

annual report 2012



CONTENT

Notice of the 21st Annual General Meeting	2
Mission Statement	3
The Council 2012/2013	4 - 5
Branch Offices / Secretariat	6
President's Statement	7 - 8
Report of the Council for 2012 / 2013	9 - 13
Committees – 2012 / 2013	14 - 16
Calendar of CPD Events	17 - 22
Highlights 2012	23 - 24
Financial Statements for the year ended 31 December 2012	25

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of the Chartered Tax Institute of Malaysia (“the Institute”) will be held on Saturday, 15 June 2013 at 9:30 a.m. at the R Studios (2nd Floor, West Wing), Renaissance Hotel, Jalan Ampang, 50450 Kuala Lumpur.

AGENDA

1. President’s address.
2. To receive the Annual Report and Financial Statements of the Institute for the year ended 31 December 2012 and the Report of the Auditors thereon.
3. To elect four (4) Council Members for the 2013/2014 term.

Khoo Chin Guan, Dato’ Liew Lee Leong, Lim Kah Fan and Yeo Eng Hui retire in accordance with Article 59 of the Institute’s Articles of Association and are not eligible for re-election.

3(a) Pursuant to Article 57(ii) and the nominations received, the following persons have offered themselves for election as new members of the Council:-

- | | |
|--------------------------------|-----------------------------|
| (i) Aruljothi A/L Kanagaretnam | (iv) Nicholas Anthony Crist |
| (ii) Chak Kong Keong | (v) Renuka Thuraingham |
| (iii) Datuk Harjit Singh Sidhu | (vi) Yeo Eng Ping |

4. To re-appoint Messrs Morison Anuarul Azizan Chew as the Auditors for the ensuing year at a remuneration to be determined by the Council Members.
5. As Special Business:

To consider and, if thought fit, to pass the following motion, with or without modification as a Special Resolution to amend the Institute’s Articles of Association, pursuant to a proposal received in accordance with Article 35(a) of the Articles of Association of the Institute.

“PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

THAT subject to the approval of the Minister of Domestic Trade, Cooperatives and Consumerism, Article 63 of the Institute’s Articles of Association, be deleted and THAT the following new Article 63 be inserted in substitution thereof:-

Articles of Association	Current Article 63	Proposed New Article 63
Article 63 Election of President and deputy President	<p>The Council shall be responsible for the overall management of the Institute and shall at its first meeting after incorporation and after an Annual General Meeting thereafter elect from among the Council Members a President, a Deputy President.</p> <p>The President and Deputy President shall be elected from amongst the Council by a simple majority vote.</p> <p>The President shall hold office for a consecutive term of not more than three (3) years. The Deputy President will automatically succeed the President upon the completion of the President’s term or earlier, if the need arises.</p>	<p>The Council shall be responsible for the overall management of the Institute and shall at its first meeting after incorporation and after an Annual General Meeting thereafter elect from among the Council Members a President, a Deputy President.</p> <p>The President and Deputy President shall be elected from amongst the Council by a simple majority vote.</p>

6. Any other business for which due notice has been duly given to the Institute.

By Order of the Council

Cynthia Louis (MAICSA 7008306)
Chew Mei Ling (MAICSA 7019175)
Secretaries

22 May 2013

NOTES


- (a) A Member may appoint a proxy who shall either be an Associate Member or Fellow Member of the Institute.
- (b) The proxy shall not be entitled to vote at a meeting of the Institute unless the instrument of appointment has been deposited into the 2013 AGM ballot box at the registered office of the Institute at Unit B-13-2, Block B, 13th Floor, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight hours before the time fixed for the meeting.
- (c) A Member entitled to be present and vote at a meeting shall submit any motion which has been duly seconded, to any General Meeting, provided that in the case of an ordinary resolution, he shall serve upon the Institute at least ten (10) clear days before the day appointed for the meeting, a notice in writing by him containing the proposed ordinary resolution, and stating his intention to submit the same.

Explanatory Note on Special Business:

1. The motion was proposed and seconded in accordance with Article 35(a) of the Institute’s Articles of Association.

The motion allows the President to hold office for more than 3 years for continuity and consistency with the term of a council member as contained in Article 58B. The President is still subject to be elected from amongst the Council Members by a simple majority vote.

INSTITUTE'S MISSION STATEMENT



To be the premier body providing effective institutional support to members and promoting convergence of interests with the government, using taxation as a tool for the nation's economic advancement; and to attain the highest standard of technical and professional competency in revenue law and practice supported by an effective secretariat.

THE COUNCIL 2012 / 2013

2012/2013 Attendance Report

PRESIDENT

Thanneermalai A/L SP SM Somasundaram 4

DEPUTY PRESIDENT

Lim Kah Fan 3

COUNCIL MEMBERS

Khoo Chin Guan 1

Lew Nee Fook @ Liu Nee Choong 3

Chow Kee Kan @ Chow Tuck Kwan 3

Dato' Liew Lee Leong 1

Lai Shin Fah @ David Lai 2

Lim Thiam Kee 1

Yeo Eng Hui 4

Poon Yew Hoe 4

Datuk Tan Leh Kiah 2

Seah Siew Yun 4

K. Sandra Segaran A/L Karupiah 4

Prof Dr Jeyapalan A/L Kasipillai 3

Phan Wai Kuan 2

Ong Chong Chee 4

No of meetings: 4

Auditors

Messrs Morison Anuarul Azizan Chew

Registered Office and Address

Chartered Tax Institute of Malaysia

B-13-2, Megan Avenue II

No 12 Jalan Yap Kwan Seng

50450 Kuala Lumpur, Malaysia

Tel : +603 2162 8989

Fax : +603 2162 8990 / +603 2161 3207

www.ctim.org.my

THE COUNCIL 2012 / 2013



Front row (from left)

Dato' Liew Lee Leong , Lim Thiam Kee, Lim Kah Fan, Thanneermalai A/L SP SM Somasundaram,
Lew Nee Fook @ Liu Nee Choong, Poon Yew Hoe, Chow Kee Kan @ Chow Tuck Kwan

Back row (from left)

Ong Chong Chee, K. Sandra Segaran A/L Karuppiah, Prof Dr Jeyapalan A/L Kasipillai, Phan Wai Kuan,
Seah Siew Yun, Datuk Tan Leh Kiah, Yeo Eng Hui



Khoo Chin Guan



Lai Shin Fah @ David Lai

BRANCH OFFICES

East Coast Branch

Chairman: Wong Seng Chong
Address: Messrs Lau, Wong & Yeo
1, 2nd Floor, Lorong Pasar Baru I
25000 Kuantan, Pahang

Malacca Branch

Chairman: Choo Ah Kow
Address: Tey Consultancy
22-A, Lorong Bukit China
75100 Melaka

Branch

Chairman: Tan Lay Beng
Address: Tee & Partners
Room 335, 3rd Floor
Johor Tower, Jalan Gereja
80100 Johor Bahru

Northern Branch

Chairman: Andrew Ewe Keang Teong
Address: Mcmillan Andrew Mathew Sdn Bhd
Unit 41-5-5, 5th Floor, Wisma Prudential
41 Jalan Cantonment
10250 Pulau Tikus, Pulau Pinang

Perak Branch

Chairman: Chak Kong Keong
Address: Syarikat Chak Sdn Bhd
72 Jalan Market
30000 Ipoh, Perak

Sarawak Branch

Chairman: Kenny Chong Thian Poh
Address: Crowe Horwath
96, 1st Floor, Jalan Petanak
93100 Kuching, Sarawak

Sabah Branch

Chairman: Alexandra Chin
Address: Alexandra FL Chin
P.O.Box 11867
88820 Kota Kinabalu
Sabah

SECRETARIAT

Executive Director

P Thomas Simon

Continuing Professional Development (CPD)

Nursalmi Haslina Mohd Rusli

Corporate Support Services

(Finance, Human Resources, Membership)
Hemalatha Renganathan

Education, Examinations & Editorial

Nancy Kaur

Technical

Lim Kok Seng

PRESIDENT'S STATEMENT

My dear fellow members,

Following the momentum of growth from last year, I am, once again, extremely delighted to address you on the achievements and progress of the Institute, and present you with a "report card" - one which you get to mentally check-off as you follow the accomplishments and developments that are unfolded to you.

First and foremost, the Council members of the Chartered Tax Institute of Malaysia (CTIM) deserve a bouquet for their dedicated and untiring efforts in holding the fort strong and impregnable; indeed CTIM remains the premier body for tax professionals. I also wish to record my deep appreciation to the secretariat of CTIM for managing and supporting the work of the Institute. And, of course, to you members (tax professionals who now number more than three thousand); you are the reason the Institute exists. The Membership Services Committee's efforts are commendable for the overall membership increase attained during the year.

Last year I reported that we had acquired new premises, for additional space to accommodate the expansion of the Institute's strength and activities; today I get to report that the newly renovated premises also accommodate workshops and similar activities in its Training Centre. This will allow CTIM to reduce the CPD fees for such events.

Aside from that, members are invited to use the facilities available in the revamped resource centre-cum-library, which provides access to some online (subscribed) facilities - the OECD iLibrary, CCH and LawNet. We also disseminate news and other tax information through the CTIM Malaysian Tax portal.

Each and every committee and working group has played a significant role in bringing CTIM to a higher level of accomplishment and performance. In this regard, a summary of the activities does not do justice to the many hours and rounds of discussions, deliberations and brainstorming that go into the preparation of each sound, meaningful and respectable paper/memorandum that is presented to the authorities.

Allow me to take you through the list of activities in connection with the following:

(A) Engagement with the Inland Revenue Board of Malaysia (IRB):

The following were submitted:

- Memorandum on Issues for DESIRE Meeting No. 1/2012, which are related to IRB's e-filing processes and delivery system;
- Memorandum on Collections Issues which contained matters on the challenges faced in connection with tax collections, tax clearance, etc;
- Comments on the Income Tax (Transfer Pricing) Rules 2012 and Income Tax (Advance Pricing) Rules 2012 and the TP Guidelines and APA Guidelines issued by the Inland Revenue Board (IRB). They address the challenges faced by the tax professionals regarding transfer pricing issues. The comments were extended to the Ministry of Finance;

- Feedback on IRB's Proposal for Monthly Tax Deductions (MTD) to be Treated as Final Tax;
- Feedback on the draft Tax Investigation Framework. The paper was the result of collaborative efforts of CTIM, MIA and MICPA;
- Memorandum on 2013 Budget Proposals;
- Comments on the draft Public Rulings on the following subjects/topics:
 - ~ Malaysian Ship and Exemption of Shipping Income.
 - ~ Special Deduction for Expenditure on Treasury Shares.
 - ~ Taxation of Business Trust.
 - ~ Taxation Of Limited Liability Partnership; and
- Submissions on issues related to Form CP58, in connection with the anticipated Guidelines by IRB on CP58. The relentless pursuit of the matter, incorporating the alliance and cooperation of the other industry players, resulted in several much-welcomed concessions to overcome practical challenges in the business environment.

