



INLAND REVENUE BOARD OF MALAYSIA

**SPECIAL ALLOWANCES FOR
SMALL VALUE ASSETS**

PUBLIC RULING NO. 3/2021

Translation from the original Bahasa Malaysia text

DATE OF PUBLICATION : 21 JULY 2021



SPECIAL ALLOWANCES FOR SMALL VALUE ASSETS

INLAND REVENUE BOARD OF MALAYSIA

**Public Ruling No. 3/2021
Date Of Publication: 21 July 2021**

Published by
Inland Revenue Board of Malaysia

Third edition

Second edition on 31 December 2014

First edition on 27 March 2008

© 2021 by Inland Revenue Board of Malaysia

All rights reserved on this Public Ruling are owned by the Inland Revenue Board of Malaysia. One print or electronic copy may be made for personal use. Professional firms and associations are permitted to use the Public Ruling for training purposes only. Systemic or multiple reproduction, distribution to multiple location via electronic or other means, duplication of any material in this Public Ruling for a fee or commercial purposes, or modification of the content of the Public Ruling is prohibited.

CONTENTS	PAGE
1. Objective	1
2. Relevant Provisions of The Law	1
3. Interpretation	1
4. Introduction	2
5. Application of the Relevant Provisions of The Law	2
6. Option to Claim Special Allowances for Small Value Assets	2
7. Tax Treatment Prior to The Year of Assesment 2020	3
8. Tax Treatment Effective from The Year of Assesment 2020	4
9. Steps to Claim Special Allowances	5
10. Tax Treatment in relation to the Special Allowances for Small and Medium Companies	6
11. Tax Treatment in relation to the Special Allowances for non-Small and Medium Companies	8
12. Maximum Limit of Special Allowances Claim for Small and Medium Companies	10
13. Person Not Eligible to Claim Special Allowances	16
14. Hire Purchase of Small Value Assets	16
15. Disposal of Small Value Asset	16
16. Record Keeping	17
17. Updates and Amendments	18
18. Disclaimer	19

DIRECTOR GENERAL'S PUBLIC RULING

Section 138A of the Income Tax Act 1967 (ITA) provides that the Director General is empowered to make a Public Ruling in relation to the application of any provisions of the ITA.

A Public Ruling is published as a guide for the public and officers of the Inland Revenue Board of Malaysia. It sets out the interpretation of the Director General in respect of the particular tax law and the policy as well as the procedure applicable to it.

The Director General may withdraw this Public Ruling either wholly or in part, by notice of withdrawal or by publication of a new Public Ruling.

**Director General of Inland Revenue,
Inland Revenue Board of Malaysia.**

INLAND REVENUE BOARD OF MALAYSIA

1. Objective

The objective of this Public Ruling (PR) is to explain the tax treatment in relation to the special allowances claimed as capital allowance on small value assets.

2. Relevant Provisions of The Law

- 2.1 This PR takes into account laws which are in force as at the date this PR is published.
- 2.2 The provisions of the Income Tax Act 1967 (ITA) related to this PR are section 2, subsections 2(1) and (9), paragraphs 8(1)(b) and (c), section 60F, paragraphs 10, 15, 19A, 35, 37, 46 and 61 of Schedule 3.

3. Interpretation

The words used in this PR have the following meaning:

- 3.1 "Resident" means resident in Malaysia for the basis year for a year of assesment by virtue of section 8 of the ITA.
- 3.2 "Balancing charge" refers to the difference where the disposal value of a small value asset exceeds the residual expenditure on the date of the disposal.
- 3.3 "Body of persons" means an unincorporated body of persons (not being a company) including a Hindu Joint Family but excluding a partnership.
- 3.4 "Disposed" means a small value asset is sold, discarded or destroyed or it ceased to be used for the purposes of the business.
- 3.5 "Person" includes a company, a body of persons, a limited liability partnership and a corporation sole.
- 3.6 "Tax computation" means the working sheets, statements, schedules, calculations and other supporting documents forming the basis upon which an income tax return is made which are required to be maintained by the person making the return.
- 3.7 "Qualifying plant expenditure" means capital expenditure incurred on the purchase of small value assets used for the purpose of a business other than assets that have an expected life span less than two (2) years.
- 3.8 "Source" means a source of income.

INLAND REVENUE BOARD OF MALAYSIA

- 3.9 “Company” means a body corporate and includes any body of persons established with a separate legal identity by or under the laws of a territory outside Malaysia and a business trust.
- 3.10 “Related company” in relation to a company referred to in subparagraph 19A(3) of Schedule 3 of the ITA, means a company with paid-up capital of ordinary shares exceeding RM2.5 million at the beginning of the basis period for a year of assessment.

4. Introduction

Special allowances at special rates for small value assets have been introduced from the year of assessment (YA) 2006. A person is eligible to claim the special allowance if qualifying plant expenditure (QPE) has been incurred on such assets which are used for the purposes of his business. From YA 2006 to YA 2020, there have been changes in the value of the assets referred to as a small value assets. In addition, the limitation in respect of the maximum amount of QPE that can be claimed as special allowances for small value assets in a YA have also been amended. However, such limitations are only applicable for certain companies depending on the paid-up capital of the ordinary shares, the gross income from a business and the indirect or direct shareholding of the relevant company.

