

CTIM No.21/2011

23 May 2011

TO ALL MEMBERS

19TH ANNUAL GENERAL MEETING (AGM)

The Institute will be holding its 19th Annual General Meeting (AGM). The administrative details are as follows:

Date : Saturday, 11 June 2011

Time : 9.30a.m.

Venue : Nusantara Ballroom 1, Sheraton Imperial Kuala Lumpur Hotel, Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

The Notice of Annual General Meeting, Administrative Details, Form of Proxy and 2010 Annual Report have been posted to members. Please click on <http://www.ctim.org.my/eCTIM/Biodata%20of%205%20cand%2019th%20AGM.pdf> for the profile of 5 nominated candidates.

Please take note of the following Articles of the Institute's Articles of Association:

Article 56: No member shall be entitled to vote on any question either personally or by proxy at any General Meeting of the Institute or at a poll whose subscription is overdue for 3 months.

Article 40: Any member entitled to be present and vote at a meeting may submit any motion to the Annual General Meeting, provided that in the case of an ordinary resolution, he shall serve upon the CTIM a notice in writing containing the proposed resolution, and stating his intention to submit the same at least ten (10) clear days before the day appointed for the meeting.

Kindly confirm your attendance before 1 June using the slip below which can also be found in the Administrative Details attachment.

19th AGM: CONFIRMATION OF ATTENDANCE SLIP

I,....., CTIM Membership No.:..... am **able / unable** * (will / will not * be sending my proxy) to attend the Annual General Meeting on 11 June 2011 at 9.30a.m. at Nusantara Ballroom 1, Sheraton Imperial Kuala Lumpur Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.

**please delete where appropriate*

Signature:.....

Date:.....

Please return the attendance slip by fax to 03-2162 8990 or email agm2011@ctim.org.my before 1 June 2011 to enable us to make the necessary administrative arrangements.

TECHNICAL

Direct Taxation

1. **Income Tax (Deduction for Contribution to Universal Service Provision Fund) Rules 2011 [P.U. (A) 158/2011]**

The Rules provide that an amount equivalent to the contribution made to the Universal Service Provision Fund is allowed a deduction in arriving at the adjusted income of a licensee resident in Malaysia from its business of providing designated services for the basis period for a year of assessment. The licensee is required to obtain verification from the Malaysian Communications and Multimedia Commission specifying the amount of contribution to be made and the date the contribution is due.

Designated service is listed in Table C of the Schedule of Communications and Multimedia (Universal Service Provision) Regulations 2002 [P.U.(A) 419/2002] and defined in Regulation 2. It includes the following services:

- Local call,
- National call
- International call
- Call termination service provided to foreign network facilities provider, foreign network services provider and/or foreign applications service provider
- Freephone service
- Operator assisted call
- ISDN
- Audiotext hosting service
- Cellular mobile service
- International roaming service
- IP telephony
- Leased lines

2. **Income Tax (Exemption) (No.2) Order [P.U.(A) 160/2011]**

For the period from year of assessment (YA) 2007 to YA 2009, an individual, unit trust or listed close-end fund is exempted from payment of income tax in respect of any gains or profits received from the investment in Islamic securities, other than convertible loan stock, which are issued in accordance with the principles of Mudharabah, Musyarakah, Ijarah, Istisna' or any other principle approved by the Shariah Advisory Council established by the Securities Commission.

Withholding tax under Section 109 of the Income Tax Act 1967 (ITA) will not apply to any gains or profits derived by a non-resident individual, unit trust or listed close-end fund.

3. Guidelines on serious disease for the purpose of Section 46(1)(g) of Income Tax Act 1967

[Deduction of medical expenses for taxpayer, spouse and children suffering from a serious disease]

The Inland Revenue Board (IRB) has on 4 May 2011 issued Guidelines on serious disease for the purpose of claiming relief under Section 46(1)(g) of the ITA.

With effect from year of assessment 2001, a taxpayer may claim relief of not more than RM5,000 on medical expenses expended on himself, his spouse and children for serious diseases suffered.

Serious disease is defined in section 46(2) of ITA to include “acquired immunity deficiency syndrome, Parkinson’s disease, cancer, renal failure, leukaemia, and other similar diseases.” The Guidelines elaborate that serious diseases are acute and chronic illnesses that cannot be cured and require prolonged medical treatment. Some of the characteristics of serious illnesses include life threatening, continuous and high cost of medical treatment, acute medical illnesses that requiring hospitalisation, etc. Appendix A of the Guidelines provides a list of the types of serious diseases. This list is similar to the list of serious/chronic diseases for the purposes of Section 44(6) with additional diseases (items 14-19).