(B) Interactions with the Ministry of Finance (MOF)

The following took place:

- Provided feedback on the second draft of the Guidelines on Taxation of Electronic Commerce Transactions;
- CTIM attended a dialogue called by the MOF to discuss issues related to the 2013 Budget Seminars;
- CTIM coordinated the organisation of the 2013 Budget Seminars;
- Following the submission of comments on the TP Rules and APA Rules, CTIM participated in the dialogue called by the MOF to discuss the issues raised; and
- The Institute, upon the request by MOF, provided feedback on the proposed amendments to Guidelines on Application / Renewal of Tax Agent Licence mooted by the IRB. In addition, CTIM together with MIA and MICPA submitted a Joint Memorandum on the Proposed Amendments to Guidelines on the Application and Renewal of Tax Agent Licence. Subsequent to this, the MOF had a dialogue with the IRB and the professional bodies to discuss the issues that had been raised. The follow-up to this was the submission of suggestions to the proposed amendments, jointly prepared by the Institute, together with MIA and MICPA.

(C) Interaction with Tax Review Panel (TRP) in conjunction with Royal Malaysian Customs (RMC) matters

- Evaluated and provided feedback on the various draft GST Guides issued by the TRP. Comments were given of the GST Guides on (a) Registration, (b) Tax Invoice and Record Keeping, (c) Approved Traders Scheme, (d) Warehousing Scheme and (e) Imports; and
- Reviewed the Proposed Amendments to GST Bill 2009 and submitted comments to TRP; this was followed by a dialogue with the TRP to discuss the recommendations.

PRESIDENT'S STATEMENT *(cont'd)*

Exploring greater collaboration and network

In my tenure as president, the burning questions have always been: "How can we better serve the members? How can CTIM further enhance the value of CTIM membership? What is the value-add CTIM can offer?"

With regard to technical developments, CTIM has proactively gone beyond the traditional scope of interaction only with MOF, IRB and the RMC.

I am very pleased to inform you that I have led some Council Members, for purposeful, meaningful and relevant engagements with several authorities, namely the Ministry of International Trade and Industry, Malaysian Industrial Development Authority (MIDA), Securities Commission (SC) and Companies Commission of Malaysia (CCM). CTIM has expressed its willingness to provide feedback from a tax perspective for the authorities concerned to consider when formulating their policies. The proposal has been well received by the various agencies. The very fruitful visits have undoubtedly opened the doors to mutually beneficial collaborative efforts on both sides.

For example, during the visit to CCM on 30 April 2013, CTIM proposed to CCM that taxation practice be included in the professional practice listed in the First Schedule of the Limited Liability Partnerships Act 2012. We also put forward a case for wider collaboration and co-operation between the two bodies. In addition, as a result of the courtesy visit to SC, CTIM has been invited to provide input on the Capital Market for the 2014 Budget proposals.

My observation is that there is a commendable level of transparency and a willingness to work together in an honest and transparent manner.

Continuing Professional Development (CPD)

With regard to the CPD events - and there were 131 of them since the previous AGM - it is imperative that you take advantage of them. Workshops on transfer pricing, tax appeal procedures, anti-avoidance and many more, make you spoilt for choices. To add icing to the cake, there were discounted rates given for courses such as Structuring Tax Efficient Investments via Holding Companies. Other organised events in specific areas of taxation, specially designed to attract the members who are small- and medium-sized companies that meet the stipulated criteria, are also available.

After another successful National Tax Conference (NTC) in 2012 attended by an estimated 2500 participants, we are glad to announce that NTC 2013 is just round the corner, and the participation by the various sponsors has been very encouraging. You must attend NTC 2013 for matters central to the taxation profession, leading-edge thinking, and the knowledge and networks you can acquire. Besides that, the IRB-CTIM Roadshow: The importance of taxpayer compliance has been successfully staged.

A Members' Technical Dialogue was held on 10 April 2013 at the Institute's newly renovated premises. The dialogue - intended to provide a platform to update members on the latest developments in the profession and, more importantly, to engage members in order to gather feedback and guidance from members for consideration of the Council and Technical Committee in decision-making - successfully achieved its objectives. The Perak Branch has also held a Members' Dialogue. More dialogues are planned, to better disseminate information to, and gather feedback from members. Hopefully there will be stimulating exchange of information, ideas and views

e-CTIM

The electronic circulars have been categorised into Technical, CPD and General. In the calendar year 2012, 134 e-CTIMs on technical matters were issued. The distinctive advantage of a CTIM membership lies in the e-CTIMs. The contents of the e-CTIMs provide timely, useful and, relevant information which keeps members informed and in touch with the latest developments.

Other important matters include the following: (a) for the first time - commencing June 2012 - CTIM professional examinations have been conducted twice in a year; (b) various schools, colleges and universities have been the focus of the education committee, which conducted the 22 career talks for them, (c) the Tax Guardian continues to be published on a regular basis, and the continued high quality of the contents confirms the respectable standing of the journal; our wish is that more people will contribute articles for it, (d) the Malaysian Tax Research Foundation, recognising the importance of research, continues to make opportunities available for researchers to make contributions in the field of taxation. MTRF is well supported by the Tax Research Committee; (d) the Public Practice Committee has started definite steps to provide members with Practice Guidance Notes, in line with the rapidly changing and evolving needs of the tax professional, including the area of risk management.

On-going work-in-progress is in respect of the review of anomalies in the Income Tax legislation in relation to the self assessment system.

In conclusion, my dear members, you will agree that the report card has shown you the value you have got throughout the year; out of your membership, and this directly reflects the performance of the Institute; you are the judge - that is your privilege.

On the subject of value, perhaps you might want to tally the benefits accorded to you as a member, and compare them to the annual subscription of RM200 for an Associate membership, and RM250 for a Fellowship. Needless to say, but the truth is that ACTIM and FCTIM each denotes qualities and values of professional taxation leadership

On that note, I wish you further continued enjoyment of your CTIM membership.

Thanneermalai A/L SP SM Somasundaram
President
Chartered Tax Institute of Malaysia

REPORT OF THE COUNCIL FOR 2012 / 2013

COMMITTEE REPORTS

CONTINUING PROFESSIONAL DEVELOPMENT (CPD) COMMITTEE

The 12th National Tax Conference, co-hosted by the CTIM and IRBM was held on 17 & 18 July 2012 at the Kuala Lumpur Convention Centre with a theme “Taxation Challenges in a Borderless Economy”. The two-day conference brought together local and foreign thought leaders in taxation, tax authorities and tax practitioners. The 2013 Post-Budget Seminars were organised in major cities and towns. The IRB-CTIM Roadshows were held in Kuala Lumpur, Johor Bahru, Penang, Kota Kinabalu and Kuching. Workshops and seminars on the latest tax developments were organised regularly for members to keep them abreast of the latest developments in the field of taxation. Joint collaboration events with the IBFD on the international taxation issues were held successfully in Kuala Lumpur.

EDITORIAL COMMITTEE

The primary responsibility of the Editorial Committee is for the publication and timely quarterly release of the official journal of the Chartered Tax Institute of Malaysia.

The members of the Editorial Committee strive to continue providing enhanced and improved technical articles in taxation with the intention to make these articles more challenging, which is in line with the Institute’s vision of being the prime technical body in the field of taxation.

The Editorial Committee is committed to improving the contents of the national journal – The Tax Guardian, which carries a wide range of articles primarily focusing on recent developments in taxation both locally, as well as internationally to meet the increasingly demands of tax practitioners.

EDUCATION COMMITTEE

The Committee’s main focus is to promote taxation as the professional qualification to potential members. For the 2012/2013 term, the Committee embarked on active programmes to promote the CTIM qualification to institutions of higher learning and various large accounting firms. 22 career talks were held at several local universities, institutions of higher learning and schools with the view of promoting CTIM’s examinations and creating awareness in Taxation as a career option to graduates.

EXAMINATION COMMITTEE

The professional examinations are held bi-annually from June 2012. The June examination was successfully held on 25 - 27 June 2012 and the December examinations were held on 17 - 21 December 2012 at centers in Georgetown, Ipoh , Kota Bharu , Kuala Lumpur ,Malacca, Johor Bahru ,Kota Kinabalu and Kuching.

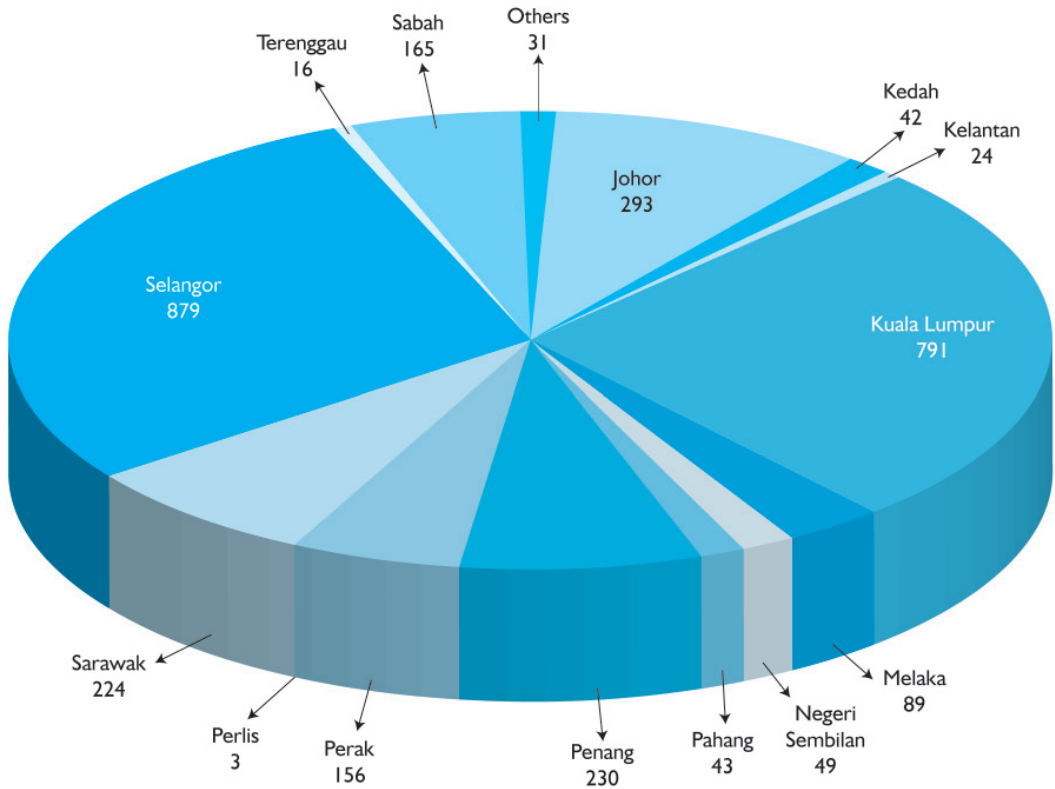
In 2012, the Institute registered 70 new students. A total of 281 candidates registered for the June and December 2012 examinations. The examination results for the June and December sittings were released to students on 30 August 2012 and 28 February 2013 respectively. The Education Committee would like to report that 17 students would graduate this year.

