

The background image shows a close-up of a hand using a trowel to apply grey mortar to a brick wall. The bricks are red and some are already covered in mortar. A ruler is visible on the left side of the image.

# Tax Treatment on Expenditure for Repairs and Renewals of Assets

**Public Ruling No. 6/2019**



**Why some repair and renewal expenses of assets can't be claimed as tax deduction?**

**But I heard in the Short Term Economic Recovery Plan (PENJANA), it is mentioned that the renovation and refurbishment of business premises can enjoy tax relief of up to RM300,000.**



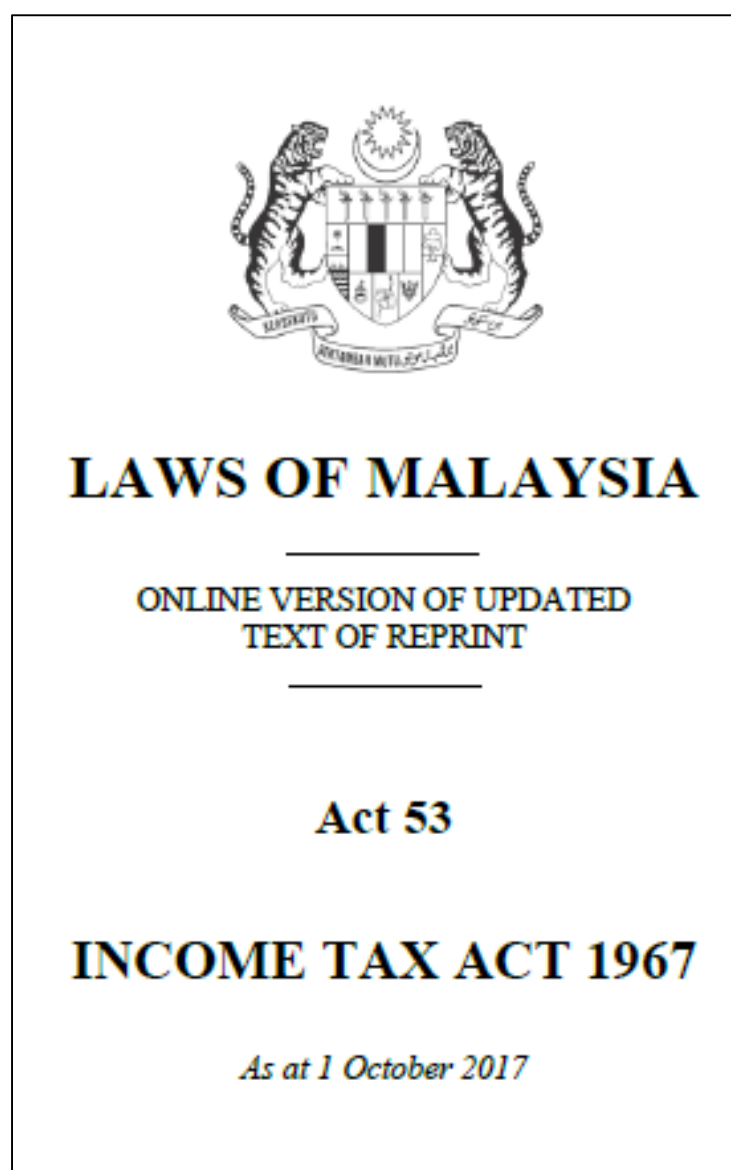
Under Sec 33 (1)(c)\*, repair and renewal expenses are allowed for tax deductions, BUT

根据S33 (1)(c), 维修和装修费用是允许扣税的, 但是!

Tax deductions will ONLY be allowed for expenses that wholly and exclusively incurred for the production of gross income:

这些费用必须完全是为了为公司带来收入而产生的:

- Repair of assets (include premises, plant, machinery or fixtures employed)  
资产的维修 (包裹建筑, 机械, 厂房, 固定装置等)
- Renewal, repair or alteration of any implement, utensil from source other than those which qualify for capital allowances under Schedule 3 of ITA\*  
任何工具, 器具, 零件的修理或更换 (除了符合 ITA 附表 3 资本免税额 Capital Allowance的)