5. Application of the Relevant Provisions of The Law

- 5.1 Paragraph 19A of Schedule 3 of the ITA provides a special rate of allowance to be given to small value assets instead of the normal rates of capital allowance as provided under paragraphs 10 and 15 of Schedule 3 of the ITA.
- 5.2 The special allowance rates for each of this small value asset is 100% which is equivalent to the amount of QPE incurred on the small value asset.
- 5.3 In order for a person to qualify for the special allowances under paragraph 19A of Schedule 3 of the ITA, the general requirements regarding the claim for capital allowances as provided under Schedule 3 of the ITA has to be complied with.

6. Option to Claim Special Allowances for Small Value Assets

- 6.1 A person is given an option to either make a claim for special allowances for small value assets under paragraph 19A of Schedule 3 of the ITA or to claim normal capital allowances under paragraphs 10 and 15 of Schedule 3 of the ITA.

INLAND REVENUE BOARD OF MALAYSIA

- 6.2 However, once an election has been made to claim capital allowances under paragraphs 10 and 15 of Schedule 3 of the ITA, then the person has to consistently apply the said provisions of the ITA until the total QPE is fully absorbed.
- 6.3 If a person has claimed special allowances for small value assets under paragraph 19A of Schedule 3 of the ITA, that person will not be entitled to claim capital allowances under paragraphs 10 and 15 of Schedule 3 of the ITA in respect of the said assets.
- 6.4 A person is deemed to have elected for special allowances on small value assets if he computes the allowance for small value assets using the special allowances rate under paragraph 19A of Schedule 3 of the ITA in his tax computation.

7. Tax Treatment Prior to The Year of Assessment 2020

Subparagraphs 19A(1) and (3) of Schedule 3 of the ITA provide the value of each small value assets and the maximum total QPE that can be claimed as a special allowance by Small and Medium Company (**SMC**) and **non-SMC** for the relevant YA as follows:

YA	YA 2006 – YA 2008	YA 2009 – YA 2014	YA 2015 – YA 2019
Tax Treatment			
The value of each small value asset can be claimed by SMC¹ and non-SMC (RM).	Not exceeding 1,000		Not exceeding 1,300
The total maximum QPE of special allowance can be claimed by SMC¹ for each YA (RM).	Limited to 10,000	Unlimited	
The total maximum QPE of special allowance can be claimed by non-SMC for each YA (RM).	Limited to 10,000		Limited to 13,000

¹**Note** : Prior to the YA 2020, **SMC** for the purpose of this PR means a resident company which have a paid-up capital in respect of ordinary shares not exceeding RM2.5 million at the beginning of the basis period for a year of assesment.

INLAND REVENUE BOARD OF MALAYSIA

8. Tax Treatment Effective from The Year of Assessment 2020

Effective from the YA 2020, subparagraphs 19A(1) and (3) of Schedule 3 of the ITA have been amended as follows:

8.1 Subparagraph 19A(1) of Schedule 3 of the ITA provides that -

- (i) the value of each small value assets **does not exceed RM2,000**; and
- (ii) the claim for special allowances for small value assets is **limited to a maximum amount of RM20,000 for each YA**.

8.2 Pursuant to subparagraph 19A(3) of Schedule 3 of the ITA, an **SMC**² is eligible to claim special allowance on small value assets **without any limit** if the company is a company resident and incorporated in Malaysia that -

- (a) has paid-up capital in respect of ordinary shares of RM2.5 million and less at the beginning of the basis period for a YA; and
- (b) **has gross income from a source or sources consisting of business not exceeding RM50 million for the basis period for that YA**³.

²**Note:** Effective from the YA 2020, **SMC** means a company that fulfils the two criterias as mentioned in paragraph 8.2 of this PR.

³**Note:** For a further explanation on the **additional criteria** as mentioned in paragraph 8.2(b) of this PR, please refer to the Practice Note No. 4/2020 titled Clarification on Determining The Gross Income from Business Sources of Not More Than RM50 Million of A Company or Limited Liability Partnership dated 21.12.2020 that can be downloaded from the Inland Revenue Board of Malaysia's official portal at www.hasil.gov.my.

8.3 Effective from the YA 2020, the value of each small value assets and the maximum total QPE that can be claimed as a special allowance by **SMC** and **non-SMC** can be summarized as follows:

INLAND REVENUE BOARD OF MALAYSIA

Tax Treatment	YA 2020
The value of each small value asset can be claimed by SMC and non-SMC (RM)	Not exceeding 2,000
The total maximum QPE of special allowance can be claimed by SMC for each YA (RM)	Unlimited
The total maximum QPE of special allowance can be claimed by non-SMC for each YA (RM)	Limited to 20,000

- 8.4 For the purposes of paragraph 8.2(b) of this PR, generally, the gross income from a business source for a basis period is the full amount of income arising from that source for that basis period before any deduction.
- 8.5 In relation to the additional criteria in paragraph 8.2(b), a company is not eligible for the tax treatment under subparagraph 19A(3), Schedule 3 of the ITA if –
- (i) the gross income received is deemed to have no gross income from a business sources such as investment holding company that are not listed on Bursa Malaysia. For more information, please refer to Example 3 of this PR.
 - (ii) does not have gross income from a business source under paragraph 4(a) of the ITA 1967 but have other income such as interest and rent under paragraphs 4(c) and (d) of the ITA; and
 - (iii) the company is a dormant company and does not have gross income from a business sources.
- 8.6 If a person has incurred QPE on small value assets exceeding RM20,000 in a YA, then the excess amount of QPE in respect of the asset is not subject to the special allowances rate but would be eligible for the normal capital allowance rate provided under paragraphs 10 and 15 of Schedule 3 of the ITA.