MEMBERSHIP SERVICES COMMITTEE

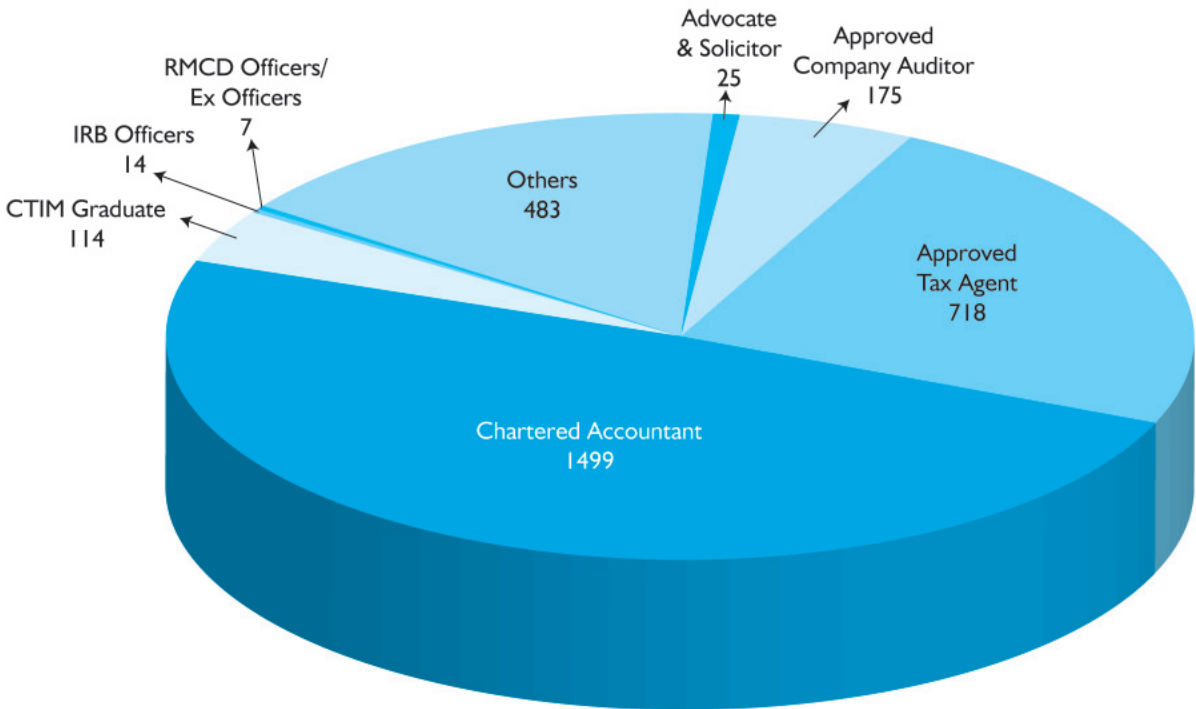
As at 30 April 2013 there are 3,035 members comprising 657 Fellow members, 2,376 Associate members and 2 Provisional members (31 March 2012: 2,898 members)

Membership Profile

By States



By Employment



REPORT OF THE COUNCIL FOR 2012 / 2013 (cont'd)

TECHNICAL COMMITTEE - INDIRECT TAX

The Indirect Tax Working Group has been upgraded to the Technical Committee-Indirect Tax (TC-IT) by the Council at the beginning of 2012/2013 term. It is one of the key Committees of the Institute entrusted to look into technical matters relating to indirect taxation in Malaysia.

Interaction with the Royal Malaysian Customs (RMC)

The Institute had conducted a Customs-CTIM GST Training programme in collaboration with the RMC in November and December 2012. The programme comprise 13 days courses (i.e. 10 days lectures and 3 days revisions) and 1 day for examination. The objective is to provide tax agents with sufficient knowledge to advise their clients on the proposed Goods and Services Tax (GST) matters. The Institute is planning to organise similar training programme in the future.

The Institute continued its participation in the Customs-Private Sector Consultative Panel Meeting which was held on 12 October 2012. A proposal for recommendation on the Customs' policy issues has also been submitted to the Customs on 12 April 2013 for their consideration.

In response to the issue of a revised list of taxable and non-taxable items under Second Schedule, Service Tax Regulations, 1975 by the Royal Malaysian Customs, the Institute prepared the feedback and submitted to Customs in May 2013.

The Institute has also been invited to Open House Lab Business Process Reengineering (BPR) U-Custom which was held on 5 July 2012 at the PICC, Putrajaya. It was a pleasure to take part in this event which gave an overview of the Customs' process and procedures.

In addition to the above, the Institute had attended Customs Invitation-Further Engagement Session (Session 2) of the Forefront Agency in relation to the New Approach for Private Sector held on 29 January 2013.

Interaction with Tax Review Panel (TRP)

The TC-IT has been requested to evaluate and provide feedback on the various draft GST Guides issued by the TRP/RMC. As at May 2013, comments on the following GST Guides have been submitted to the TRP/RMC on:

- Registration
- Tax Invoice and Record Keeping
- Approved Traders Scheme
- Warehousing Scheme
- Imports

In addition to the above, the Institute had also reviewed the Proposed Amendments to GST Bill 2009 and submitted comments to TRP on 29 August 2012. A dialogue with the TRP was held on 27 September 2012 to discuss the Institute's view and recommendations.

• e-CTIM

11 e-CTIMs on indirect tax have been issued during the 2nd half of 2012. In the first quarter of 2013, 7 e-CTIMs on indirect tax have been sent out.

TECHNICAL COMMITTEE - DIRECT TAX

The Technical Committee - Direct Tax (TC-DT) has been proactive and made several initiatives throughout the year as follows.

Exploring greater collaboration and network

The President, Mr SM Thanneermalai together with Council Members, have paid courtesy visits to several government agencies, including the Ministry of International Trade and Industry, Malaysian Industrial Development Authority (MIDA), Securities Commission and Companies Commission of Malaysia. The objective of these visits is to explore wider collaboration between CTIM and the authorities. CTIM had expressed willingness to provide feedback from a tax perspective for the authority concerned to consider when formulating its policy. It has been well received by the various agencies.

Addressing the Challenge of Transfer Pricing Issues

Following the publication of the Income Tax (Transfer Pricing) Rules 2012 (TP Rules) and Income Tax (Advance Pricing) Rules 2012 (APA Rules) in the Gazette and the issue of TP Guidelines and APA Guidelines issued by the Inland Revenue Board (IRB), the TC-DT has set up a Transfer Pricing Task Force (TPTF) on 27 June 2012 to look into issues relating to transfer pricing. The TPTF held several meetings to discuss the issues relating to these Rules and Guidelines and submitted the comments to the MOF and the IRB on 23 August 2012.

Review of the Income Tax Legislation

The TC-DT set up a Self-Assessment System Working Group to review the Income Tax Act with a view to recommend relevant changes to simplify compliance and enhance efficiency.

Seeking Clarification on Tax Investigation Practices

With the emphasis on criminal investigation by the IRB and the investigation under Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLA), the Tax Audit and Investigation Working Group (TAIWG) has held several meetings to discuss the issues arising from the changes of the IRB approach and the investigation under AMLA. A delegation, led by the President, Mr SM Thanneermalai, visited the IRB on 30 November 2012 to discuss relevant issues. A Special Dialogue with the professional bodies was subsequently held on 29 January to clarify the issues raised. The IRB has agreed to provide the draft of the revised Tax Investigation Framework to the professional bodies for input. CTIM, together with MIA and MICPA submitted a Joint Feedback on the draft Tax Investigation Framework on the 12 April 2013.

REPORT OF THE COUNCIL FOR 2012 / 2013 (cont'd)

Members' Technical Dialogue

In addition, the TC-DT also held a Members' Technical Dialogue on 10 April 2013 at the Institute's newly renovated premises. The dialogue was intended to provide a platform to update members on the latest developments in the profession and more importantly to gather feedback and guidance from members for consideration of the Council and TC-DT in decision making. The dialogue was a success and TC-DT is planning to hold more dialogues, including at the branch level, to better disseminate information to members and to gather feedback from members.

Besides the above initiatives, the TC-DC has also engaged with the various authorities during the year on issues related to tax administration and has provided technical input on request. Following is a brief description of the key activities held during the year:-

• 2013 Budget

The Institute has submitted a Memorandum on 2013 Budget Proposals to MOF on 16 May 2012. After the 2013 Budget announcement on 28 September 2012, the Institute together with Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA) held a Joint Meeting on 29 October 2012 to discuss issues arising from the 2013 Budget and Finance Bill (No.2) 2012. A Joint Memorandum on Issues Arising from 2013 Budget and Finance (No.2) Bill 2012 was subsequently prepared and submitted to the MOF and the Inland Revenue Board (IRB) on 16 November 2012. On 15 January 2013, the IRB together with the MOF called a dialogue with the professional bodies to discuss the technical and operational issues raised in the Joint Memorandum. On 18 March 2013, a draft reply to the memorandum was sent to the professional bodies for comments and CTIM had submitted its feedback on 9 April 2013.

• Interactions with the Ministry of Finance (MOF)

On 28 June 2012, MOF requested comments from the Institute on the second draft of the Guidelines on Taxation of Electronic Commerce Transactions. The feedback was submitted to MOF on 26 July 2012.

On 10 August 2012, CTIM attended a dialogue called by the MOF to discuss issues related to 2013 Budget Seminars and to co-ordinate the organization of 2013 Budget Seminars.

Following the submission of comments on the TP Rules and APA Rules by CTIM, the MOF called for a dialogue on 26 November 2012 to discuss the issues raised.

On 19 December 2012, the Institute was requested by MOF to provide feedback on the proposed amendments to Guidelines on Application/Renewal of Tax Agent Licence mooted by the IRB. A joint meeting with MIA and MICPA was held on 10 January 2013 to deliberate on the implications. CTIM provided the feedback on 29 January 2013. In addition, CTIM together with MIA and MICPA submitted a Joint Memorandum On The Proposed Amendments To Guidelines On The Application And Renewal of Tax Agent Licence on 6 February 2013. On 27 February 2013, MOF had a dialogue with the IRB and the professional bodies to discuss issues raised. On 15 March 2013, the Institute, together with MIA and MICPA submitted the proposed amendments for MOF consideration.

