



ACCOUNTING BULLETIN

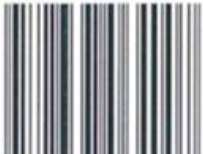
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Budget Update: Relief For Lifestyle

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In budget speech 2017, the government introduced a new lifestyle relief in order to inculcate good reading habits, nurture healthy lifestyles, and enhance usage of computers and internet. It is actually not new lifestyle relief, but comprehensive reliefs which combine a few tax reliefs into one, allowing taxpayers to claim annual assessments. It is a combination of the existing tax relief for reading materials such as books, magazines, journals but excluded newspapers and banned reading materials up to RM1, 000 a year for oneself, spouse or child; personal computer up to RM3,000 to be claimable once over a three-year period, and sports equipment for sports activities as defined under the Sports Development Act 1997 up to RM300 a year with a limit of up to RM2,500. Total sum of the reliefs must not exceed RM2, 500.

As a result, the scope of the lifestyle relief is expanded to include purchases of printed daily newspapers which before this are not deductible, purchases of a smartphone or tablet, internet subscriptions which before this was granted from YA 2010 until YA 2012 for payment of monthly broadband internet subscription and gymnasium membership fees for oneself, spouse or child. This new lifestyle relief also provides flexibility for taxpayers to claim all the above tax reliefs depending on their lifestyle. The relief is available to a taxpayer who incurred such expenses on himself or herself, spouse and children. The above measures were due to take effect from 1 January 2017 and tax filed in 2018.

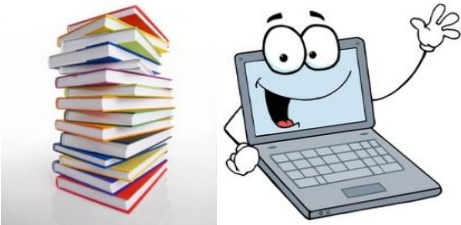


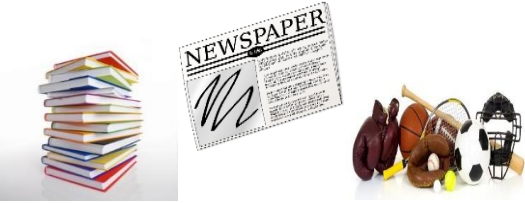
In order to claim the lifestyle relief, it must be supported by receipts issued in respect of the purchase or payment. Taxpayers are required to retain documentary evidence to support the claim of tax reliefs in the event of a tax audit. If a taxpayer is audited, the absence of documentary evidence could attract penalties of up to 100 percent of the tax under-charged. The taxpayers should keep proper record of documents at least for seven years.

The advantage of the new relief is, it offers more flexibility because it allows a slightly larger group of taxpayers to benefit from it. The new lifestyle tax relief does offer more flexibility because it includes more items. Meaning that, for taxpayers who do not take full advantage of reliefs such as reading materials, they can now make use of the reliefs in other ways by claiming other categories. However, the drawback is, for taxpayers who actually spend their money on all the categories, the

limit of RM2, 500 really does not make a big impact on their deduction. Many taxpayers feel that the amount is too low.

Lifestyle relief has five categories:

1. Books, journal, magazines, printed newspapers or other similar publications.
2. Personal computer, smartphone or tablet.
3. Sports equipment for any sports activity (excludes motorised 2-wheel bicycles but includes racquets and balls, treadmill, exercise bike and air walker; not eligible for purchases of clothing and shoes.)
4. Gym membership.
5. Monthly bills for internet subscription (under individual’s name).

YEAR OF ASSESSMENT 2016	YEAR OF ASSESSMENT 2017 ONWARDS
 	  <div data-bbox="783 1339 1062 1451" style="border: 1px solid blue; border-radius: 10px; padding: 5px; display: inline-block;"> Gym Fitness Membership Card </div> <div data-bbox="1070 1379 1331 1413" style="margin-left: 20px;"> <i>Broadband Subscription</i> </div>

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