9. Steps to Claim Special Allowances

The steps that can be followed to facilitate the understanding of claiming special allowances for small value assets are as follows:

INLAND REVENUE BOARD OF MALAYSIA

Step 1

Identify the value of each small value assets not exceeding RM2,000 and not acquired on hire purchase.

Step 2

Identify these small value assets which do not include assets that have an expected life span of not more than 2 years.

Step 3

Determine the total of QPE for small value assets that can be claimed as follows:

- (a) For **non-SMC**, **limited to** a maximum amount of **RM20,000** per YA;
- (b) For **SMC**, there is **no limit** for each YA.

Step 4

Claim normal capital allowances under paragraphs 10 and 15, of Schedule 3 of the ITA on-

- (a) assets that exceed RM2,000; and
- (b) assets that are removed to ensure that the total QPE does not exceed RM20,000 if the company is other than SMC.

Step 5

Claim a special allowance for small value assets under paragraph 19A of Schedule 3 of the ITA.

10. Tax Treatment in relation to the Special Allowances for Small and Medium Companies

Subparagraph 19A(3) of Schedule 3 of the ITA provides that an SMC is entitled to claim special allowances for small value assets without any limitation on the total QPE for a YA. The SMC which is eligible to claim the special allowance must be a company resident and incorporated in Malaysia that fulfils the two criteria as mentioned in paragraph 8.2 of this PR. However, the QPE for each small value assets of SMC should not exceed RM2,000. Please refer to paragraph 8.3 of this PR.

INLAND REVENUE BOARD OF MALAYSIA

Example 1

In the YA 2021, Smarts Kitchen Sdn Bhd (SKSB) purchased 13 small value assets and used them in its restaurant and catering business in the basis period for the YA 2021. The total gross income from both the restaurant and catering business sources in the YA 2021 was RM1.5 million. At the beginning of the basis period for the YA 2021, SKSB has a paid up capital in respect of ordinary shares of RM800,000. SKSB is an SMC as it fulfils both criteria as mentioned in paragraph 8.2 of this PR.

SKSB would like to claim special allowances for the following list of assets for the YA 2021.

Bil.	Asset	Asset Value (RM) [1]	Total QPE (RM) [2]	Special Allowances Claimed (100%) [3]
(i)	Dish cabinet	2,000	2,000	2,000
(ii)	Microwave oven	1,800	1,800	1,800
(iii)	Convection oven - 1	1,850	1,850	1,850
(iv)	Convection oven - 2	3,000	removed	removed
(v)	Chairs – set 1	1,950	1,950	1,950
(vi)	Chairs – set 1	1,850	1,850	1,850
(vii)	Table – set 1	2,000	2,000	2,000
(viii)	Table – set 2	1,900	1,900	1,900
(ix)	Air conditioner - 1	2,000	2,000	2,000
(x)	Air conditioner - 2	1,900	1,900	1,900
(xi)	Vacuum cleaner	1,850	1,850	1,850
(xii)	Dish dryer	1,950	1,950	1,950
(xiii)	Crockery set	2,000	removed ⁴	removed ⁴
TOTAL ASSETS		26,050	21,050	21,050

INLAND REVENUE BOARD OF MALAYSIA

Step 1

In column 1, there is one asset worth more than RM2,000 which is convection oven - 2. It is also identified that a small value asset not exceeding RM2,000 is not a hire purchase asset.

Step 2

Crockery⁴ set is not a small value asset as it has a life span of less than two (2) years. Thus, the crockery set is removed from column 2.

⁴**Note:** Expenditure incurred on the crockery asset is to be dealt with on a replacement basis. In the application of replacement basis, the original cost or cost of purchase for the first time the asset is purchased is not allowable as a tax deduction. If the replacement cost of the asset is for the second time of purchase, then it is allowed as a deductible expenditure under paragraph 33(1)(c) of the ITA in determining the adjusted income of the business.

Step 3

SKSB is eligible to claim special allowances equivalent to QPE incurred on small value assets amounting to RM21,050 as in column 2 because subparagraph 19A(3) of Schedule 3 of the ITA allows an SMC to claim special allowance for small value assets without any maximum limits.

Step 4

Claim normal capital allowance under paragraphs 10 and 15 of Schedule 3 of the ITA in respect of the asset removed i.e. the convection oven - 2 as the value of the asset exceeds RM2,000. The QPE for normal capital allowance for convection oven - 2 is RM3,000.

Step 5

Therefore, SKSB is eligible to claim a special allowance for small value assets under subparagraph 19A(3) of Schedule 3 of the ITA amounting to **RM21,050** as in column 3.

11. **Tax Treatment in relation to the Special Allowances for Non-Small and Medium Companies**

If a company does not meet the criterias as mentioned in paragraph 8.2 of this PR, the company is not eligible to claim special allowances for small value assets without limits for a YA. This is because the company is not an SMC for the purposes of this PR. However, **non-SMC** are still eligible to claim special allowances for small value assets but the **QPE is limited** to a maximum amount of **RM20,000** for each YA.

