

**INCOME TAX (DEDUCTION FOR THE COSTS OF IMPLEMENTATION OF  
FLEXIBLE WORK ARRANGEMENTS) FWA RULES 2021  
FAQ**

**Section 1 – Eligibility**

**1. Which companies are eligible for the Income Tax Deduction Cost of Implementation of Flexible Work Arrangements (FWA)?**

Eligible companies must meet the following criteria:

- (i) Incorporated under the Companies Act 2016 [Act 777]
- (ii) Limited liability partnership registered under the Limited Liability Partnerships Act 2012 [Act 743]; or
- (iii) Partnership registered under the Partnership Act 1961 [Act 135]

**2. My company received grants from the government. Can we apply for the Income Tax Deduction?**

If a company has received any grants/loans/assistance from the federal and/or state government, it cannot claim this Income Tax Deduction.

**3. Is a Holding company and their subsidiaries allowed to claim for the Income Tax Deduction?**

Yes, the Holding company and its subsidiaries can claim the Income Tax Deduction. Provided that each company incurred charges on FWA Implementation subject to the allowable deductions.

**Section 2 – Income Tax Deduction Cost of Implementation of Flexible Work Arrangements**

**4. What is the Income Tax Deduction available for companies that implement Flexible Work Arrangements (FWA)?**

For the implementation of the FWA, the company may claim the tax deduction twice up to a maximum amount of RM500,000 for each year, up to three (3) consecutive years of assessment starting from the date of implementation approval obtained from TalentCorp. There are four (4) areas related to the Income Tax Deduction:

- (i) Consultation fee
- (ii) Cost of capacity development
- (iii) Cost of software
- (iv) Software subscription

**5. Is the total Income Tax Deduction capped at RM1.0mil per year per company?**

Yes, the Income Tax Deduction is up to a maximum amount of RM500,000, equivalent to twice the amount of expenses allowed under this Income Tax Deduction for each year.

**6. What sort of work arrangements are considered as Flexible Work Arrangements (FWA)?**

Work arrangements are considered flexible if they provide greater flexibility in the following areas:

- (i) the workplace
- (ii) the scheduling of hours worked, and
- (iii) the number of hours worked

In general, the types of FWA comprise:

- a) Compressed Work Week
- b) Employee's Choice of Day Off
- c) Flexi Hours
- d) Job Sharing
- e) Leaving Early from Work
- f) Modified Role
- g) Phased Retirement
- h) Reduced / Part-Time
- i) Seasonal Work
- j) Shift Swapping
- k) Staggered Hours
- l) Work-From-Home

You may refer to the Income Tax Deduction Cost of Implementation of Flexible Work Arrangements Guidelines or visit [flexworklife.my](http://flexworklife.my) for more information about FWA.

**7. Does the Internal Trainer Fee cover internal employees, i.e. HR trainers or Train The Trainers (TTT)? If so, what costs are covered under Cost of Capacity Development?**

Yes, HR trainers or TTT may be included. However, only allowances are covered under No.4 Item (ii) under this FAQ.

**8. Can companies claim for office space renovation to support FWA implementation, e.g. renovation of existing or new office space to allow hot-desking for employees who are alternating between work-from-home (WFH) and work-from-office (WFO) arrangements?**

No, this expenditure is considered a business expense under capital allowance (company tax).

### **Section 3 – Application Process**

**9. How long is the application for income tax deduction?**

Application is for Flexible Working Arrangement expenses from the period **1 July 2020 to 31 December 2022**

**10. How many application forms does a company need to submit if there are multiple expenses incurred?**

Multiple expenses incurred within the same year of assessment can be submitted in one (1) form.

**11. Are companies required to have an FWA policy?**

Yes, an FWA policy is one of the supporting documents for the FWA Tax Deduction application. The FWA policy should include, but not limited to:

- Objective behind implementing the FWA
- Eligibility for the FWA
- Scope of FWA implemented
- Performance Management clarification while on FWA
- Compensation and Benefits clarification while on FWA

**12. When will I receive my Surat Pengesahan Pengaturan Kerja Fleksibel?**

You will receive the Surat Pengesahan Pengaturan Kerja Fleksibel upon completion of reviewed and verification of application form by TalentCorp in accordance with criteria

**13. Why do I need the Surat Pengesahan Pengaturan Kerja Fleksibel?**

The **Surat Pengesahan Pengaturan Kerja Fleksibel** can be used to support claim submission of double tax deduction to Inland Revenue Board Malaysia (LHDN) via the self-assessment in the e-filing system.

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