• Engagement with the Inland Revenue Board

During the year, CTIM had compiled issues related to technical and operations, such as filing of income tax returns, collections etc. and made the following submissions to the IRB.

- Memorandum on Issues for DESIRE No.1/2012 on 28 June 2012;
- Memorandum on Collection Issues on 28 June 2012
- Comments on Transfer Pricing Guidelines and Comments on Advance Pricing Arrangement, both submitted on 23 August 2012.
- Feedback on IRB's Proposal for MTD to be Treated as Final Tax submitted in May 2013

The Institute also participated in the following dialogues with the IRB:

- DESIRE Dialogue No.1/2012 held on 3 July 2012
- Meeting on Improvement of Client-to-Host Application (CTHA) held on 26 Feb 2013
- Meeting together with several trade associations and corporate bodies on issues relating to the issuance of CP58 held on 21 March 2013
- DESIRE Dialogue No.1/2013 held on 3rd April 2013

As a result of the efforts of the Compliance and Operations Working Group, the IRB issued a new Form CP58 to eliminate the requirement for signature and company's stamp and made an announcement on 22 March 2013 to extend the concession for the payer not to issue Form CP58 for the calendar year 2012. CTIM put forward several proposals to the IRB on 25 March 2013 for its consideration in its forthcoming detailed guidelines for Form CP58.

REPORT OF THE COUNCIL FOR 2012 / 2013 (cont'd)

• Dialogue with Suruhanjaya Syarikat Malaysia (SSM)

A delegation led by the President, Mr SM Thanneermalai visited SSM on 30 April 2013. CTIM had proposed to SSM that taxation practice be included in the professional practice listed in the First Schedule 1 of the Limited Liability Partnerships Act 2012. The Institute sought for wider collaboration and co-operation between the two bodies.

• Joint Public Rulings Working Group (JPRWG)

During the year, the JPRWG has submitted comments on the following draft Public Rulings

- Comments on draft Public Ruling on Malaysian Ships and Exemption of Shipping Income submitted on 24 July 2012
- Comments on draft Public Ruling on Special Deduction for Expenditure on Treasury Shares submitted on 13 Feb 2013
- Comments on draft Public Ruling on Taxation of Business Trust submitted on 16 Apr 2013
- Comments on draft Public Ruling On Taxation Of Limited Liability Partnership submitted on 17 May 2013

The JPRWG also commented on the second draft of the Guidelines on Taxation of Electronic Commerce and submitted to MOF on 26 June 2012.

• Convergence Task Force (CTF) of the MASB

The Institute attended 3 meetings organised by the Malaysian Accounting Standards Board (MASB) – Convergence Task Force (MASB-CTF) to keep abreast with the latest development of the Malaysian Financial Reporting Standards (MFRS) and International Financial Reporting Standards (IFRS) framework.

• e-CTIM

In 2012, 134 e-CTIMs on technical matters have been issued. For the year 2013, 56 technical e-CTIMs have been issued as at 30 April 2013.

PUBLIC PRACTICE COMMITTEE (PPC)

The PPC was entrusted to review and recommend changes on CTIM's Rules and Regulations for Professional Conduct and Ethics. In addition, the PPC proposed several Recommended Practice Guidance Notes on various practising matters for Council consideration.

Provision of Practice Guidance

- Recommended Practice Guidance Note No. 1 - Charging Professional Taxation Services
This matter has been deferred due to the Competition Act 2010.
- The Recommended Practice Guidance Note No. 2 - Professional Indemnity Insurance (PII)
The Institute has adopted the Recommendation and has secured a proposal from Marsh Insurance Brokers (Malaysia) Sdn Bhd (MARSH) for CTIM tax practitioners to be covered by PII.
- Recommended Practice Guidance Note No.3 - Letter of Engagement - Taxation Services For Companies.
The PPC has started reviewing the existing sample letter of engagement with a view to revise it to meet the development in the tax profession.

Public Practice Programme

The PPC is preparing the framework of the above programme for members in the public practice.

RESEARCH COMMITTEE

On behalf of the Malaysian Tax Research Foundation (MTRF) the Committee reviewed and recommended one research proposal to the Trustees of MTRF that was subsequently adopted. The progress of this research will be monitored by the Committee.

COMMITTEES 2011 / 2012

EXECUTIVE COMMITTEE

Thanneermalai A/L SP SM Somasundaram (Chairman)
Lim Kah Fan
Khoo Chin Guan
Poon Yew Hoe
Lew Nee Fook @ Liu Nee Choong

Total number of meetings held: 3

Terms of Reference

1. To consider and recommend to the Council major long-term objectives and overall policy of the Institute.
2. To recommend changes to the structure and composition of the Institute.
3. To review the Institute's Memorandum and Articles of Association.
4. To consider matters affecting the Institute and its members which are urgent in nature and outside the terms of reference or jurisdiction of any committee.
5. To ensure proper implementation of the policies of the Council and its committees and to provide direction where necessary.
6. To consider the recommendation and reports of the Executive Director relating to human resources, administration and financial matters of the Institute.

CONTINUING PROFESSIONAL DEVELOPMENT COMMITTEE

Lim Kah Fan (Chairman)
Lew Nee Fook @ Liu Nee Choong
Lim Thiam Kee
K. Sandra Segaran A/L Karuppiah
Aruljothi A/L Kanagaretnam
Christopher Low Hon Peng
Chuah Sze Tong
Dr Nakha Ratnam A/L Somasundaram
Mohd Noor bin Abu Bakar
Saravana Kumar A/L Segaran

Total number of meetings held: 4

Terms of Reference

1. To organise the annual Tax Conference
2. To profile the Institute through regional and international conferences
3. To organise and administer seminars and workshops programmes to enhance the skills and knowledge of members and tax professionals and also to maintain their professional competency

DISCIPLINARY COMMITTEE

Lim Thiam Kee (Chairman)

Total number of meetings held: 0

Terms of Reference

1. To recommend to the Council the procedures, rules and regulations pertaining to disciplinary matters, including any subsequent improvements thereto.
2. To conduct hearings on all cases referred to the Committee by the Investigation Committee.
3. To determine the appropriate action to be taken upon completion of a hearing.

EDITORIAL COMMITTEE

Dato' Liew Lee Leong (Chairman)
Thanneermalai A/L SP SM Somasundaram (President)
Prof Dr Jeyapalan A/L Kasipillai
K. Sandra Segaran A/L Karuppiah
Khoo Chin Guan
Chow Kee Kan @ Chow Tuch Kwan
Phan Wai Kuan
Dr Nakha Ratnam A/L Somasundaram
Amarjeet Singh A/L Gurdial Singh
Aruljothi A/L Kanagaretnam
Aurobindo Ponniah
Lim Phaik Hoon
Silverranie Muthusamy
Saravana Kumar A/L Segaran

Total number of meetings held: 6

Terms of Reference

1. To consider all matters pertaining to the editorial policies of the journal so that the technical quality of the journal continues to be enhanced and is benchmarked to other similar reputable tax journals worldwide.
2. To improve the quality of the journal by soliciting well-researched technical articles.
3. To ensure that all articles submitted are placed through a stringent vetting process to determine suitability for publication.
4. To monitor the production process so that the journal is released on a timely basis.
5. To increase the circulation and subscriber base of the journal at all times.
6. To generate advertising revenue to make the journal self-sufficient eventually.

COMMITTEES 2011 / 2012 (cont'd)

EDUCATION COMMITTEE

Seah Siew Yun (Chairman)
Prof Dr Jeyapalan A/L Kasipillai
Yeo Eng Hui
Datuk Harjit Singh Sidhu
Prof Dr Hajah Mustafa bin Mohd Hanefah
Assoc Prof. Faridah binti Ahmad
Assoc Prof. Dr Loo Ern Chen
Tan Lay Beng

Total number of meetings held: 4

Terms of Reference

1. To look into the requirements of registered students and to assist them in facilitating their progression as members of the Institute.
2. To formulate strategies to promote the Institute's qualification to prospective students.
3. To determine accreditation processes and establish strategic alliances with institutions of higher learning for the provision of courses relating to the professional examination.
4. To source for contributions of published material to the Resource Centre of the Institute.

EXAMINATIONS COMMITTEE

Prof Dr Jeyapalan A/L Kasipillai (Chairman)
Assoc. Prof. Faridah binti Ahmad
Lai Shin Fah
Lim Thiam Kee
Yeo Eng Hui
Ong Chong Chee
Phan Wai Kuan
Poon Yew Hoe
Seah Siew Yun

Total number of meetings held: 5

Terms of Reference

1. To establish and review (from time to time) the examination syllabus of the Institute's Examination to ensure that it remains relevant in meeting the challenges and demands of the changing tax regime and tax laws so that graduates will be able to meet the current and future market expectations.
2. To establish and review rules and regulations of the Institute's Examinations.
3. To determine the eligibility of students sitting for the Institute's Examinations and to recommend to the Council the appropriate examination fees.
4. To consider and approve applications for exemption from the relevant examination papers.
5. To appoint chief examiners, examiners, invigilators, markers and moderators and to recommend to the Council the honorarium and fees payable.
6. To consider and approve the Institute's Examination papers set by the appointed examiners.
7. To consider any appeals relating to the examination results.
8. To consider and approve the publication of model answers and examiners' comments.
9. To determine the policy on safekeeping and confidentiality of examination papers and of answer scripts.
10. To determine prize winners and to publish the results of the examinations.

MEMBERSHIP SERVICES COMMITTEE

Yeo Eng Hui (Chairman)
Dato' Liew Lee Leong
Chow Kee Kan @ Chow Tuch Kwan
Ong Chong Chee
Aruljothi A/L Kanagaretnam
Datuk Harjit Singh Sidhu
Wong Yok Chin
K. Renganathan A/L Renganathan Kannan
Chak Kong Keong

Total number of meetings held: 3

Terms of Reference

1. To review and recommend to Council the policies, procedures and qualifications recognized for admission of members.
2. To consider applications for membership and reclassification of membership for approval of the Council.
3. To consider and make recommendation to Council for removal of a member from the membership register for failing to pay the annual subscription in accordance with the regulations of the Institute.
4. To consider applications for readmission by members who have been suspended or excluded from membership.
5. To review the membership fees from time to time and make recommendations to Council.
6. To develop and update the by-laws on professional conduct and ethics.
7. To promote membership of the Institute.
8. To enhance services provided to members.