INLAND REVENUE BOARD OF MALAYSIA

Example 2

Same facts as in **Example 1** except that SKSB is a **non-SMC**. For the purpose of claiming special allowances for small value assets for the YA 2021, SKSB has to identify and take the following actions:

Steps 1 and 2 are the same as in Example 1.

Step 3

The total QPE for small value assets in column 2 is RM21,050 exceeds RM20,000. Thus, SKSB has chosen a microwave oven worth RM1,800 to be removed so that the total QPE claims does not exceed RM20,000.

Step 4

Claim normal capital allowances under paragraphs 10 and 15 of Schedule 3 of the ITA in respect of the removed asset as follows:

(i) Convection oven - 2	RM3,000
(ii) Microwave oven	RM1,800
	<hr/>
QPE for normal capital allowances	RM4,800
	<hr/>

Step 5

Claim a special allowances for small value assets under subparagraph 19A of Schedule 3 of the ITA.

Total small value assets as in column 2 (Convection oven - 2 removed)	RM21,050
Less :	
Microwave oven	<u>RM 1,800</u>
QPE for special allowances claim	<u>RM19,250</u>

Therefore, SKSB is eligible to claim special allowances for small value assets but **QPE is limited to RM19,250** for the YA 2021.

Example 3

Syarikat Wira Sdn Bhd (SWSB) is an Investment Holding Company (IHC) not listed on Bursa Malaysia, has paid-up capital in respect of ordinary shares of RM2.5 million and less at the beginning of the basis period for the YA 2021. SWSB has a gross income of RM1.5 million derived from interest, dividend, rental (non-business) and

INLAND REVENUE BOARD OF MALAYSIA

rental (business of holding of an investment). SWSB would like to claim special allowances for small value assets for the YA 2021.

Subject to section 60F⁵ of the ITA, SWSB is deemed to have **no gross income from a business source**. As SWSB does not meet any of the criterias as mentioned in paragraph 8.2(b) of this PR, SWSB is not SMC and is not eligible to claim special allowance under subparagraph 19A(3) of Schedule 3 of the ITA for small value assets in the basis period for the YA 2021.

SWSB also does not comply with the general requirement in respect of capital allowances as provided under Schedule 3 of the ITA. Please refer to paragraph 5.3 of this PR and paragraph 10 in PR No. 10/2015 titled Investment Holding Company that can be downloaded from the Inland Revenue Board of Malaysia's official portal at www.hasil.gov.my.

⁵**Note** : Any income derived from the holding of investments [interest, dividend, rental (non-business) and rental (business of holding of an investment)] is treated as a non-business source. Whereas income other than income from the holding of investments is treated as a source of income under paragraph 4(f) of the ITA. Please refer to paragraph 8 in the PR No.10/2015 titled Investment Holding Company that can be downloaded from the Inland Revenue Board of Malaysia's official portal at www.hasil.gov.my.

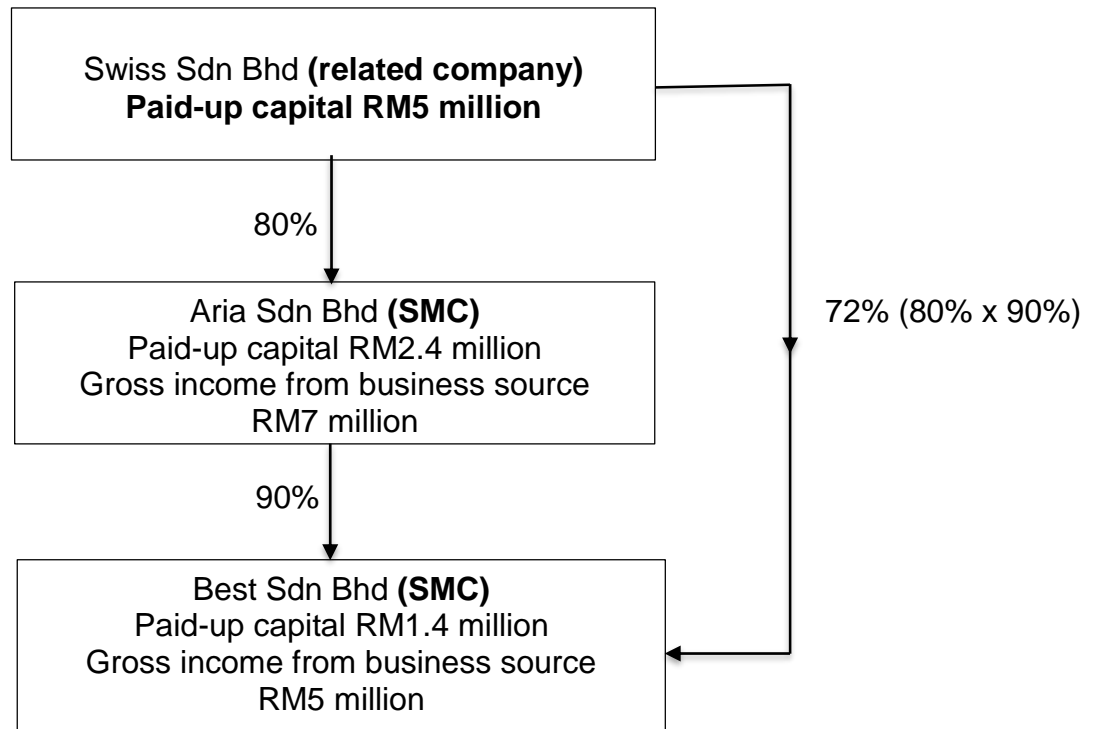
12. **Maximum Limit of Special Allowances Claim for Small and Medium Companies**

Effective from the YA 2009, SMC that falls under **subparagraph 19A(4)** of Schedule 3 of the ITA is only eligible to claim special allowance for small value assets **limited** to a maximum amount of total QPE of **RM20,000** for each YA.