\*Income Tax Act 1967 As at 1 October 2017

\*Income Tax Act 1967



## LAWS OF MALAYSIA

ONLINE VERSION OF UPDATED  
TEXT OF REPRINT

Act 53

## INCOME TAX ACT 1967

*As at 1 October 2017*

# HOWEVER

Sec 33 (1)(C) also mention cost of reconstructing or rebuilding for:

- any premises, buildings, structures or works of a permanent nature;
- any plant or machinery;
- any fixtures

Are **NOT ALLOWED** as a tax deduction

S33 (1)(C)也提到任何有关建筑，机械，固定装置的改造或重建费用都是不允许扣税的



## What is repair and renewal means? 所以，维修与装修是？

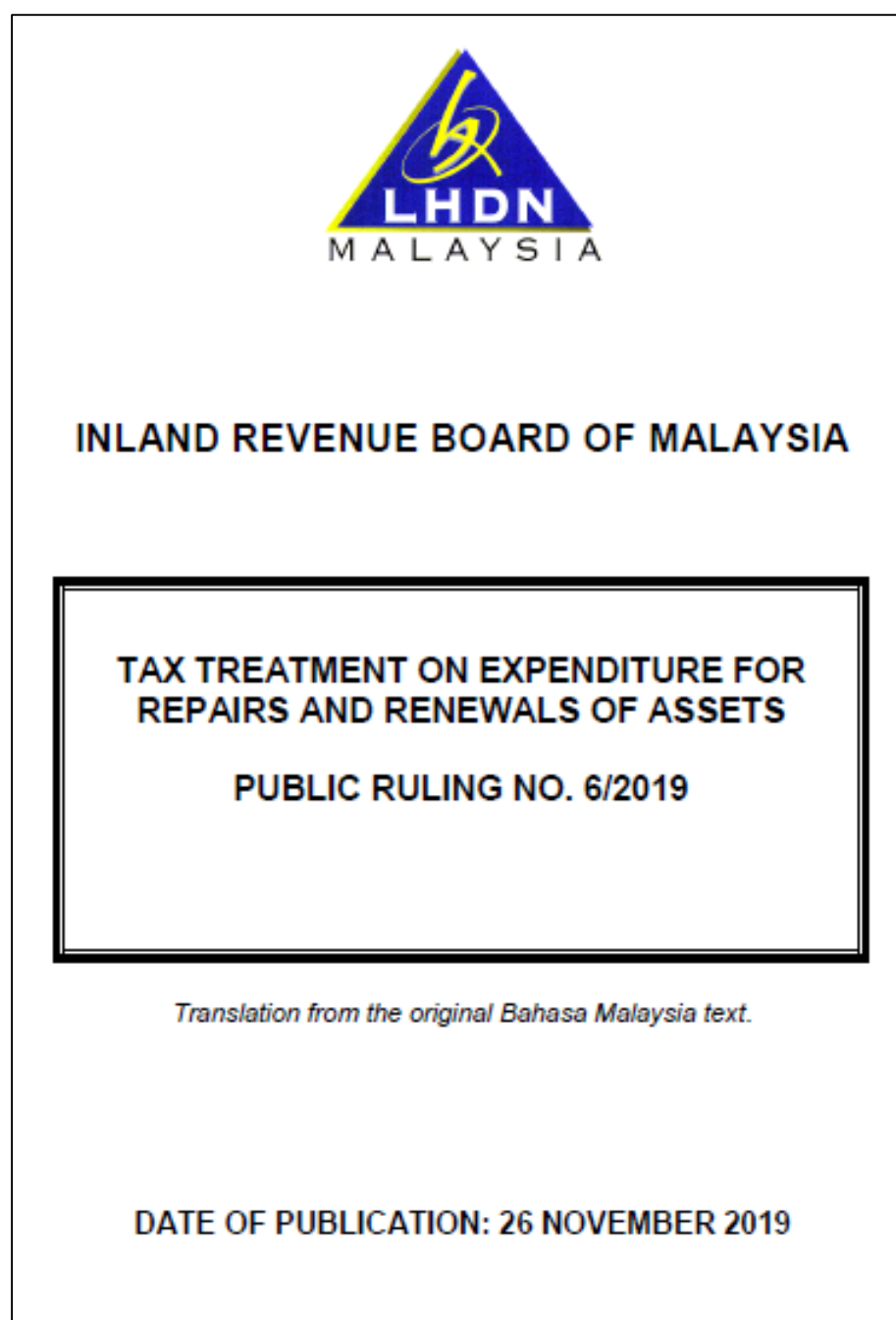
**REPAIR** is to restore an asset to its original state by RENEWING or REPLACING the damaged parts without any element of improvement.