TECHNICAL COMMITTEE – DIRECT TAX (TC-DT)

Poon Yew Hoe (Chairman)
Lim Kah Fan
Khoo Chin Guan
Chow Kee Kan @ Chow Tuck Kwan
Lai Shin Fah @ David Lai
K. Sandra Segaran A/L Karupiah
Dato' Liew Lee Leong
Ong Chong Chee
Phan Wai Kuan
Seah Siew Yun
Datuk Tan Leh Kiah
Beh Tok Koay
Nicholas Anthony Crist
Saravana Kumar A/L Segaran
Yeoh Poh Yew

Total number of meetings held: 6

Terms of Reference

1. To provide effective representation at dialogues with Government authorities on tax issues faced by members, the business community and the public at large.
2. To recommend to the Government proposals for the review of tax policy, tax administration and other fiscal changes so as to promote certainty, clarity and transparency as well as to simplify the taxation system.
3. To issue tax information circulars to members on a timely basis and to issue guidance notes and other relevant technical publications when necessary.
4. To consider matters affecting tax practitioners.

COMMITTEES 2011 / 2012 (cont'd)

TECHNICAL COMMITTEE - INDIRECT TAX (TC-IT)

Lai Shin Fah @ David Lai (Chairman)
 Prof Dr Jeyapalan A/L Kasipillai
 Khoo Chin Guan
 Lew Nee Fook @ Liu Nee Choong
 Lim Kah Fan
 Ong Chong Chee
 Phan Wai Kuan
 Poon Yew Hoe
 K. Sandra Segaran A/L Karuppiah
 Seah Siew Yun
 Datuk Tan Leh Kiah
 Koh Siok Kiat
 Beh Tok Koay
 Chan Chow Pong
 Fan Kah Seong
 Larry James Sta Maria
 Sitartha Raja Kumaran A/L Rasiah
 Siti Fatimah Mohd Shahrom
 Tan Eng Yew
 Wan Heng Choon
 Vijey A/L R. Mohana Krishnan

Total number of meetings held: 4

Terms of Reference

1. To provide effective representation at dialogues with Government authorities on tax issues faced by members, the business community and the public at large.
2. To recommend to the Government proposals for the review of tax policy, tax administration and other fiscal changes so as to promote certainty, clarity and transparency as well as to simplify the taxation system
3. To issue tax information circulars to members on a timely basis and to issue guidance notes and other relevant technical publications when necessary
4. To consider matters affecting tax practitioners.

PUBLIC PRACTICE COMMITTEE

Chow Kee Kan @ Chow Tuck Kwan (Chairman)
 Lew Nee Fook @ Liu Nee Choong
 Lai Shin Fah @ David Lai
 Dato' Liew Lee Leong
 Lim Thiam Kee
 Ong Chong Chee
 Yeo Eng Hui
 Aruljothi A/L Kanagaretnam
 Fam Seng Choy
 Saravana Kumar A/L Segaran
 Wong Yok Chin

Total number of meetings held: 2

Terms of Reference

1. To provide effective representation at dialogues with the Government authorities on public practice issues faced by members and the tax practitioners in the country.
2. To recommend to the Government effective proposals to enhance the development of the tax profession in the country, including the review of tax agent licensing procedures, so as to promote certainty, clarity and transparency in the matter, and simplification of the licensing process.
3. To issue professional public practice information circulars to members on a timely basis, and to issue guidance notes and other relevant publications on public practice when necessary.
4. To work closely with the Disciplinary Committee, by recommending a code of best practices for members, with a view to assisting them in dealing with professional as well as ethical issues faced in their practice.

RESEARCH COMMITTEE

K. Sandra Segaran A/L Karuppiah (Chairman)
 Phan Wai Kuan
 Ong Gim Yan
 Siva Subramaniam A/L A.R. Nair

Total number of Meetings held: 2

Terms of Reference

1. To promote tax research in Malaysia by bridging the knowledge gap between research and practice in the field of taxation in Malaysia.
2. To identify issues relevant to the field of taxation that need to be researched on.
3. To establish and amend guidelines and criteria for the review and evaluation of research projects/proposals.
4. To recommend, for the approval of the Malaysian Tax Research Foundation, relevant research projects and the quantum of financial assistance to be given.
5. To monitor and evaluate the progress of the approved research project and, where necessary for appropriate action to be taken.
6. To maintain a Research Register stating the research topic, the name of the researchers, the status of the research project, date an application was received, date of approval, milestones set, date of delivery of the research report, mode of dissemination of the findings and the date(s) of disbursing the grants as well as the research progress.
7. To evaluate completed research reports and determine how the findings should be disseminated, i.e. whether via publication in the Journal of the Institute, in a seminar, etc.

CALENDAR OF CPD EVENTS 2012 / 2013

Date	Training Programme	Venue
JUNE 2012		
27	Workshop: Tax Treatment of Income and Expenditure	Kuala Lumpur
JULY 2012		
2	Workshop: Maximising on Tax Incentives	Kuala Lumpur
4	Workshop: Maximising on Tax Incentives	Penang
17 & 18	National Tax Conference 2012	Kuala Lumpur
20	Workshop: New Public Rulings 2011/2012	Ipoh
24	Workshop: New Public Rulings 2011/2012	Johor Bahru
25	Workshop: New Public Rulings 2011/2012	Penang
26	Workshop: New Public Rulings 2011/2012	Kuala Lumpur
AUGUST 2012		
1	Workshop: New Public Rulings 2011/2012	Malacca
2	Workshop: Maximising on Tax Incentives	Ipoh
6	Workshop: Maximising on Tax Incentives	Johor Bahru
8	Workshop: New Public Rulings 2011/2012	Kota Kinabalu
9	Workshop: New Public Rulings 2011/2012	Kuching
13	Workshop: Maximising on Tax Incentives	Malacca
16	Workshop: Tax Audits Findings	Johor Bahru
28	Workshop: Maximising on Tax Incentives	Kota Kinabalu
29	Workshop: Maximising on Tax Incentives	Kuching
29	Workshop: Tax Audits Findings	Penang
SEPTEMBER 2012		
5	Workshop: Tax Audits Findings	Sibu
6	Workshop: Tax Responsibilities for Directors, Managers and Employers	Ipoh
7	Workshop: Tax Audits Findings	Kuching
10	Tax Responsibilities for Directors, Managers and Employers	Kuala Lumpur
10 - 14	Principles of Transfer Pricing Course (IBFD)	Kuala Lumpur
20	Workshop: Tax Audits Findings	Kota Kinabalu
24	Workshop: Tax Responsibilities for Directors, Managers and Employers	Penang
26	Workshop: Tax Responsibilities for Directors, Managers and Employers	Malacca

CALENDAR OF CPD EVENTS 2012 / 2013 (cont'd)

Date	Training Programme	Venue
OCTOBER 2012		
11	2013 Budget Seminar (with MOF)	Kuala Lumpur
17	2013 Budget Seminar	Johor Bahru
17	2013 Budget Seminar	Kuantan
18	2013 Budget Seminar	Malacca
22 - 24	Taxation of Supply Chain Management and Business Restructuring (IBFD)	Kuala Lumpur
23	Workshop: Tax Responsibilities for Directors, Managers and Employers	Johor Bahru
23	2013 Budget Seminar	Penang
23	2013 Budget Seminar	Kuching
24	2013 Budget Seminar	Kota Kinabalu
24	2013 Budget Seminar	Ipoh
30	Tax Responsibilities for Directors, Managers and Employers	Kota Kinabalu
30	2013 Budget Seminar	Kuala Lumpur
31	Workshop: Tax Responsibilities for Directors, Managers and Employers	Kuching
31	2013 Budget Seminar	Petaling Jaya
NOVEMBER 2012		
1	Workshop 1 : Business, Trade and Professions - (CTIM & MAICSA)	Kuala Lumpur
1	Goods & Services Tax (GST) Training Course	Kuala Lumpur
1 - 2	Structuring Tax Efficient Investments via Holding Companies	Kuala Lumpur
3	Goods & Services Tax (GST) Training Course	Kuala Lumpur
5 - 9	Principles of International Taxation (IBFD)	Kuala Lumpur
6	Workshop: Criminal Tax Investigation	Penang
6	Seminar: New Transfer Pricing & Advance Pricing Arrangement (APA) Rules	Kuala Lumpur
7	Workshop: Criminal Tax Investigation	Malacca
8	Workshop 2 : Employment Income - (CTIM & MAICSA)	Kuala Lumpur
8	Goods & Services Tax (GST) Training Course	Kuala Lumpur
10	Goods & Services Tax (GST) Training Course	Kuala Lumpur
17	Goods & Services Tax (GST) Training Course	Kuala Lumpur
19	Goods & Services Tax (GST) Training Course	Kuala Lumpur
21	Workshop: Maximising Capital Expenditure for the Year End 2012	Penang
22	Workshop: Income from Letting Real Properties- for Investment Holding Companies and other Investors	Kuala Lumpur
22	Workshop 3 : Allowances & Deductions - (CTIM & MAICSA)	Kuala Lumpur
22	Goods & Services Tax (GST) Training Course	Kuala Lumpur
24	Goods & Services Tax (GST) Training Course	Kuala Lumpur
26	Workshop: Maximising Capital Expenditure for the Year End 2012	Johor Bahru

CALENDAR OF CPD EVENTS 2012 / 2013 *(cont'd)*

Date	Training Programme	Venue
NOVEMBER 2012		
28	Workshop 4 : Special Topics (I) - (CTIM & MAICSA)	Kuala Lumpur
29	Workshop: Maximising Capital Expenditure for the Year End 2012	Kota Kinabalu
29	Workshop: Income from Letting Real Properties- for Investment Holding Companies and other Investors (re-run)	Kuala Lumpur
29	Goods & Services Tax (GST) Training Course	Kuala Lumpur
30	Workshop: Maximising Capital Expenditure for the Year End 2012	Kuching
DECEMBER 2012		
1	Goods & Services Tax (GST) Training Course	Kuala Lumpur
4	Workshop 5 : Special Topics (II) - (CTIM & MAICSA)	Kuala Lumpur
6	Workshop: Withholding Tax – the basics and the advanced	Kuala Lumpur
6	Goods & Services Tax (GST) Training Course	Kuala Lumpur
7	Workshop: Maximising Capital Expenditure for the Year End 2012	Ipoh
8	Goods & Services Tax (GST) Training Course	Kuala Lumpur
10	Workshop: Criminal Tax Investigation	Johor Bahru
11	Workshop: Criminal Tax Investigation	Kuala Lumpur
11	Workshop: Maximising Capital Expenditure for the Year End 2012	Malacca
13	Workshop: Maximising Capital Expenditure for the Year End 2012	Kuala Lumpur
13	Goods & Services Tax (GST) Training Course	Kuala Lumpur
15	Goods & Services Tax (GST) Training Course	Kuala Lumpur
20	Workshop: Real Property Gains – the Tax Implications and the Planning Opportunities	Kuala Lumpur
21	Workshop: Real Property Gains – the Tax Implications and the Planning Opportunities	Kuala Lumpur
JANUARY 2013		
7	Workshop: Tax Audit & Investigation Framework – A Legal & Practical Perspective	Kuala Lumpur
8	Workshop: Tax Responsibilities for Directors, Managers & Employers	Johor Bahru
15	Workshop: Reinvestment Allowance & Industrial Building Allowance	Kuala Lumpur
16	Workshop: Tax Responsibilities for Directors, Managers & Employers	Malacca
16	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Kota Kinabalu
17	Workshop: Reinvestment Allowance & Industrial Building Allowance	Penang
17	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Kuching