A claim of relief must be supported by a receipt and a letter of certification by a doctor registered with the Malaysian Medical Council. The name and income tax file reference number of the claimant must be indicated on the back of the receipt and kept for tax audit purposes. The IRB will review the final report of the diagnosis to verify the serious disease suffered. Provisional diagnosis from a registered medical practitioner will not be considered as the letter of certification. Symptoms stated in the medical report will not be considered.

Paragraph 4 of the Guidelines provides a list of other circumstances that may be considered for the claim for relief under Section 46(1)(g) of ITA

- (i) Cost of medical treatment for accident victim with a serious injury that is life threatening;
- (ii) Cost of surgery or amputation treatment for burns due to a serious accident which may result in death or loss of limbs,
- (iii) As loss of limbs is given a relief on basic supporting equipment under section 46(1)(d) of ITA, it is not eligible for relief under section 46(1)(g) of the ITA. However, the cost of initial medical expenses resulting in the loss of limbs is eligible for relief under section 46(1)(g) of the ITA.
- (iv) In specific cases, some serious diseases which are not listed in Appendix A can be considered for section 46(1)(g) relief upon recommendation of a registered medical expert, subject to the actual expenses incurred. Taxpayers may apply to the IRB Branch where his/her income tax returns are maintained to be eligible for the relief.

Members may view the guidelines at the website of the Institute at [Guidelines on serious disease for the purposes of Section 46\(1\)\(g\)](#)

4. Updated list of certification bodies under Section 34(6)(ma) of ITA

The IRB has issued an updated list of certification bodies under section 34(6)(ma) for the purpose of claiming double deduction of expenses incurred on obtaining certification for recognised quality systems and standards and halal certification. The updated list increases

the number of certification bodies for some categories and updates the accreditation period of relevant bodies.

Members may view the list at the website of the Institute at [List of Certification Bodies under Section 34\(6\)\(ma\) of ITA](#)

5. Revised Guidelines on Real Property Gains Tax

The IRB had issued the revised Guidelines on Real Property Gains Tax on 5 May 2011. The following are the revisions made:

- Para 4 The error in Example 14 is rectified.
- Para 5.3 A new Paragraph 5.3 is inserted to indicate the webpage where the guide notes for completion of the RPGT Forms can be found and downloaded.
- Para 5.4 iii A new Example 16 is inserted to illustrate that disposals subject to income tax are not required file the RPGT Forms.
- Para 6.2 vi Completion of Form CKHT for the circumstances where an acquirer is not required to withhold the money consideration or 2% of sale consideration, whichever is lower:
 - item (c) is amended to include disposals at a loss; and
 - item (d) is inserted for disposals to real estate investment trusts or property trust funds approved by the Securities Commission under P.U.(A) 451/2003 [Real Property Gains Tax (Exemption) (No. 4) Order 2003].
- Para 9.1 ii New Paragraph 9.1(i)(c) is inserted to indicate the webpage where the guide notes for completion of Form 502 can be found and downloaded.
- Para 9.3 Items ii (b) and iii are updated on the banking facilities and payment counters.
- Para 10.3 A new Paragraph 10.3 is inserted requiring the acquirer to obtain the disposer's approval for the refund of tax withheld and paid to the IRB in the case of the sale and purchase agreement being aborted.

Members may view the guidelines at the website of the Institute at [Guidelines on Real Property Gains Tax](#)

6. Guidelines on the deduction of broadband subscription under Section 46(1)(m) of the ITA

For YAs 2010 to 2012, subscriptions, subject to a maximum of RM500 per annum, paid for broadband internet connection registered in the name of an individual is allowed a relief in arriving at the chargeable income, A connection through cable or Digital Subscriber Line (DSL) at a speed of 256kbps and above will be considered as a broadband connection and eligible for the relief. A dial-up service through a telephone line at a speed of 56kbps is not considered as a broadband connection.

There are two types of broadband, i.e., the high speed broadband (HSBB) and the Broadband to General Population (BBGP). The wired broadbands are ADSL, ADSL2+, SDSL, VDSL,

VDSL2, FTTH and ETTH. Wireless broadband technology includes 3G/HSDPA, Iburst, EV-Do, WiMAX and Satellite.

