: tent, marquee tent to accommodate extra beds).
8.	Where should the application procedure be submitted?	<p>The complete application can be submitted to:</p> <p>Setiausaha Bahagian Cukai Tingkat 6, Blok Tengah, Kompleks Kementerian Kewangan, Presint 2, Pusat Pentadbiran Kerajaan Persekutuan, 62592 Putrajaya.</p>
9.	When is the deduction allowed for a tax claim?	A claim for tax deduction is allowed in the basis period of a year of assessment in which the contribution is made.
10.	Can the same amount be claimed under subsection 44(6) of the ITA 1967?	No. Double claim is not allowed for the same amount.
11.	What is the allowed contribution period for COVID-19?	Beginning February 2020 until the pandemic is declared over by the Government.
Contribution / donation under subsection 44(6) of the ITA 1967		
12.	What form of donation is allowed under subsection 44(6) of the ITA 1967?	Cash donations only.
13.	Where can donation under subsection 44(6) of the ITA 1967 be channeled?	<ul style="list-style-type: none"> i. National Disaster Management Agency, Prime Minister's Department; or ii. Institution or organisation or fund approved under subsection 44(6) of the ITA 1967.
14.	Should an approved institution or organisation or fund reapply for the purpose of contribution / donation for COVID-19?	No. An institution or organisation or fund that has been approved under subsection 44(6) of the ITA 1967 is eligible for such contribution / donation.

15.	Where is information on approved institution or organisation or fund obtainable?	Information can be obtained via the IRBM's Official Portal at the following link: http://www.hasil.gov.my/bt_goindex.php?bt_kump=2&bt_skum=6&bt_posi=1&bt_unit=8&bt_sequ=1
16.	What is the supporting document needed for income tax deduction?	<p>i. National Disaster Management Agency, Prime Minister's Department.</p> <ul style="list-style-type: none"> ▪ Government Official Receipt (Kew. 38); ▪ Money transfer slip via ATM; ▪ Cheque deposit machine slip; ▪ Deposit slip via bank counter; ▪ Online payment slip; ▪ Transfer slip via Interbank Giro (IBG Transfer); ▪ Receipt of Real Time Electronic Transfer of Funds and Securities (RENTAS) System; or ▪ Telegraphic transfer receipt with advice of credit <p>ii. Institution or organisation or fund approved under subsection 44(6) of the ITA 1967.</p> <ul style="list-style-type: none"> ▪ Official receipt that has been approved by IRBM.
17.	What is the amount allowed for tax deduction?	<p>Eligibility for contribution / donation amount for tax deduction:</p> <p>i. National Disaster Management, Prime Minister's Department.</p> <ul style="list-style-type: none"> ▪ Tax deduction amount is equal to the amount of the contribution. <p>ii. Institution or organisation or fund approved under subsection 44(6) of the ITA 1967.</p> <ul style="list-style-type: none"> ▪ Tax deduction amount is restricted to 10% of aggregate income
18.	Is an institution or organisation or a fund allowed to defer the submission of audited accounts during the MCO period?	Yes. An institution or organisation or fund which is approved under subsection 44(6) of the ITA 1967 is allowed to submit the audited accounts by 30 June 2020.
19.	Can a tax deduction claim be allowed without a supporting document?	No. Deduction will only be allowed with a legality supporting document.
20.	When is the deduction allowed for a tax claim?	Tax deduction can be claimed in Year of Assessment 2020.

21.	Can an employer collect the contribution / donation on behalf of the employees and donate it to the relevant agencies?	<p>Yes. The employers are allowed to collect on behalf of the employees. Information required is:</p> <ul style="list-style-type: none"> i. Proof of payment; ii. Payment amount; iii. Company / employer registration number; iv. Company / employer income tax number; v. Employee name; vi. Employee identification number; vii. Employee income tax number; viii. IRBM branch which handles the employee income tax number; and ix. Amount of contribution made by the employee. <table border="1" data-bbox="639 696 1426 831"> <thead> <tr> <th>No.</th> <th>Name of employees</th> <th>Identification No.</th> <th>Income Tax No.</th> <th>Amount (RM)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3"></td> <td>Total</td> <td></td> </tr> </tbody> </table> <p>An internal circular will be provided and notified to the relevant IRBM Branch.</p> <p>Tax deductions can be claimed by the employee and not the employer.</p>	No.	Name of employees	Identification No.	Income Tax No.	Amount (RM)	1.								Total	
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22.	What is the allowed contribution period for COVID-19?	Beginning February 2020 until the pandemic is declared over by the Government.															

