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**TAX FAQS AMIDST COVID-19
OUTBREAK**



TAX DEDUCTIONS FOR DONATIONS TO COVID-19 FUNDS

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On 26 March 2020, the Inland Revenue Board of Malaysia (LHDNM) announced that incentives in the form of tax deductions would be given to taxpayers who provide donations, either in the form of cash or items, to certain designated recipients in an effort to contain the COVID-19 pandemic which is sweeping the nation.

We shall address several tax frequently asked questions (FAQs) related to donations to COVID-19 funds.

**FOR MORE INSIGHT INTO
THIS AREA OF LAW, PLEASE
CONTACT OUR PARTNER IN
THE TAX PRACTICE GROUP**



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Q1: WHAT TYPES OF DONATION WILL BE ELIGIBLE FOR THE TAX DEDUCTION?

The following donations are currently eligible for the incentive under the Income Tax Act (ITA) 1967:-

(a) COVID-19 Fund (Ministry of Health)

Types of donation: Cash and items

(b) COVID-19 Fund (National Disaster Management Agency, Prime Minister's Department)

Type of donation: Cash

(c) Organisations/institutions approved by the Director General of Inland Revenue (DGIR) under Subsection 44(6) ITA 1967.

Q2: WHAT DOCUMENTS SHOULD THE TAXPAYER RETAIN WHEN MAKING THE DONATION?

The following documents may be used to claim for tax deductions in the Income Tax Returns for year of assessment 2020:-

(a) Donation of cash to both COVID-19 Funds:-

- i. Government Official Receipt (Kew.38)
- ii. Automated Teller Machine (ATM) Transfer Slip
- iii. Cheque Deposit Machine (CDM) Deposit Slip
- iv. Bank Counter Deposit Slip
- v. Online Payment Slip
- vi. Inter-Bank Giro (IBG) Payment Slip
- vii. Real Time Electronic Transfer Fund And Securities System (RENTAS) Receipt
- viii. Telegraphic Transfer (TT) Receipt together with advice of credit

(b) Donation of supplies to COVID-19 Fund (Ministry of Health):-

- i. Original Approval Letter from Ministry of Finance
- ii. Official Receipt or Acknowledgment of Receipt from Fund
- iii. Official confirmation of value of donation from Fund

(c) Donation of cash to approved organisations /institutions under Subsection 44(6):-

Official Receipt from the organisation/institution

For donation of items to approved organisations/ institutions the taxpayer is advised to obtain a written acknowledgment of receipt from the organisation/institution in question in the format approved by the Ministry of Finance together with its official stamp.

Q3: HOW CAN THE TAXPAYER AVOID BEING TAKEN IN BY SCAMS RELATING TO THIS INCENTIVE?

Taxpayers are advised to consult the official website of LHDNM at <http://www.hasil.gov.my> to ascertain whether the organisation / institution in question has been approved by the DGIR.

The taxpayer may also contact LHDNM directly on their website with any queries.

The above is based on a press release statement by the Inland Revenue Board of Malaysia dated 26 March 2020.