12.1 An SMC referred to in subparagraph 19A(4) of Schedule 3 of the ITA is a company where—

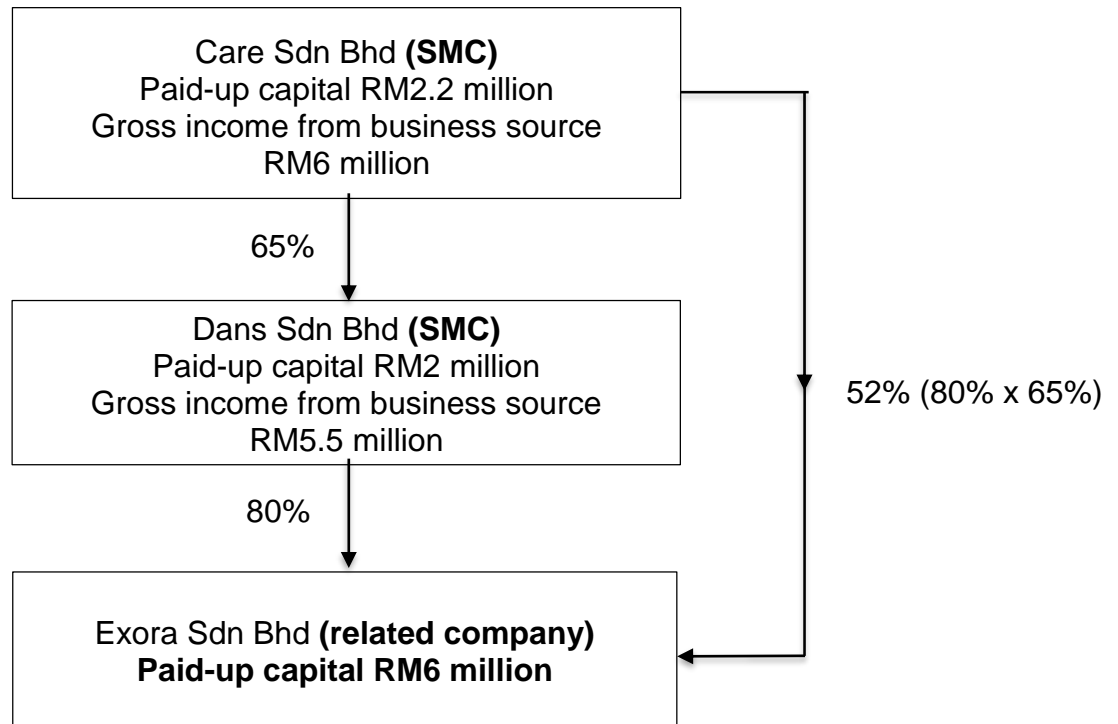
- (a) more than 50% of the paid-up capital of **the SMC**'s ordinary shares are owned directly or indirectly by a related company;

