



Special Deduction For Renovation And Refurbishment Expenses

The Income Tax (Costs of Renovation and Refurbishment of Business Premise) Rules 2020 P.U (A) 381-2020 has been gazetted on 15 December 2020.

With effective from Year of Assessment 2020, a special tax deduction is given for the costs of renovation and refurbishment of business premise incurred by a person from 1 March 2020 until 31 December 2021, which is certified by the external auditor.

The total amount of deduction allowed is subject to a maximum amount of RM300,000.

“Costs of renovation and refurbishment of business premise” means the costs of renovation and refurbishment of business premise incurred for the purposes specified in the First Schedule of the Rules as below:

- a) General electrical installation
- b) Lighting
- c) Gas System
- d) Water System
- e) Kitchen fittings
- f) Sanitary fittings
- g) Door, gate, window, grill and roller shutter
- h) Fixed partitions
- i) Flooring (including carpets)

Key Takeaway



- ❖ Special tax deduction for costs of renovation and refurbishment of business premise.

- j) Wall covering (including paint work)
- k) False ceiling and cornices
- l) Ornamental features or decorations excluding fine art
- m) Canopy or awning
- n) Fitting room or changing room
- o) Recreational room for employee
- p) Air-conditional system
- q) Children play area
- r) Reception area
- s) Surau

However, the above deduction shall not include the following cost:-

- a) Designer fee
- b) Professional fee
- c) Purchase of antique (purchase of an object or work of art which, represents a previous era in human society, is collectable item due to its age, rarity, craftsmanship or other unique features and appreciates in value over time).

Take note that these Rules shall not apply to a person who has made a claim in relation to the costs of renovation and refurbishment of business premise under:-

- i. any allowable expenses under subsection 33(1) of the Income Tax Act 1967 (ITA 1967);
- ii. any capital allowance under Schedule 2 of the ITA 1967; or
- iii. any capital allowance under Schedule 3 of the Act.

Our comments:

- ✓ Businesses can take this opportunity to renovate or refurbish their business premises during the incentive period.
- ✓ Businesses that have already renovated or refurbished their business premises may need to review their tax position for Year of Assessment (YA) 2020 and also to review the tax estimation for YA 2021.



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