Members may view the guidelines at the website of the Institute at [Guidelines on the deduction of broadband subscription under Section 46\(1\)\(m\) of ITA](#)

7. Double Taxation Relief (The Government of the Kingdom of Bahrain) (Amendment) Order 2011 [P.U.(A) 162/2011]

The above protocol has inserted a new Article 27A on Exchange of Information in line with international commitment. The protocol shall enter into force on the date that the contracting states through diplomatic channels notify the other of the completion of the procedures required by their laws for the bringing into force of this protocol and its provisions shall have effect 30 days after the date of the later notification.

Indirect Taxation

8. Customs-Private Sector Consultative Meeting No.1/2011

The minutes of the Customs Private Sector Consultative Panel (CPSCP) meeting No.1/2011 held on 28 April 2011 have been released by the Royal Malaysian Customs (RMC). The Panel is informed of the updates as follows:-

- a) The Government has established a high level committee, comprising of the Director General of RMC, Director General of IRB, Inspector General of Royal Malaysia Police, Chief Commissioner of Malaysian Anti-Corruption Commission, Governor of Bank Negara Malaysia and the Attorney General to deal with issues relating to Anti-Money Laundering and Anti-Terrorism Financing Act 2001. The launch of the 3B Operation has resulted in some Customs officers being investigated.
- b) The RMC has reviewed the Customs Act 1967 (Act 235) and has proposed deletion of 9 provisions, amendment to 82 provisions and insertion of 49 new provisions with the objective of enhancing customs control and improve trade facilitation. It was suggested that the proposed draft legislation will be made available to the members of the Panel and the public for feedback before finalising it. The RMC will upload the proposed changes on their website.
- c) Based on the International Corruption Perception Index, the ranking of Malaysia in 2008 was 5.1, declined to 4.5 in 2009 and was at 4.4 in 2010. The declining trend may have an impact on our foreign direct investments into Malaysia.

Members may view the minutes at the website of the Institute at <http://www.ctim.org.my/cms/news.asp?menuid=122>

9. Customs (Amendment) Regulations (No.2) 2011 [P.U.(A) 154/2011]

The Customs Regulations 1977 [P.U.(A) 162/1977] are amended by inserting Bangunan Sultan Iskandar (BSI), Bukit Chagar, Mukim of Johor Bahru, District of Johore Bahru as a place of import and export by road or railway and specified its working hours with effect from 5 May 2011.

CONTINUING PROFESSIONAL DEVELOPMENT

1. National Tax Conference 2011

We are pleased to announce that the Chartered Tax Institute of Malaysia (CTIM) and the Lembaga Hasil Dalam Negeri Malaysia (LHDNM) are organising the National Tax Conference 2011 on 19 & 20 July 2011 at the Kuala Lumpur Convention Centre. The theme of the Conference is "Economic Transformation: Role of Taxation".

Topics for the Conference are as follows:

- ETP: An Update
- Liberalisation of Tax Services in a Globalised World: Issues and Challenges
- IRBM Transformation: Together Towards Building a High Income Nation
- Economic Transformation: Taxation Issues
- Tax Cases Update
- Compliance & Enforcement Challenges Faced by Regional Tax Authorities
- Issues and Concerns Arising From Audits
- Transformation from a Corporate employee to an Internationally-known Chef

Conference Fees:

	Early Bird Fee (with payment before or on 24 June 2011)	Normal Fee (after 24 June 2011)
LHDNM officer / CTIM member	RM 1000	RM 1200
Member's Firm Staff Member of Supporting Body Member / Staff of Supporting Sponsor	RM 1100	RM 1300
Non-member	RM 1200	RM 1400
Overseas Delegates	Not applicable	USD 500
Premier Plus 1 FREE seat for every 10 delegates registered from the same organisation		

Please contact the Conference Secretariat for more information or clarification.

Tel : 03-2162 8989
Fax : 03-2162 8990 / 03-2161 3207
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Ms Nur (ext 106) nur@ctim.org.my

We look forward to meeting you at the National Tax Conference 2011!