Example 4



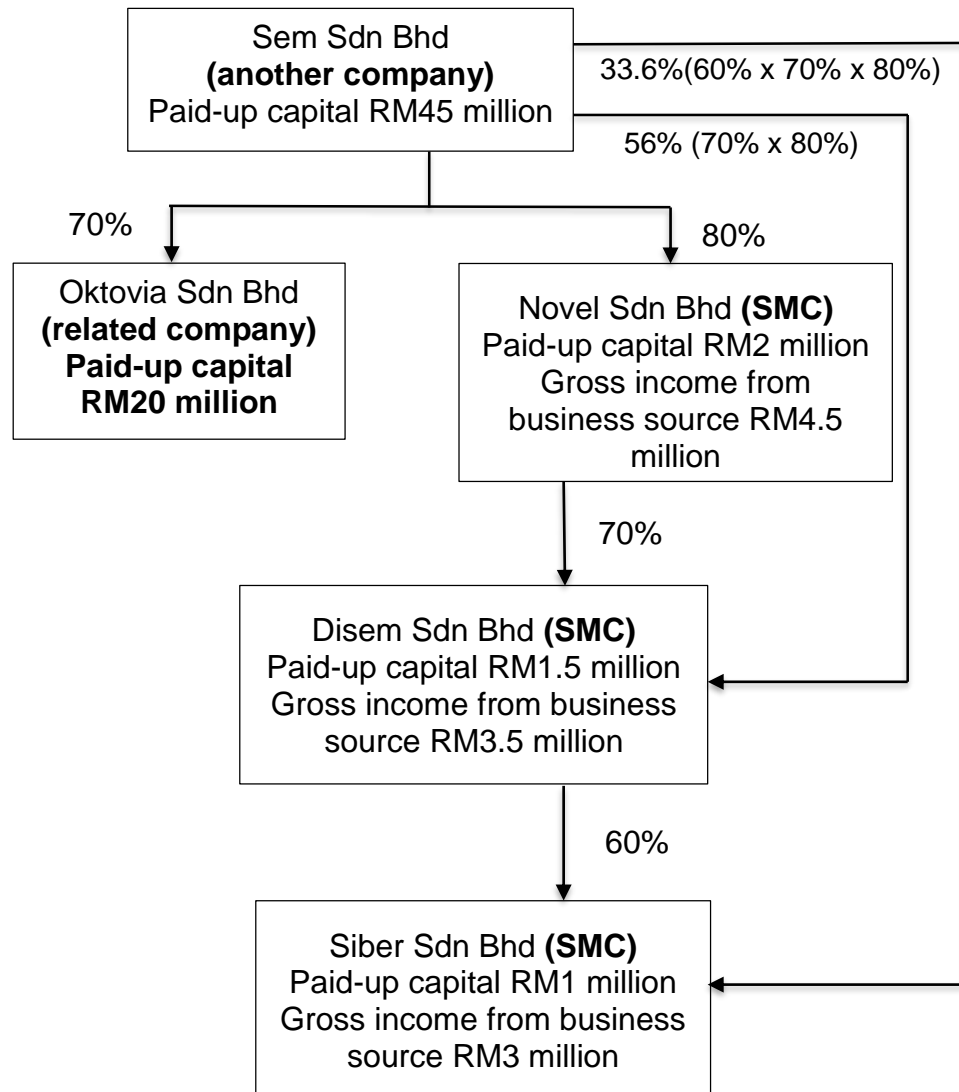
- (i) As 80% of the paid-up capital for ordinary shares of the SMC (Aria Sdn Bhd) owned directly by a related company (Swiss Sdn Bhd) is more than 50%, the SMC is eligible to claim a special allowances limited to a maximum amount of total QPE of RM20,000 only for each YA.
 - (ii) As 72% of the paid-up capital for ordinary shares of the SMC (Best Sdn Bhd) owned indirectly by a related company (Swiss Sdn Bhd) is more than 50%, the SMC is eligible to claim a special allowances limited to a maximum amount of total QPE of RM20,000 only for each YA.
- (b) more than 50% of the paid-up capital of the related company's ordinary shares are owned directly or indirectly by **the SMC**;

Example 5



- (i) As 80% of the paid-up capital for ordinary shares of related company (Exora Sdn Bhd) owned directly by the SMC (Dans Sdn Bhd) is more than 50%, the SMC is eligible to claim a special allowances limited to a maximum amount of total QPE of RM20,000 only for each YA.
- (ii) As 52% of the paid-up capital for ordinary shares of related company (Exora Sdn Bhd) owned indirectly by the SMC (Care Sdn Bhd) is more than 50%, the SMC is eligible to claim a special allowances limited to a maximum amount of total QPE of RM20,000 only for each YA.
- (c) more than 50% of the paid-up capital of the ordinary shares of **the SMC** and its related company are owned directly or indirectly by another company.

Example 6



- (i) As 70% of the paid-up capital for the ordinary shares of the related company (Oktovia Sdn Bhd) and 80% of the paid-up capital for the ordinary shares of the SMC (Novel Sdn Bhd), both of which are directly owned by another company (Sem Sdn Bhd) is more than 50%, then the SMC (Novel Sdn Bhd) is eligible to claim special allowances which is limited to a maximum amount of total QPE of RM20,000 only for each YA.
- (ii) As 56% of the paid-up capital for ordinary shares of the SMC (Disem Sdn Bhd) indirectly owned by another company (Sem Sdn Bhd) and 70% of the paid-up capital for the ordinary shares of the related company (Oktovia Sdn Bhd) is directly owned by another