CALENDAR OF CPD EVENTS 2012 / 2013 (cont'd)

Date	Training Programme	Venue
JANUARY 2013		
18	Workshop: Reinvestment Allowance & Industrial Building Allowance	Ipoh
21	Workshop: Criminal Tax Investigation	Kota Kinabalu
22	Workshop: 2012 Top Controversial Tax Issues	Kuala Lumpur
22	Workshop: Criminal Tax Investigation	Kuching
29	Workshop: Reinvestment Allowance – Practical Issues with Understanding of Public Rulings	Kuala Lumpur
30	Workshop: Reinvestment Allowance & Industrial Building Allowance	Johor Bahru
FEBRUARY 2013		
1	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Ipoh
4	Workshop: Reinvestment Allowance & Industrial Building Allowance	Kuala Lumpur
5	Workshop: Reinvestment Allowance & Industrial Building Allowance	Kota Kinabalu
5	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Malacca
6	Workshop: Reinvestment Allowance & Industrial Building Allowance	Kuching
14	Workshop: Tax Responsibilities for Directors, Managers & Employers	Penang
20	Workshop: Tax Planning for Individuals - (CTIM & MAICSA)	Kuala Lumpur
21	Workshop: Reinvestment Allowance & Industrial Building Allowance	Malacca
27	Workshop: Criminal Tax Investigation	Ipoh
MARCH 2013		
1	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Penang
5	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Johor Bahru
7 - 8	Structuring Tax Efficient Investments via Holding Companies	Kuala Lumpur
14	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Kuala Lumpur
14 - 15	Tax Treaty Workshop (IBFD)	Kuala Lumpur
20	Workshop: Return Forms B, C & R, E - Submission, Challenges & Implications (CTIM & MAICSA)	Kuala Lumpur
21	Workshop: Pioneer Status or Investment Tax Allowance	Kuala Lumpur
27	IRB-CTIM Roadshow 2013 - The Importance of Taxpayer Compliance	Kuala Lumpur
28	Workshop: Reinvestment Allowance for Manufacturers and Service Businesses	Kuala Lumpur

CALENDAR OF CPD EVENTS 2012 / 2013 *(cont'd)*

Date	Training Programme	Venue
APRIL 2013		
2	Workshop: Latest Developments & Implications on Withholding Tax and the Effectiveness of Double Taxation Agreements in Cross Border Transactions in 2013	Penang
4	Workshop: Tax Saving Opportunities for Exporters; Exemptions and double deduction	Kuala Lumpur
5	Workshop: Insights to Malaysia's First Transfer Pricing Litigation: MM Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri	Ipoh
8	Workshop: Insights to Malaysia's First Transfer Pricing Litigation: MM Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri	Johor Bahru
8 - 10	Workshop: Transfer Pricing: Intangibles and Intra-Group Financing (IBFD)	Kuala Lumpur
9	Workshop: Latest Developments & Implications on Withholding Tax and the Effectiveness of Double Taxation Agreements in Cross Border Transactions in 2013	Kota Kinabalu
10	Workshop: Latest Developments & Implications on Withholding Tax and the Effectiveness of Double Taxation Agreements in Cross Border Transactions in 2013	Penang
11	Workshop: Withholding Tax; the basics and the advanced	Kuala Lumpur
15	Workshop: Latest Developments & Implications on Withholding Tax and the Effectiveness of Double Taxation Agreements in Cross Border Transactions in 2013	Kuala Lumpur
16	Workshop: Latest Developments & Implications on Withholding Tax and the Effectiveness of Double Taxation Agreements in Cross Border Transactions in 2013	Kuching
16	IRB-CTIM Roadshow 2013 - The Importance of Taxpayer Compliance	Johor Bahru
17	IRB-CTIM Roadshow 2013 - The Importance of Taxpayer Compliance	Penang
18	Seminar: Tax Appeal Procedures and Related Matters	Kuala Lumpur
23	Workshop: Tax Planning for Individuals	CTIM Training Room
24	Workshop: Tax Planning for Companies (CTIM & MAICSA)	Kuala Lumpur
24	IRB-CTIM Roadshow 2013 - The Importance of Taxpayer Compliance	Kota Kinabalu
25	IRB-CTIM Roadshow 2013 - The Importance of Taxpayer Compliance	Kuching
29	Half-day Seminar: Anti-Avoidance	Kuala Lumpur
30	2013 Budget Seminar - Re-Run	Kuala Lumpur

CALENDAR OF CPD EVENTS 2012 / 2013 (cont'd)

Date	Training Programme	Venue
MAY 2013		
3	Workshop: Latest Developments & Implications on Withholding Tax and the Effectiveness of Double Taxation Agreements in Cross Border Transactions in 2013	Kuala Lumpur
3	Workshop: Insights to Malaysia's First Transfer Pricing Litigation: MM Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri	Malacca
7	Workshop: Latest Developments & Implications on Withholding Tax and the Effectiveness of Double Taxation Agreements in Cross Border Transactions in 2013	Johor Bahru
8	Workshop: Common Tax Issues Facing the SME's	Kuala Lumpur
14	Workshop: Latest Developments & Implications on Withholding Tax and the Effectiveness of Double Taxation Agreements in Cross Border Transactions in 2013	Ipoh
16	Workshop: Latest Developments & Implications on Withholding Tax and the Effectiveness of Double Taxation Agreements in Cross Border Transactions in 2013	Malacca
17	Half-day Seminar: Transfer Pricing Documentation - Practical issues in implementing the requirements of the Transfer Pricing Guidelines	Kuala Lumpur
27	Workshop: Insights to Malaysia's First Transfer Pricing Litigation: MM Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri	Kota Kinabalu
27 - 31	Practical Aspects of International Tax Planning (IBFD)	Kuala Lumpur
29	Workshop: Insights to Malaysia's First Transfer Pricing Litigation: MM Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri	Kuching
30	Workshop: Tax Saving Opportunities for Exporters; Exemptions and double deduction (Re-run)	CTIM Training Room



Pictorial HIGHLIGHTS







FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Council Members' Report	26 - 27
Statement by Council Members	28
Statutory Declaration	29
Independent Auditors' Report to the Members	30
Statement of Financial Position	31
Statement of Income and Expenditure	32 - 33
Statement of Changes in Accumulated Funds	34
Statement of Cash Flows	35
Notes to the Financial Statements	36 - 47

COUNCIL MEMBERS' REPORT

The Council members hereby present their report together with the audited financial statements of the Institute for the year ended 31 December 2012.

Principal Objectives

The principal objectives of the Institute are to promote, encourage and advance the status and interest of the taxation profession in Malaysia.

There have been no significant changes in the nature of these objectives during the year.

Financial Results

Surplus for the year	RM457,475
----------------------	-----------

In the opinion of the Council members, the results of the operations of the Institute for the year have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the financial results of the operations of the Institute for the financial year in which this report is made.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the year under review.

Council Members

The members who have served in the Council since the date of the last report are as follows:

Thanneermalai A/L SP SM Somasundaram	(retired on 16.6.2012, re-elected on 16.6.2012)
Lim Kah Fan	
Khoo Chin Guan	
Lew Nee Fook @ Liu Nee Choong	
Dato' Liew Lee Leong	
Lai Shin Fah @ David Lai	
Lim Thiam Kee	
Poon Yew Hoe	
Datuk Tan Leh Kiah	
Yeo Eng Hui	
Seah Siew Yun	
K. Sandra Segaran A/L Karuppiah	
Chow Kee Kan @ Chow Tuck Kwan	
Phan Wai Kuan	(elected on 16.6.2012)
Prof. Dr. Jeyapalan A/L Kasipillai	(elected on 16.6.2012)
Ong Chong Chee	(elected on 16.6.2012)
Assoc. Prof. Faridah binti Ahmad	(retired on 16.6.2012)
Dr. Ahmad Faisal bin Zakaria	(retired on 16.6.2012)
Aruljothi A/L Kanagaretnam	(retired on 16.6.2012)

In accordance with Article 58B and 59 of the Institute's Articles of Association, Lim Kah Fan, Khoo Chin Guan, Dato' Liew Lee Leong and Yeo Eng Hui shall retire at the forthcoming Annual General Meeting and are not eligible to seek re-election.

Interests of Council Members

None of the Council members holding office at the end of the year end had any interest in the Institute.

COUNCIL MEMBERS' REPORT *(cont'd)*

Benefits of Council Members

Since the end of the previous year, no Council member has received or become entitled to receive any benefit by reason of a contract made by the Institute with the Council member or with a firm of which the Council member is a member, or with a company in which the Council member has a substantial financial interest.

Neither during nor at the end of the year, was the Institute a party to any arrangement the object of which is to enable the Council members to acquire benefits by means of the acquisition of shares in or debentures of the Institute or any other body corporate.

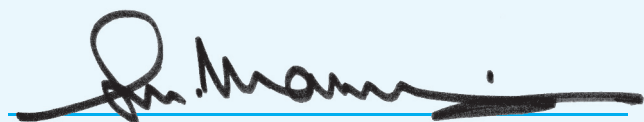
Other Statutory Information

- (a) The Council members, before the statement of income and expenditure and statement of financial position of the Institute were made out, took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business were written down to an amount which they might be expected so to realise.
- (b) The Council members are not aware of any circumstances, at the date of this report, which would render:
- (i) the amount written off for bad debts or the allowance for doubtful debts inadequate to any substantial extent;
 - (ii) the values attributed to the current assets in the financial statements of the Institute misleading;
 - (iii) any amount stated in the financial statements misleading; and
 - (iv) adherence to the existing method of valuation of assets or liabilities of the Institute misleading or inappropriate.
- (c) No contingent or other liabilities of the Institute have become enforceable or are likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Council members, will or may affect the ability of the Institute to meet its obligations as and when they fall due.
- (d) At the date of this report:
- (i) there are no charges on the assets of the Institute which have arisen since the end of the year to secure the liabilities of any other person; and
 - (ii) there are no contingent liabilities in respect of the Institute which have arisen since the end of the year.

Auditors

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the members of the Council.