25 CPD Points

2. Seminar : Managing and Understanding Financial Reporting Standards (FRS) –

Unravelling The Tax Issues

Date : 31 May 2011

Time : 9.00 a.m – 5.00 p.m

Venue : Hotel Istana, Kuala Lumpur

Morning Sessions

Chairman : Dato' Raymond Liew
Council Member, CTIM

Topic : ***Updates on the Major Changes of the Malaysian FRS***

Speaker : Mr. Adrian Lee
Partner, KPMG Malaysia

Topic : ***FRS 121: The Effects of Changes in Foreign Exchange Rates***
- *Tax Implications Related to the Implementation of FRS 121*

Speaker : Ms. M. Selverannie
Director, Ernst & Young Tax Consultants Sdn Bhd

Afternoon Sessions

Chairman : Ms. Seah Siew Yun
Council Member, CTIM

Topic : ***FRS 139: Financial Instruments: Recognition and Measurement***
- *Analysing on Tax Implications*

Speaker : Ms. Phan Wai Kuan
Executive Director, PricewaterhouseCoopers Taxation Services Sdn Bhd

Topic : ***FRS 116: Property, Plant & Equipment***
- *Latest Updates*

Speaker : Mr. K.Sandra Segaran
Executive Director, Deloitte KassimChan Tax Services Sdn Bhd

8 CPD Points

3. Workshop – How to Prevent Taxes From Eating Into your Investments – Kuala Lumpur

<u>Date</u>	<u>Venue</u>
26 May 2011	Hotel Istana, Kuala Lumpur

Time : 9.00 a.m – 5.00 p.m

Speaker : Mr Harvindar Singh

Course Content

- o Scope of Malaysian taxation affecting investment income and the various classes of income
- o Taxability issues of investment income arising from the following ;
 - Equity investments
 - Investments in bonds
 - Unit trusts

- Properties
- Real Estate Investment Trusts
- Others
- o Deductibility of related expenses
- o Exemption orders pertaining to exemption of investment income
- o Tax planning ideas pertaining to investment income

8 CPD Points

4. Workshop: Implementation of Single Tier Tax System - Outstation

<u>Date</u>	<u>Venue</u>
9 June 2011	Mutiara Hotel, Johor Bahru
15 June 2011	Hyatt Regency, Kota Kinabalu
16 June 2011	Four Points Sheraton, Kuching

Time : 9.00 a.m – 5.00 p.m
Speaker : Mr. Vincent Josef

Course Content

- o The procedures and responsibilities necessary during the Transitional Period in respect of dividends declared and the Section 108 Account. How is the Section 108 Balance determined?
- o The requirements on companies and dividend recipients after 31 December 2013. What happens to the Section 108 Balance on 1 January 2014?
- o The optimum usage of the available Section 108 balance during the transitional period and the limitations that have been introduced. What are the kinds of Dividends possible?
- o The implications of the new system and whether the dividend-paying company and the dividend recipients stand to benefit. What are the benefits of the new system?

8 CPD Points

5. Workshop: Implementation of Single Tier Tax System – Kuala Lumpur

<u>Date</u>	<u>Venue</u>
1 June 2011	Hotel Istana, Kuala Lumpur

Time : 9.00 a.m – 5.00 p.m
Speaker : Mr. Vincent Josef

Course Content

- o The procedures and responsibilities necessary during the Transitional Period in respect of dividends declared and the Section 108 Account. How is the Section 108 Balance determined?
- o The requirements on companies and dividend recipients after 31 December 2013. What happens to the Section 108 Balance on 1 January 2014?

- The optimum usage of the available Section 108 balance during the transitional period and the limitations that have been introduced. What are the kinds of Dividends possible?
- The implications of the new system and whether the dividend-paying company and the dividend recipients stand to benefit. What are the benefits of the new system?

8 CPD Points

Please visit our website www.ctim.org.my for the latest updates on our events or contact the CPD Secretariat, Ms Fadeah/Ms Yus/Mr Ridzuan at 03-2162 8989 ext 108/113/121/106 for further information. Alternatively, you can email your enquiries to cpd@ctim.org.my

MEMBERSHIP SERVICES

KIND REMINDER FOR OUTSTANDING MEMBERSHIP SUBSCRIPTION

We regret to note from our record that the subscription for some members are still outstanding. We urge you to settle your dues as soon as possible to enjoy uninterrupted membership services. If your payment is on the way, we thank you for your support and would appreciate if you could kindly inform the Secretariat duly.

CHARTERED TAX INSTITUTE OF MALAYSIA IS RECRUITING AN ASSISTANT MANAGER / TECHNICAL MANAGER

The Chartered Tax Institute of Malaysia is inviting suitably qualified candidates to apply for the position in the premier body for tax professionals.

Interested applicants, please click on http://www.ctim.org.my/ectim/Advert_techmgr_Jul10.pdf

For queries or feedback on the CTIM e-circular, please email secretariat@ctim.org.my.

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