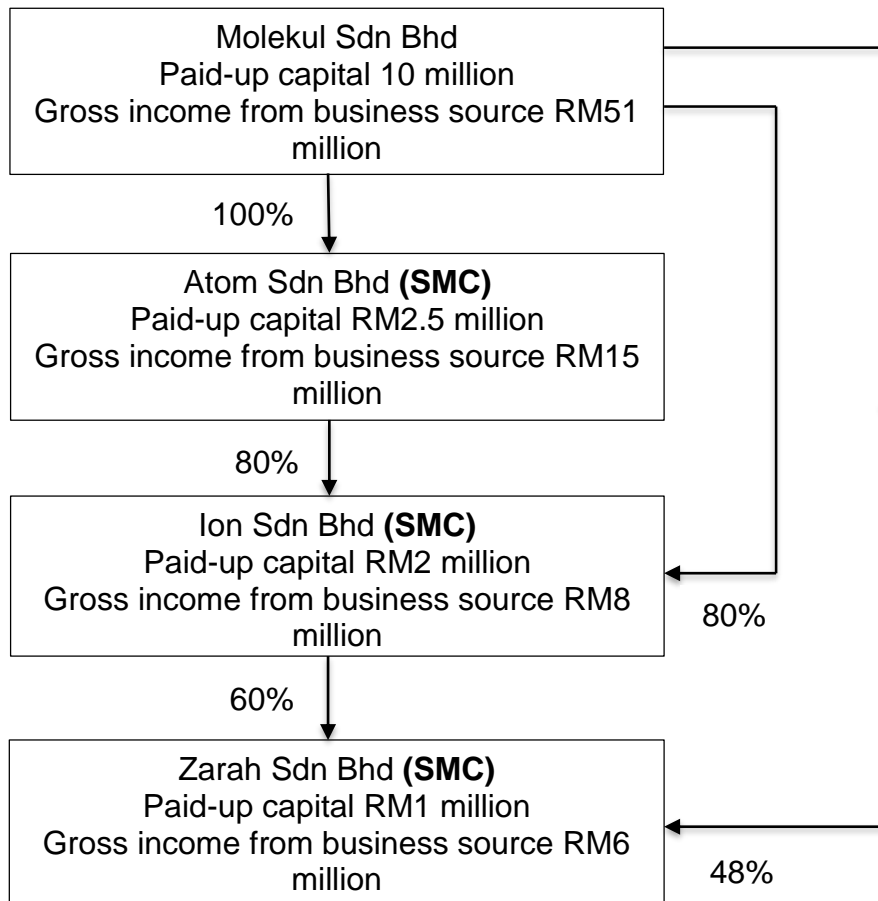
INLAND REVENUE BOARD OF MALAYSIA

company, i.e, both are more than 50%, then the SMC (Disem Sdn Bhd) is eligible to claim special allowances which is limited to a maximum amount of total QPE of RM20,000 only for each YA.

- (iii) As 33.6% of the paid-up capital for ordinary shares of the SMC (Siber Sdn Bhd) indirectly owned by another company (Sem Sdn Bhd) is less than 50%, the SMC (Siber Sdn Bhd) is eligible to claim special allowances without any limit, although 70% of the paid-up capital for ordinary shares of its related company (Oktovia Sdn Bhd) directly owned by another company (Sem Sdn Bhd) is more than 50%.

12.2 For the purposes of subparagraphs 12.1(a), (b) and (c) of this PR, the direct or indirect ownership of ordinary shares is determined at the beginning of the basis period for a YA and up to the level of ultimate holding company.

Example 7



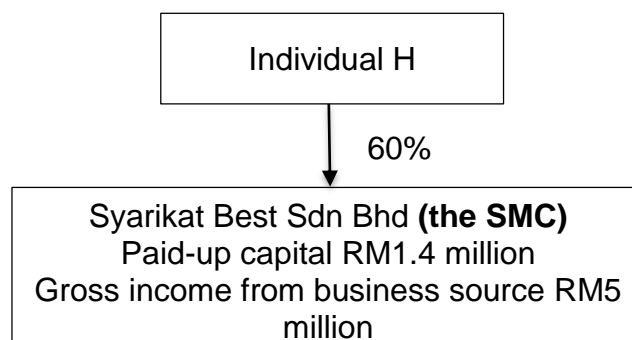
INLAND REVENUE BOARD OF MALAYSIA

- (i) Molekul Sdn Bhd is the ultimate holding company of Atom Sdn Bhd, Ion Sdn Bhd and Zarah Sdn Bhd.
- (ii) The percentage (%) of the ordinary shares owned by Molekul Sdn Bhd whether directly or indirectly in the Atom Sdn Bhd, Ion Sdn Bhd and Zarah Sdn Bhd is determined as follows:

SMC	% of Ordinary Shares Ownerships by Molekul Sdn Bhd (Directly or Indirectly)	Whether SMC entitled to Claim Special Allowances Without Limit on Total QPE
Atom Sdn Bhd	100% - directly	Not eligible
Ion Sdn Bhd	80% (100% x 80%) – indirectly	Not eligible
Zarah Sdn Bhd	48% (100% x 80% x 60%) - indirectly	Eligible

- 12.3 If the paid-up capital for ordinary shares of an SMC is owned by an entity not being an incorporated company, for example an individual, the company is eligible to claim special allowances for small value assets without any limitation on the amount even though more than 50% of the paid-up capital of the company's ordinary shares are owned by the individual.

Example 8



The SMC (Best Sdn Bhd) is eligible to claim special allowances for small value assets without any limitation on the total QPE even though 60% of the paid-up capital of its ordinary shares owned by individual H is more than 50%.

INLAND REVENUE BOARD OF MALAYSIA

13. Person Not Eligible to Claim Special Allowances

A person is not eligible to claim this special allowances if the person-

- (a) is a business trust or a special purpose vehicle which is established for the purpose of asset-backed securitization in a securitization transaction approved by the Securities Commission; or
- (b) has made an election to claim capital allowances under paragraphs 10 and 15 of Schedule 3 of the ITA. For more information, please refer to paragraph 6 of this PR.

14. Hire Purchase of Small Value Assets

The special allowances under paragraph 19A of Schedule 3 of the ITA is not applicable to small value assets acquired on hire purchase. A person can make the normal capital allowance claim under paragraphs 10 and 15 of Schedule 3 of the ITA in respect of such small value assets.

15. Disposal of Small Value Asset

15.1 Balancing Charge

If a small value asset is disposed of in the basis period for a year of assesment and that small value asset has been given the special allowances, then a balancing charge can be made in relation to that small value asset if its disposal value exceeds the residual expenditure at the date of disposal. This is in accordance with the provision of paragraph 35 Schedule 3 of the ITA. The amount of balancing charge cannot exceed the total amount of capital allowances claimed on the asset as provided under paragraph 37 Schedule 3 of the ITA.

