

TECHNICAL

Direct Taxation

DORMANT COMPANIES --- FILING OF INCOME TAX RETURN FORM (ITRF) – FREQUENTLY ASKED QUESTIONS WITH RESPONSES

To assist members who have questions regarding the IRBM's requirement for dormant companies to file the income tax return form (ITRF), the Institute has prepared a list of frequently asked questions together with **responses based on feedback from the IRBM Tax Operation Department** below.

Frequently asked questions with responses

1. Must a dormant company file the income tax return form (ITRF) with effect from year of assessment (YA) 2014?

[All dormant companies must file the ITRF with effect from YA 2014.](#)

2. Do dormant companies without income tax reference numbers have to submit the ITRF?

[Dormant companies without income tax reference numbers must register for an income tax file with the IRBM and submit the ITRF.](#)

3. Is it now confirmed by Law that all dormant companies, including those that have not commenced operations, need to file the ITRF with effect from YA 2014?

[The IRBM has verbally confirmed the practice that all dormant companies, including those that have yet to commence operations need to file the ITRF with effect from YA 2014 based on their interpretation of Section 77A \(1\) of the Income Tax Act 1967 \(ITA\).](#)

4. Can a dormant company which has just been incorporated and has never commenced operations defer the registration for an income tax file and filing of the ITRF until it has commenced operations?

[The requirement to file the ITRF with effect from YA 2014 also applies to a dormant company which has just been incorporated and has never commenced operations.](#)

5. Some IRBM branches have indicated that dormant companies are not required to register an income tax file with the IRBM and file the ITRF.

[The IRBM has verbally indicated that the requirement for all dormant companies to file the ITRF with effect from YA 2014 has been communicated to the IRBM state branches.](#)

6. Are the IRBM's letters exempting dormant companies from filing the ITRF still effective?

[According to paragraph 3.3 of the IRBM's letter dated 18 August 2014, the IRBM's exemption letters have been cancelled with effect from 18 August 2014.](#)

7. Under what circumstances are dormant companies not required to file the ITRF?

According to the IRBM's reply on page 14 and 15 of the [minutes of Operational & Technical Issues Dialogue 1/2014 on 17 February 2014](#), a company is not required to file the ITRF only if it has completed the liquidation process and its income tax file has been closed by the IRBM.

8. The online registration (e-Daftar) for an income tax file with the IRBM does not allow for the registration of dormant companies.

According to the IRBM's reply on page 13 of the [minutes of DESIRE Meeting 1/2014 on 10 June 2014](#), the e-Daftar facility has been re-programmed to allow the registration of dormant companies.

9. What should be indicated for the date of commencement of operations and the business code since the dormant company has not commenced operations?

The IRBM has verbally indicated that the date of commencement can be left blank if the company has not commenced operations. It can be updated later when the company commences operations.

The IRBM has verbally suggested that the business code can be based on the principal activity of the company that was provided to the SSM for registration purposes or it can also be based on the company's intended principal activity. The business code can be changed later when the company commences operations.

10. What should be indicated for the basis period of a dormant company?

The IRBM has verbally suggested that the accounting period may be taken as the basis period for companies which have not commenced operations.

11. What does "case-to-case basis" mean in paragraph 3.1 of the [IRBM's letter dated 18 August 2014](#)?

The IRBM verbally clarified that "case-by-case basis" means that upon receipt and review of the ITRF for YA 2014, for the dormant companies, the IRBM will determine whether prior year ITRFs need to be submitted on a case to case basis.

12. If a dormant company commences operations later and there is a different basis period, how can the IRBM be informed of the change?

The company should inform the IRBM in writing on the date of commencement of operations and get the IRBM's written approval/confirmation on the basis period pursuant to the provisions of Section 21A of the ITA.

13. Must a dormant company submit the Form CP204 with effect from YA 2016?

According to paragraph 3.2 of the [IRBM's letter dated 18 August 2014](#), a dormant company is required to submit the Form CP204 with effect from YA 2016 subject to the provisions of Section 107C(4) and Section 107C(4A) of the ITA. The IRBM verbally confirmed that this means a dormant company is not required to submit the Form CP204 as long as it did not commence operations.

14. An IRBM branch indicated that since the dormant company is required to file the ITRF with effect from YA 2014, it should also submit the Form CP204 for YA 2014.

Please refer to the response in item 13 above.

You may write to the Institute at technical@ctim.org.my or secretariat@ctim.org.my if you have any other queries on the IRBM's requirement for dormant companies to file the ITRF.

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