THANNEERMALAI A/L
SP SM SOMASUNDARAM



LIM KAH FAN

KUALA LUMPUR


28 February 2013

STATEMENT BY COUNCIL MEMBERS

Pursuant to Section 169(15) of the Companies Act, 1965

We, THANNEERMALAI A/L SP SM SOMASUNDARAM and LIM KAH FAN being two of the Council members of CHARTERED TAX INSTITUTE OF MALAYSIA, do hereby state that, in the opinion of the Council, the financial statements set out on pages 31 to 47 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Institute as at 31 December 2012 and of its results and the cash flows of the Institute for the year ended on that date.

Signed in accordance with a resolution of the members of the Council.



THANNEERMALAI A/L
SP SM SOMASUNDARAM



LIM KAH FAN

KUALA LUMPUR

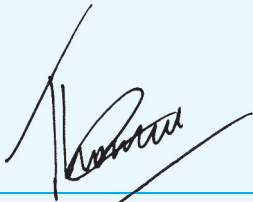
28 February 2013

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

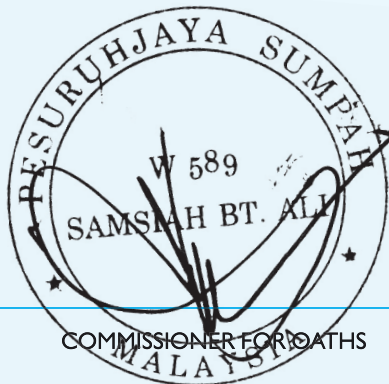
I, P THOMAS SIMON, being the Executive Director primarily responsible for the financial management of CHARTERED TAX INSTITUTE OF MALAYSIA, do solemnly and sincerely declare that the financial statements set out on pages 31 to 47 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed P THOMAS SIMON at Kuala Lumpur in the Federal Territory this 28 February 2013.



P THOMAS SIMON

Before me,



COMMISSIONER FOR OATHS
MALAYSIA
SAMSI AH BINTI ALI (No. W 589)
PESURUHJAYA SUMPAH
NO. 142B, TKT. BAWAH,
BGN. UMNO SELANGOR
JALAN IPOH 51200
KUALA LUMPUR W P

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARTERED TAX INSTITUTE OF MALAYSIA

Report on the Financial Statements

We have audited the accompanying financial statements of Chartered Tax Institute of Malaysia, which comprise the statement of financial position as at 31 December 2012 of the Institute, and the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flow of the Institute for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 47.

Council Members' Responsibility for the Financial Statements

The Council members of the Institute are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia. The Council members are responsible for such internal control as the Council members determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Institute's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

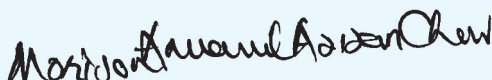
In our opinion, the financial statements are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Institute as at 31 December 2012 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report in our opinion that the accounting and other records and the registers required by the Act to be kept by the Institute have been properly kept in accordance with the provisions of the Act.

Other Matters

- As stated in Note 2(a) to the financial statements, Chartered Tax Institute of Malaysia adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. This standard was applied retrospectively by Council members to the comparative information in the financial statements, including the statement of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Institute for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.
- This report is solely made to the members of the Institute, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume any responsibility to any other person for the content of this report.



MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants

KUALA LUMPUR

28 February 2013



TAN POH LING
Approved Number: 2564/03/13 (J)
Partner of Firm

**STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2012**

	Note	2012 RM	31.12.2011 RM	1.1.2011 RM
Non-Current Asset				
Property, plant and equipment	3	1,951,305	1,052,165	1,041,962
Current Assets				
Other receivables	4	306,312	100,158	176,701
Fixed deposits with licensed banks	5	2,595,757	3,091,925	2,691,925
Cash and bank balances		986,602	753,011	625,107
		3,888,671	3,945,094	3,493,733
Current Liabilities				
Other payables	6	836,522	539,316	626,139
Government grant	7	185,375	-	-
Term loan	8	-	2,905	2,928
Tax payable		15,239	703	46,104
		1,037,136	542,924	675,171
Net current assets		2,851,535	3,402,170	2,818,562
		4,802,840	4,454,335	3,860,524
Financed by:				
Accumulated funds				
Balance brought forward		4,324,915	3,708,600	3,207,635
Surplus for the year		457,475	616,315	500,965
Balance carried forward		4,782,390	4,324,915	3,708,600
Non-Current Liabilities				
Term loan	8	-	87,944	91,704
Deferred tax liabilities	9	20,450	41,476	60,220
		20,450	129,420	151,924
		4,802,840	4,454,335	3,860,524

The accompanying notes form an integral part of the financial statements.

**STATEMENT OF INCOME AND EXPENDITURE
 FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 RM	2011 RM
Operating income			
Courses and seminars		1,730,491	1,551,615
Examinations		272,862	288,653
Publications		48,209	26,845
Membership services		673,220	609,759
		2,724,782	2,476,872
Less: Operating expenditure			
Courses and seminars		1,219,589	1,144,453
Examinations		122,889	125,805
Publications		87,603	78,810
		1,430,081	1,349,068
Gross income over operating expenditure		1,294,701	1,127,804
Other income			
Anniversary dinner		-	6,973
Amortisation of grant received	7	64,625	-
Interest on fixed deposits		73,521	72,280
National Tax Conference	10	590,855	589,104
IRB-CTIM Roadshows	11	28,344	-
Sundry income		5,756	5,117
		763,101	673,474
Less: Administrative expenditure			
Advertisement		10,801	5,687
Annual General Meeting		22,754	24,778
Audit fee		5,000	5,000
Bank charges		2,698	3,485
Building service charges and sinking fund		13,022	9,580
Depreciation of property, plant and equipment		112,630	74,059
Equipment rental		14,952	12,038
Legal and secretarial fees		4,675	4,249
Insurance		5,865	5,865
I.T. maintenance		17,818	11,882
Balance carried forward		210,215	156,623

The accompanying notes form an integral part of the financial statements.

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2012 (cont'd)

	Note	2012 RM	2011 RM
Less: Administrative expenditure (Cont'd)			
Balance brought forward		210,215	156,623
Medical expenses		3,208	4,872
Meeting expenses		1,327	1,166
Newspaper and periodicals		8,668	7,168
Printing, postage and stationery		75,220	68,917
Professional fees		13,760	4,130
Property, plant and equipment written off		195	-
Research grant given		-	9,640
Quit rent and assessment		9,962	8,640
Staff costs			
- Employees Provident Fund and SOCSO		122,194	99,937
- Staff remunerations		964,280	731,252
- Staff welfare and insurance		15,785	8,271
Telecommunication expenses		21,843	21,080
Term loan interest		3,091	5,397
Travelling, parking and toll		31,374	19,910
Office expenses		14,313	8,768
Upkeep of office equipment		3,280	5,200
Utilities		20,875	17,324
		1,519,590	1,178,295
Surplus before taxation		538,212	622,983
Less: Taxation	12	(80,737)	(6,668)
Surplus for the year		457,475	616,315

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
 FOR THE YEAR ENDED 31 DECEMBER 2012**

	Accumulated Funds RM
At 1 January 2011	3,708,600
Surplus for the year	616,315
At 31 December 2011	4,324,915
At 1 January 2012	4,324,915
Surplus for the year	457,475
At 31 December 2012	4,782,390

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 RM	2011 RM
Cash Flow From Operating Activities		
Surplus before taxation	538,212	622,983
Adjustments for:		
Depreciation or property, plant and equipment	112,630	74,059
Property, plant and equipment written off	195	-
Interest income	(73,521)	(72,280)
Government grant released	(64,625)	-
Operating surplus before working capital changes	512,891	624,762
(Increase)/Decrease in working capital		
Other receivables	(206,154)	76,543
Other payables	297,206	(86,823)
	91,052	(10,280)
Cash generated from operations	603,943	614,482
Government grant received	250,000	-
Tax paid	(87,227)	(70,813)
	162,773	(70,813)
Net cash from operating activities	766,716	543,669
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(1,011,965)	(84,262)
Interest received	73,521	72,280
Net cash used in investing activities	(938,444)	(11,982)
Cash Flow From Financing Activity		
Repayment of term loan	(90,849)	(3,783)
Net cash used in financing activity	(90,849)	(3,783)
Net (decrease)/increase in cash and cash equivalents	(262,577)	527,904
Cash and cash equivalents at beginning of the year	3,844,936	3,317,032
Cash and cash equivalents at end of the year	3,582,359	3,844,936
Cash and cash equivalents at end of the year comprises:-		
Fixed deposits with licensed banks	2,595,757	3,091,925
Cash and bank balances	986,602	753,011
	3,582,359	3,844,936

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal objectives of the Institute are to promote, encourage and advance the status and interest of the taxation profession in Malaysia.

The registered and principal office of the Institute is located at B-13-2, 13th Floor, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of accounting

The financial statements of the Institute have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

During the financial year, the Institute has adopted Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB") on 19 November 2011, which are mandatory for annual financial periods beginning on or after 1 January 2012. As this is the Institute's first financial statements prepared in accordance with MFRSs, the requirements of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards have been applied.

In the previous financial years, the financial statements of the Institute were prepared in accordance with Financial Reporting Standards ("FRSs"). The transition to MFRSs does not have any significant financial and disclosure impact on the financial statements of the Institute.

The Council members of the Institute anticipate that the application of the following Malaysian Financial Reporting Standards ("MFRSs") which are mandatory and will be effective for financial periods as stated below will have no material impact on the financial statements of the Institute:

		Effective date for financial periods beginning on or after
Amendments to MFRS 101	Presentation of items of Other Comprehensive Income	1 July 2012
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in June 2011)	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in June 2011)	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual improvements 2009-2011 Cycle		1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127:	Investment Entities	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
	Financial Instruments (IFRS 9 issued by IASB in October 2010)	

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

2. Basis of Preparation and Significant Accounting Policies *(cont'd)*

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Institute's functional currency.

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Institute's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumption concerning the future and other key sources of estimation or uncertainty at the reporting date, that has a significant risk of causing a material adjustment within the next year relates to depreciation of property, plant and equipment.

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment to be 5 to 10 years as stated in Note 2(d). These are common life expectancies applied in the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Institute's property, plant and equipment as at 31 December 2012 are stated in Note 3 to the financial statements.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(e).

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of property, plant and equipment. Work-in-progress is not depreciated until they have been completed and ready for commercial operation. The estimated useful lives for the current period are as follows:

Freehold Property	2%
Office equipment	10%
Furniture and fittings	10%
Computer equipment and software	40%
Renovation	10%

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at each year end.

Gain or losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in profit/(loss) from operations.

(e) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount is estimated at each reporting date or more frequently when indications of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of income and expenditure in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

2. Basis of Preparation and Significant Accounting Policies *(cont'd)*

(e) Impairment of non-financial assets *(cont'd)*

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units (groups of units) and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in statement of income and expenditure, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(f) Financial assets

Financial assets are recognised in the statement of financial position when the Institute has become a party to the contractual provisions of the instruments.