A. Provisions of tax deductions under the ITA 1967 related to contribution made by taxpayers associated with COVID-19.

No.	Provision	Type of contribution	Eligibility and Limit
1.	<p>Paragraph 34(6)(h) –</p> <p>The contribution to the community projects / charities approved by the Minister of Finance Malaysia.</p> <p>Projects must be related to ‘services, public amenities and contributions to a charity or community project pertaining to education, health, housing, conservation or preservation of environment, enhancement of income of the poor, infrastructure, information and communication technology or maintenance of a building designated as a heritage site by the Commissioner of Heritage under the National Heritage Act 2005 [Act 645]’.</p> <p>The Ministry of Finance Malaysia has recognised the initiative to combat the COVID-19 pandemic as a community / charity project approved under paragraph 34(6)(h) of the ITA 1967.</p> <p>Thus, contributors who make the contribution for this purpose are entitled to claim a tax deduction from gross business income an amount equal to the amount of contribution made.</p> <p>Contributors need to get the amount of the contribution verified by the Ministry of Health Malaysia / relevant agency. The application must be made directly to the Ministry of Finance Malaysia.</p>	Cash or in-kind	<ul style="list-style-type: none"> ✓ Company and other than company with the business income. ✓ Deductions from gross business income. ✓ No restrictions on the contribution limit. In the case of a loss, the loss may be carried forward but restricted to 7 years of assessment. ✓ Not entitled to claim the same amount under subsection 44(6).

	<p>Refer to the special guidelines released by Ministry of Finance Malaysia: Special Guidelines on the Application for Income Tax Deductions for Community / Charity Projects to Combat the COVID-19 Pandemic.</p> <p>Example 1: Titan Sdn. Bhd. has the skills to develop a mobile disinfection chamber. The company wants to launch this project and install the equipment in several markets to allow market visitors to be sanitised when entering to / exiting from the market.</p> <p>The company has applied from the Ministry of Finance Malaysia to approve the project. Once approved the company may claim the amount made for the installation of the equipment in the tax computation under this provision.</p> <p>Example 2: Masquarade Sdn. Bhd. has made contributions in the form of PPE, face masks and hand sanitisers to Ministry of Health Malaysia for the hospital usage.</p>		
2.	<p>Subsection 44(6) –</p> <p>Contributions made to the Government, State Government, local authorities or any organisation, institution or fund approved by the Director General of Inland Revenue (DGIR).</p> <p>Funds introduced to help deal with the COVID-19 pandemic:</p> <ul style="list-style-type: none"> ▪ COVID-19 Fund (National Disaster Management Agency, Prime Minister's Department) 	Cash only	<ul style="list-style-type: none"> ✓ Company and other than company. ✓ Deduction from aggregate income. ✓ Contribution to Government, State Government, local authorities - No Limit. ✓ Contribution to approved organisation, institution or fund - Restricted to 10% of aggregate income.

	<p>Example 3: Mr. Wong donated cash amount of RM1,000 to the COVID-19 Fund (National Disaster Management Agency, Prime Minister's Office).</p>		
3.	<p>Subsection 44(11C) – Contribution to projects of national interest approved by the Minister of Finance.</p>	Cash or in-kind	<ul style="list-style-type: none"> ✓ Company and other than company. ✓ Deduction from aggregate income. The allowable amount is restricted to the amount not to exceed the difference between the 10% aggregate income and the deduction amount under the provisions of subsection 44(6) and subsection 44(11B).