Example 9

Abraham Gym Sdn Bhd (accounts close on 31 May) purchased 9 small value assets of gym equipment on 2.2.2019 and claimed special allowances for small value assets under paragraph 19A of Schedule 3 of the ITA. Total QPE incurred for 9 small value assets for the YA 2019 was RM13,000. On 15.5.2021, a gym equipment (small value asset) worth RM1,300 was disposed of for RM800.00. Residual expenditure for the small value asset on 31.5.2020 were nil (0).

Computation of balancing charge for the small value asset:

Year of Assessment 2019 (1.6.2018 – 31.5.2019)	RM
QPE	1,300
Less:	
Special allowances (100% x RM1,300)	<u>1,300</u>
Residual expenditure on 31.5.2019	0
Year of Assessment 2020 (1.6.2019 – 31.5.2020)	
Residual expenditure on 31.5.2020	0
Year of Assessment 2021 (1.6.2020 – 31.5.2021)	
Disposal price	<u>800</u>
Balancing charge	<u>800</u>

15.2 Small value asset that is written off

In a situation where a small value asset is written off due to it being obsolete or damaged and the asset cannot be repaired or sold, its market value is considered to be zero.

16. Record Keeping

Taxpayers are required to keep proper records so as to distinguish assets given capital allowances under paragraphs 10 and 15 of Schedule 3 of the ITA from assets given special allowances under paragraph 19A of Schedule 3 of the ITA.

INLAND REVENUE BOARD OF MALAYSIA

17. Updates and Amendments

	Amendments																		
<p>This PR is to replace the PR No. 10/2014 dated 31.12.2014.</p>	<p>The contents of this PR have been amended and updated as follows:</p> <table border="1" data-bbox="673 741 1401 2042"> <thead> <tr> <th data-bbox="673 741 900 797">Paragraph</th> <th data-bbox="900 741 1401 797">Explanation</th> </tr> </thead> <tbody> <tr> <td data-bbox="673 797 900 931">2</td> <td data-bbox="900 797 1401 931">Paragraph 2.2 is amended and updated.</td> </tr> <tr> <td data-bbox="673 931 900 1234">3</td> <td data-bbox="900 931 1401 1234"> <p>New definition of “Resident”, “Balancing charge”, “Disposed” and “Source” are inserted.</p> <p>The definition of “Qualifying plant expenditure” is amended.</p> </td> </tr> <tr> <td data-bbox="673 1234 900 1335">4</td> <td data-bbox="900 1234 1401 1335">New paragraph 4 is inserted.</td> </tr> <tr> <td data-bbox="673 1335 900 1503">5, 6, 7 and 8</td> <td data-bbox="900 1335 1401 1503">Previous paragraph 4 is updated and renumbered as paragraphs 5, 6, 7 and 8.</td> </tr> <tr> <td data-bbox="673 1503 900 1603">9</td> <td data-bbox="900 1503 1401 1603">New paragraph 9 is inserted.</td> </tr> <tr> <td data-bbox="673 1603 900 1771">10</td> <td data-bbox="900 1603 1401 1771">Previous paragraph 5 is updated and renumbered as paragraph 10.</td> </tr> <tr> <td data-bbox="673 1771 900 1872">11</td> <td data-bbox="900 1771 1401 1872">New paragraph 11 is inserted.</td> </tr> <tr> <td data-bbox="673 1872 900 2042">12</td> <td data-bbox="900 1872 1401 2042">Previous paragraph 6 is updated and renumbered as paragraph 12.</td> </tr> </tbody> </table>	Paragraph	Explanation	2	Paragraph 2.2 is amended and updated.	3	<p>New definition of “Resident”, “Balancing charge”, “Disposed” and “Source” are inserted.</p> <p>The definition of “Qualifying plant expenditure” is amended.</p>	4	New paragraph 4 is inserted.	5, 6, 7 and 8	Previous paragraph 4 is updated and renumbered as paragraphs 5, 6, 7 and 8.	9	New paragraph 9 is inserted.	10	Previous paragraph 5 is updated and renumbered as paragraph 10.	11	New paragraph 11 is inserted.	12	Previous paragraph 6 is updated and renumbered as paragraph 12.
Paragraph	Explanation																		
2	Paragraph 2.2 is amended and updated.																		
3	<p>New definition of “Resident”, “Balancing charge”, “Disposed” and “Source” are inserted.</p> <p>The definition of “Qualifying plant expenditure” is amended.</p>																		
4	New paragraph 4 is inserted.																		
5, 6, 7 and 8	Previous paragraph 4 is updated and renumbered as paragraphs 5, 6, 7 and 8.																		
9	New paragraph 9 is inserted.																		
10	Previous paragraph 5 is updated and renumbered as paragraph 10.																		
11	New paragraph 11 is inserted.																		
12	Previous paragraph 6 is updated and renumbered as paragraph 12.																		

INLAND REVENUE BOARD OF MALAYSIA

	13	Previous paragraph 7 is renumbered as paragraph 13.
	14	Previous paragraph 8 is renumbered as paragraph 14.
	15	Previous paragraph 9 is updated and renumbered as paragraph 15.
	16	Previous paragraph 10 is renumbered as paragraph 16.
	17	Previous paragraph 11 is updated and renumbered as paragraph 17.
	18	New paragraph 18 is inserted.

18. Disclaimer

The examples in this PR are for illustration purposes only and are not exhaustive.

**Director General of Inland Revenue,
Inland Revenue Board of Malaysia.**