维修是通过更新或更换损坏的零件将资产恢复到原有的效率  
(这仅限于让资产恢复运作，并不包括提升机械的性能， 扩建建筑等)



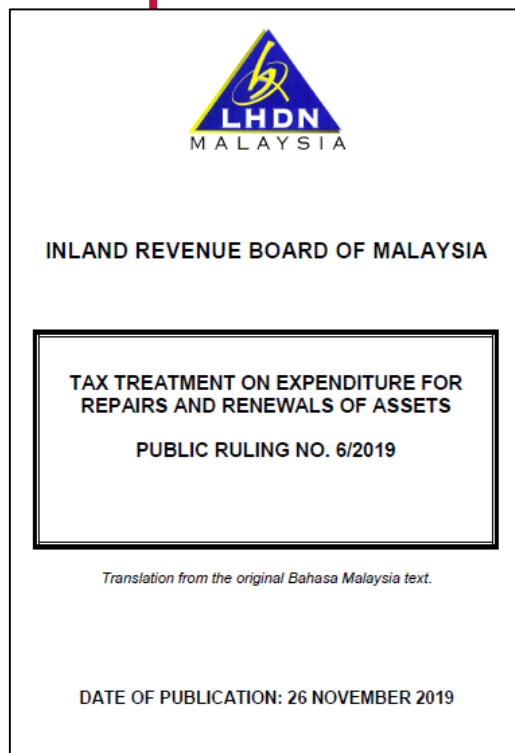
# PR No.6/2019 categorized repair expenses as:

## 维修与装修费可分为:



# PR No.6/2019 categorized repair expenses as:

维修与装修费可分为:



✓ **Repair to restore assets to their original condition is allowable as a deduction.**

(to enable it to function properly and efficiently)

为了使资产恢复到原始状态而产生的维修与装修费

✓ **The replacement of the entirety or part of the entirety is allowable as a deduction.**

(Repair: Invoice replacement of a subsidiary part of the entire asset) (Renewal: Replacement of most parts of the entire asset)

✗ **\*\*\*However, where a renewal involves replacement of the whole asset, such expenditure would be capital in nature and thus not deductible**

整体更换或部分更换 (若资产整体被更换将被归类为资产, 那么此费用将不能扣税)



## Replacement or improvement

✓ (Replacement of part of an asset which is damaged is allowable as a deduction without any improvement)

更换 (在不影响资产原有的效率下, 更换损坏零件而产生的费用是可以扣税的)



INLAND REVENUE BOARD OF MALAYSIA

TAX TREATMENT ON EXPENDITURE FOR  
REPAIRS AND RENEWALS OF ASSETS  
PUBLIC RULING NO. 6/2019

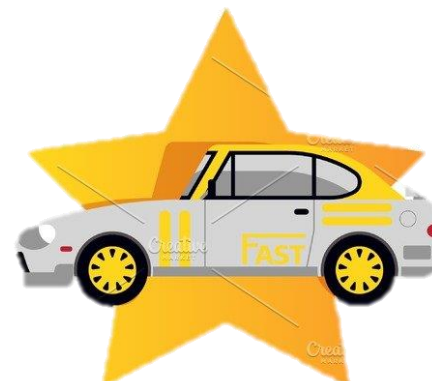
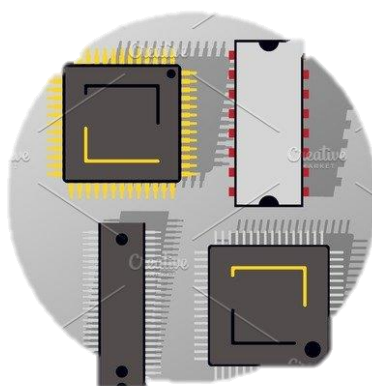
*Translation from the original Bahasa Malaysia text.*

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✗ (Improvement that caused changes to the asset, the expense is capital in nature which are not allowed for tax deduction)

提升 (若该维修与装修费会改变或提升资产的效率, 那么该费用将被归类为资本支出\*\*, 所以不能扣税)