The Institute classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date except for financial assets at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are unquoted in an active market. They arise when the Institute provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables in the statement of financial position consist of other receivables and fixed deposits. These are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current assets.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in statement of income and expenditure when the loans and receivables are derecognised or impaired, and through the amortisation process.

(g) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged decline in fair value below its cost is also considered objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statement of income and expenditure.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in statement of income and expenditure.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

2. Basis of Preparation and Significant Accounting Policies *(cont'd)*

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalent are presented net of bank overdrafts and pledged deposits, if any.

(i) Financial liabilities

Short-term borrowings and other payables are classified as financial liabilities in the statement of financial position as there is a contractual obligation to make cash payments to another entity and is contractually obliged to settle the liabilities in cash.

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the Institute designates the liabilities at fair value through profit or loss. Financial liabilities are designated at fair value through profit or loss when:

- (i) they are acquired or incurred for the purpose of selling or repurchasing in the near term;
- (ii) the designation eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial liabilities or recognising gains or losses on them; or
- (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(j) Government grant

Government grants are recognised at its fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods in which the Institute recognised as an expense the related costs for which the grant is intended to compensate.

(k) Revenue recognition

All income is recognised on an accrual basis.

(l) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Institute. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contribution are recognised as an expense in the statement of income and expenditure in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**2. Basis of Preparation and Significant Accounting Policies** (cont'd)

(m) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an assets or liabilities in the statement of financial position and its tax base at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the statement of income and expenditure, except when it arises from a transaction which is recognised directly in accumulated fund, in which case the deferred tax is also charged or credited directly in accumulated fund.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Property, Plant and Equipment

	Freehold property	Office equipment	Furniture and fittings	Computer equipment and software	Renovation	Work-in- progress	Total
	RM	RM	RM	RM	RM	RM	RM
Cost							
At 1.1.2012	969,750	96,065	101,188	280,471	44,362	-	1,491,836
Addition	997,675	940	-	13,350	-	-	1,011,965
Write-off	-	(249)	-	-	-	-	(249)
At 31.12.2012	1,967,425	96,756	101,188	293,821	44,362	-	2,503,552
Accumulated depreciation							
At 1.1.2012	117,986	68,247	65,827	160,176	27,435	-	439,671
Charge for the year	26,046	9,653	10,119	62,377	4,435	-	112,630
Write-off	-	(54)	-	-	-	-	(54)
At 31.12.2012	144,032	77,846	75,946	222,553	31,870	-	552,247
Carrying amount							
At 31.12.2012	1,823,393	18,910	25,242	71,268	12,492	-	1,951,305
Cost							
At 1.1.2011	969,750	89,285	99,456	168,410	41,063	39,610	1,407,574
Addition	-	6,780	1,732	72,451	3,299	-	84,262
Reclassification	-	-	-	39,610	-	(39,610)	-
At 31.12.2011	969,750	96,065	101,188	280,471	44,362	-	1,491,836
Accumulated depreciation							
At 1.1.2011	98,591	58,538	55,828	129,381	23,274	-	365,612
Charge for the year	19,395	9,709	9,999	30,795	4,161	-	74,059
At 31.12.2011	117,986	68,247	65,827	160,176	27,435	-	439,671
Carrying amount							
At 31.12.2011	851,764	27,818	35,361	120,295	16,927	-	1,052,165

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. Other Receivables

	2012 RM	2011 RM
Other receivables	122,085	67,833
Deposits	33,865	5,043
Prepayment	150,362	27,282
	306,312	100,158

5. Fixed Deposits With Licensed Banks

	2012 RM	2011 RM
Deposits placed with licensed banks	2,595,757	3,091,925

The effective interest rate of deposits at the reporting date ranged from 2.95% to 3.15% (2011: 3.05% to 3.25%) per annum.

6. Other Payables

	2012 RM	2011 RM
Other payables	575,296	403,183
Accruals	261,226	136,133
	836,522	539,316

Included in other payables is an amount of RM458,058 (2011: RM323,045) owing to Lembaga Hasil Dalam Negeri ("LHDNM") being its share of profit from the National Tax Conference.

7. Government Grant

	2012 RM	2011 RM
At 1 January	-	-
Received during the year	250,000	-
Released to the statement of income and expenditure	(64,625)	-
At 31 December	185,375	-

During the financial year, the Institute received government grants for subsidies of selected courses and seminars for members. There are no unfulfilled conditions or contingencies attached to this grant.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. Term Loan

	2012 RM	2011 RM
Secured		
Term loan	-	90,849
<hr/>		
Analysed as:		
Repayable within twelve months	-	2,905
Repayable after twelve months	-	87,944
	-	90,849

Maturity of the term loan is as follows:

	2012 RM	2011 RM
Within one year	-	2,905
Between one and two years	-	3,115
Between two and five years	-	10,763
More than five years	-	74,066
	-	90,849

The above credit facility was obtained from a licensed bank is secured by a legal charge over the freehold property of the Institute.

Interest is charged at rates between 6.70% and 7.00% (2011: 6.70% and 7.00%) per annum.

9. Deferred Tax Liabilities

	2012 RM	2011 RM
At 1 January	41,476	60,220
Recognised in statement of income and expenditure	(11,190)	19,436
Over provision in prior years	(9,836)	(38,180)
At 31 December	20,450	41,476

The Institute's deferred tax liability is derived from accelerated capital allowances.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. National Tax Conference

The National Tax Conference (“NTC”) is jointly organised by the Institute and LHDNM on a yearly basis and the income from NTC represents the Institute’s share of net income after deducting expenditure and LHDNM’s share of profits.

11. IRB-CTIM Roadshows

The IRB-CTIM Roadshows (“Roadshows”) is jointly organised by the Institute and LHDNM and the income from Roadshows represents the Institute’s share of net income after deducting expenditure and LHDNM’s share of profits.

12. Taxation

	2012 RM	2011 RM
Tax expense:		
Current tax provision	68,463	21,730
Under provision in prior years	33,300	3,682
	101,763	25,412
Deferred tax expense:		
Over provision in prior years	(9,836)	(38,180)
Relating to origination and reversal of temporary differences	(11,190)	19,436
	(21,026)	(18,744)
	80,737	6,668

A reconciliation of income tax expense applicable to surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Institute is as follows:-

	2012 RM	2011 RM
Surplus before taxation	538,212	622,983
Tax at statutory tax rate of:-		
- 18.21% (2011: 14.32%) on the first RM150,000 (2011: RM100,000)	27,325	14,325
- 26% (2011: 26%) on the balance of chargeable income	100,895	135,976
Non-taxable surplus from members	(97,724)	(122,304)
Expenses not deductible for tax purposes	26,777	13,169
Over provision of deferred taxation in respect of prior years	(9,836)	(38,180)
Under provision of taxation in respect of prior years	33,300	3,682
Tax expense for the year	80,737	6,668

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

13. Operating Lease Arrangements

The Institute has entered into non-cancellable operating lease arrangements for the use of photocopier machine. The lease is for a period of 5 years.

	2012 RM	2011 RM
Within one year	11,616	11,616
Between one and two years	11,616	11,616
Between two and five years	968	12,584
	24,200	35,816

14. Capital Commitments

	2012 RM	2011 RM
Property, plant and equipment:-		
Authorised and contracted for	130,000	-
Authorised but not contracted for	-	951,874

15. Financial Instruments

(a) Financial risk management objectives and policies

The Institute's financial risk management policy is to ensure that adequate financial resources are available for the development of the Institute's operations whilst managing its financial risks, including interest rate risk, credit risk, liquidity and cash flow risk. The Institute operates within clearly defined guidelines that are approved by the Council and the Institute's policy is not to engage in speculative transactions.

(b) Interest rate risk

The Institute's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Institute's borrowings and deposits. The Institute manages such exposure by maintaining a prudent mix of fixed and floating rate banking facilities.

Exposure to interest rate risk

The interest rate profile of the Institute's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:-

	2012 RM	2011 RM
Floating rate instruments		
Term loan	-	90,849

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

15. Financial Instruments *(cont'd)*

(c) Credit risk

Exposure to credit risk

The Institute's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via management reporting procedure and action is taken to recover debts when due.

Credit risk concentration profile

At reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk for the Institute is the carrying amount of the financial assets shown in the statement of financial position.

The Institute determines concentrations of credit risk by monitoring the ageing and significant balances of its receivables on an ongoing basis.

(d) Liquidity and cash flow risk

The Institute maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

Maturity analysis

The table below summarises the maturity profile of the Institute's financial liabilities as at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	Within two to five years RM	More than five years RM	Total RM
2012				
Other payables/Total undiscounted financial liabilities	836,522	-	-	836,522
2011				
Other payables	539,316	-	-	539,316
Term loan	2,905	13,878	74,066	90,849
Total undiscounted financial liabilities	629,067	13,882	77,822	720,771

(e) Fair values

The carrying amounts of cash and cash equivalents, other receivables and other payables and short term bank borrowing approximate their fair value due to the relatively short term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. Financial Instruments (cont'd)

(e) Fair values (cont'd)

The fair value of long term bank borrowing carried on the statement of financial position is estimated using valuation technique under the hierarchy level 2 mentioned below whereby the expected future cash flows of the bank borrowing is discounted at the market interest rate for similar types of borrowing. The fair value of the long term bank borrowing approximates its carrying value as it is a floating rate instrument and is re-priced to market interest rate for liabilities with similar risk profile. The Institute does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

Fair value hierarchy

The Institute uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

16. Capital Management

The objective of the Institute on capital management is to ensure that it maintains a strong credit rating and safeguard the Institute's ability to continue as a going concern, so as to support its operation and maximise accumulated fund.

The Institute monitors the capital using gearing ratio, which is total debt divided by accumulated fund. The Institute's policy is to keep a lower gearing ratio. The Institute includes within total debt, borrowings and other payables.

	2012 RM	2011 RM
Other payables	836,522	539,316
Borrowings	-	90,849
Total debt	836,522	630,165
Accumulated funds	4,782,390	4,324,915
Gearing ratio	17%	15%

There were no changes to the Institute's approach to capital management during the year.

17. Date of Authorisation for Issue

The financial statements of the Institute for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Council Members on 28 February 2013.

NOTES

A large area of the page is filled with horizontal dotted lines, serving as a template for writing notes. The lines are evenly spaced and extend across most of the page width. On the left side of this area, there is a solid blue vertical bar that runs from the top of the dotted lines down to the bottom of the page.



Chartered Tax Institute of Malaysia (225750-T)
Unit B-13-2, Block B, 13th Floor, Megan Avenue II
No. 12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur, Malaysia.

Tel : +(603) 2162 8989
Fax : +(603) 2162 8990 / 2161 3207
E-mail : secretariat@ctim.org.my
Website : www.ctim.org.my