B. Other provisions under the ITA 1967 related to medical equipment.

No.	Provision	Type of contribution	Eligibility and Limit
1.	<p>Subsection 44(10) – Cash or medical equipment donation to private medical treatment (healthcare facility) approved by the Ministry of Health Malaysia. Medical equipment is not defined in the act. Therefore, reference is made to the Medical Device Act 2012 which defines 'medical device' as follows: "is any instrument, apparatus, implement, machine, appliance, implant, in vitro reagent or calibrator, software, material or other similar or related article: (a) intended by the manufacturer to be used, alone or in combination,</p>	<p>Cash or medical equipment</p> <ul style="list-style-type: none"> ▪ PPE (including face masks and hand sanitisers) is not a medical equipment. 	<ul style="list-style-type: none"> ✓ Applicable to individuals only. ✓ Deduction from aggregate income. ✓ Maximum deduction limit of RM20,000 only.

for human beings for one or more of the specific purposes of:

- i) diagnosis, prevention, monitoring, treatment or alleviation of disease;
- ii) compensation for an injury;
- iii) investigation, replacement, modification, or support of the anatomy or of a physiological process;
- iv) supporting or sustaining life;
- v) control of conception;
- vi) disinfection of medical devices; or
- vii) providing information for medical or diagnostic purposes by means of in vitro examination of specimens derived from the human body;

which does not achieve its primary intended action in or on the human body by pharmacological, immunological or metabolic means, but which may be assisted in its intended function by such means; and

(b) any instrument, apparatus, implement, machine, appliance, implant, in vitro reagent or calibrator, software, material or other similar or related article, to be used in the human body, which the Minister may, after taking into considerations issues of public safety, public health or public risk declare to be a medical device by order published in the Gazette.

Medical equipment is not defined under the Medical Device Act 2012.

However, it refers to “medical equipment is used mainly for providing therapeutic benefits for

certain conditions or illnesses. The use of this equipment must be prescribed by a physician, which is designed to serve a medical purpose. It is a long-term and reusable device that can be used in the hospital or at home for patient care”.

Example of medical equipments are as follows:

- i. Manual wheelchairs or electric wheelchairs
- ii. Hospital beds
- iii. Walkers, crutches, canes (or any similar type of mobility assistive equipment)
- iv. Traction equipment
- v. Pressure mattresses
- vi. Insulin pumps
- vii. Breast pumps
- viii. Nebulizers
- ix. Patient Lifts
- x. Bili lights and blankets
- xi. Kidney machines
- xii. Stationary or portable oxygen tanks
- xiii. Oxygen Concentrators
Ventilators

Medical consumables are referred to as:

“Medical consumables and equipment includes syringes, needles, sutures, staples, packaging, tubing, catheters, medical gloves, gowns, masks, adhesives and sealants for wound dressing and a whole host of other devices and tools used with a hospital or surgical environment.”

Based on the definitions and references above, PPE (including face masks and hand sanitisers) are included in the medical consumables and not under medical equipment.

	<p>Example 4: Mr. Ahmad donated a hemodialysis machine to Walafiat Dialysis Centre (a private treatment center approved by the Minister) which costs RM15,000.</p>		
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QUESTIONS UNDER SUBSECTION 44 (11C) OF INCOME TAX ACT 1967

Bil	Questions	Comments
1.	What form of donation is allowed under subsection 44(11C) of ITA 1967?	Cash donations and goods.
2.	Where is the donation under subsection 44(11C) of ITA 1967 can be contributed?	Covid 19 Relief Fund
3.	What is Covid 19 Relief Fund?	The fund for any project of national interest approved by the Minister.
4.	Who can contribute/donate under subsection 44(11C) of ITA 1967?	<p>The fund must be established in Malaysia and operate as non-profit and registered as follows:</p> <ul style="list-style-type: none"> i. a limited company under the guarantee under the Companies Act 2016 (Commission Malaysian Companies). ii. an organization under the Act Societies 1966 (Registrar of Societies Malaysia) iii. a body under Trustee (Incorporation) Act 1952 (Legal Affairs Division, Prime Minister's Office)
5.	What is the procedure for Covid 19 Relief Fund?	<p>The applicants must attached the basic information on the establishment of the Covid 19 Relif Fund as:</p> <ul style="list-style-type: none"> i. Fundraising period will be / has been made (start and end dates) ii. List of contributors to be identified (if there are) iii. Target of donation amount (if any). iv. Recipients of donations identified as well as the type of donation (cash / consumables / equipment / payment / financing) <p>A separate account as a proof of copy / statement of bank account must be submitted to the Ministry of Finance</p>
6.	Where should the application procedure to be submitted?	The complete application can be submitted to:

		Setiausaha Bahagian Cukai Tingkat 6, Blok Tengah, Kompleks Kementerian Kewangan, Presint 2, Pusat Pentadbiran Kerajaan Persekutuan, 62592 Putrajaya.
7.	Who are the eligible receiver of donations under the Covid Relief Fund 19?	The eligible parties for donations: <ul style="list-style-type: none"> • Government departments / agencies; • Non-governmental agencies registered with the Companies Commission of Malaysia, the Registrar of Societies of Malaysia and the Legal Affairs Division, Prime Minister's Department; • Government / private hospitals; • Public university; • Orphanage / parents / persons with disabilities; • Poor / poor hardcore / runaway; and • Animal shelter / zoo. <p>Note: contributions should not be profit and political motives; and the recipient must has income tax file except homeless / hardcore poor / refugee)</p>
8.	What is the procedure for the tax relief and tax deduction for cash donation under subsection 44(11C) of ITA 1967?	The following documents are used for cash donation purposes: <ul style="list-style-type: none"> • Name of the Covid 19 Relief Fund; • Official receipt with serial number; • Transaction date; • Contributor name; • Identity card / Business registration number (contributors); • Donation value (RM); • Reference number of Ministry approval file
9.	What is the procedure for tax relief and tax deduction for equipment contribution/goods under subsection 44(11C) of ITA 1967?	The following are the procedures for contributing equipment /goods: <ol style="list-style-type: none"> (i) the original approval letter by the Ministry Financial, (ii) official receipt or letter of receipt of donation from the receiving body, (iii) service / value verification letter project costs from Government agencies related.
10.	What kind of goods can be contributed?	The eligible goods contribution:

		<p>(i) Equipment such as ventilators, patient beds and air conditioners.</p> <p>(ii) Masks, hand sanitizer, glove, test kit and personal protection equipment (PPE),</p> <p>(iii) Services such as cost of disinfection and sanitation (roads, buildings, markets, places of worship, etc.), moving toilets & delivery of supplies; or</p> <p>(iv) Financing cost such as provision of permanent infrastructure or temporary (for example: tent, marquee tent to accommodate extra beds).</p>
11.	What are the other conditions for the establishment of the Covid 19 Relative Fund?	<p>i. Appointment of Board Members / Members of Committee / Trustee of Covid Relief Fund 19 must be 50% non-related and no family relationship, employer and employee relations as well as director or employee relationship in the same company or group.</p> <p>ii. Performance report of 3 months activities must be submitted to Ministry of Finance and Inland Revenue Board Of Malaysia.</p> <p>iii. Benefits of the Covid 19 Relief Fund should not be enjoyed by the founders or AJK and employees of the entity establishing the Covid 19 Relief Fund.</p> <p>iv. Covid 19 Relief Fund must be dissolved after the approval of the fund has expired. The balance must be submitted to the National Disaster Management Agency (NADMA) or Ministry of Health Malaysia (MOH). The bank account must also be terminated.</p>
12.	When the tax deduction is allowed to be claimed?	Tax deduction can be claimed in Year of Assessment 2020.
13.	Can the same amount be claimed under subsection 44 (6) of ITA 1967?	No. Double claim is not allowed for the same amount.
14.	When is the contribution period for Covid 19?	Started from February 2020 until the outbreak declared to be over by the Government.