\*\*资本支出 (Capital Expenditure), 虽然不能扣税, 但却能享有资本免税权 (Capital Allowance)





## Initial repairs

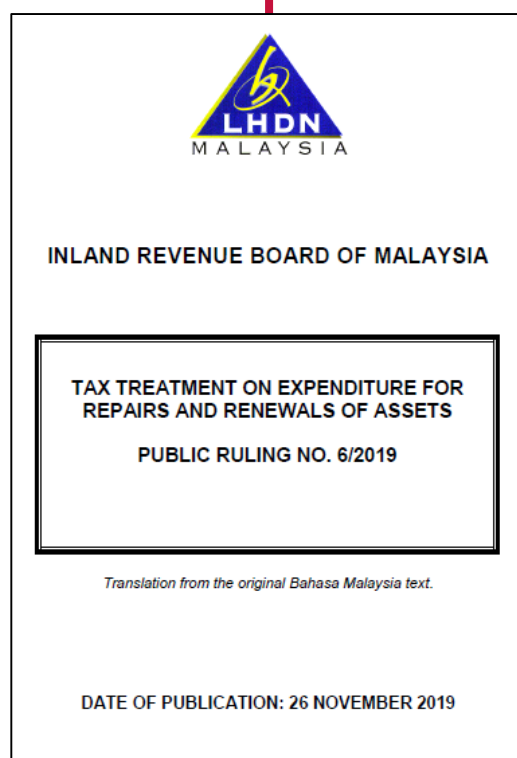
(When an asset is acquired in a state of disrepair/has not been used for a long time and is in need of repairs before it can be effectively used). Initial repair is not allowed as a deduction

初步维修 (资产在失修情况下买进/长期未使用, 需要维修才能达到原有的效率)

## Implements, utensils or articles with a life span of less than two years

(Generally, replacement of implements, utensils or articles that have an expected life span of not more than 2 years is allowed as a deduction)

任何零件, 器具上的更换的使用寿命预计为2年





# Good News!

# penjana

## Pelan Jana Semula Ekonomi Negara

It was announced under Short-term Economic Recovery Plan (PENJANA) that a special deduction is given for renovation and refurbishment expenditure up to a limit of RM300,000 for capital expenditure



It was announced under Short-term Economic Recovery Plan (PENJANA) that



经济振兴配套

- Special tax deduction is given for the renovation and refurbishment expenditure **for business premises** up to a **limit of RM300,000**  
翻新或装修费用营业场所的最高税务减 **RM300,000**
- **For capital expenditure incurred** during the period of **1 March 2020 to 31 December 2021**  
适用于 **01.03.2020 – 31.12.2021** 年翻新或装修营业场所的资本支出
- **The special deduction will be extended to cover expenditure incurred until 31 December 2021.**  
期限从原有的9个月 (01.03.2020 – 31.12.2020) 延长至 **31.12.2021**
- **The tax deduction does not apply to expenditure which has been given an allowance under Schedule 2 or Schedule 3 (Capital Allowance) of ITA\***  
除了符合ITA\*附表2和附表3资本免税额Capital Allowance的支出





# Summary 总结

<div>Revenue expenditure 收入支出 (可扣税) </div> <div>(Allowed as a deduction)</div>	<div>Capital expenditure </div> <div>资本支出 (不可扣税)</div> <div>(Not allowed as a deduction)</div>
<div>Repair which restores an asset to its existing condition</div> <div>为了使资产恢复到现有状态而产生的维修费</div> <div>(仅维修资产损坏的部分)</div>	<div>Repairs/replacement with element of improvement/renewal to the assets or altering its the original condition</div> <div>其修理或更新将改变资产的原有状态</div> <div>(维修后，资产的性能提升)</div>
<div>Repairs which allow businesses to continue</div> <div>(为了使企业继续经营而产生的维修费)</div>	<div>Initial expenditure or repairs on assets immediately after asset acquired</div> <div>资产购置后的初次维修</div> <div>(如二手机械，必须维修才能使用)</div>
<div>Replacement of part of the entire asset</div> <div>更换资产的一部分 (更换零件)</div>	<div>Replacement of the entire asset (entirely)</div> <div>整个资产被替换</div>
<div>Replacement and renewals of implements, utensil or articles that have an expected life span of not more than 2 years</div> <div>器具，零件，物品的更换或更新，寿命预计不超过2年</div>	-