

FINAL LEVEL ADVANCED TAXATION 1

OBJECTIVES:

1. To examine the application of advanced aspects of Malaysian taxation
2. To examine the principle and tax treatments of specialized industries
3. To examine the principle and tax treatment of Real Property Gains Tax.

CONTENTS:

(A) Estates

1. Allocation of income & tax computation - deceased individual & executor(s)
2. Domicile status of deceased & tax implications
3. Annuity & distribution
4. Remuneration of executor(s)
5. Time-frame to raise tax assessment on deceased individual

(B) Trusts

1. Residence status & significance
2. Fixed trusts
3. Discretionary trusts
4. Trust with accumulation
5. Distributable income
6. Statutory income from ordinary source
7. Mixed trusts
8. Tax credit for beneficiary
9. Resident trust & resident beneficiary Section 61(2) of the Income Tax Act ("the Act")

(C) Settlements – Section 65(1) to (4) of the Act

(D) Unit Trusts

1. Special deduction for qualifying expenditure (at 10%)
2. Permitted expenses & fraction deductible
3. Similarities/Differences in tax treatments (in comparison with REIT/IHC)
4. Computation of tax payable

(E) Real Estate Investment Trusts (REIT)

1. Sources of income – rent as business income
2. Exempt income
3. Deduction of expenses & capital allowances
4. Exemption of total income & requirements
5. Distribution of dividends & withholding tax implications

(F) Business Trusts

(G) Co-operative Societies

1. Exemption for co-operative societies – Schedule 6, Paragraph 12 of the Act
2. Determination of gross income
3. Special deductions in arriving at chargeable income

(H) Trade Association and Clubs

1. Definition
2. Residence status
3. Determination of gross income
4. Income tax exemption

(I) Trade Union

1. Tax administration
2. Tax treatment
3. Exemption

(J) Charitable Institutions

1. Legislation
2. Approved institution/ organization status
3. Tax treatment
4. Tax rate

(K) Investment Holding Company (IHC)

1. **Unlisted IHC**
 - a. Definition and determination of IHC status
 - b. Permitted expenses & fraction deductible
 - c. Computation of tax payable
 - d. Differences in tax treatments (in comparison with listed IHC or investment dealing company)
2. **Listed IHC**
 - a. Deemed business
 - b. Allocation of common expenses & capital allowances
 - c. Disregarding of excessive expenses & unutilized capital allowances
3. **Tax Treatment**

(L) Leasing

1. Legislation & regulations
2. Meaning of lease
3. Leasing as a separate source of income (Regulation 2)
4. Tax treatment for lessor & lessee
5. Tax implication
6. Allocation of common expenses and capital allowances between leasing business and non-leasing business
7. Cross border leasing

(M) Property Developer & Construction

1. Commencement date
2. Pre-commencement expenses
3. Revenue recognition
4. Treatment of expenses
5. Stock withdrawal for own use
6. Transfer of assets into trading stock
7. Disposal of real property – whether carrying on a business

(N) Investment Incentives

1. Pioneer Status
2. Investment Tax Allowance
3. Reinvestment Allowance

(O) Real Property Gains Tax

1. Principles and scope of charge
2. Chargeable assets (including leases & options) and persons
3. Exemptions
4. Computation of chargeable gains and allowable losses
5. Tax rates
6. Circumstances of 'disposal price deemed equal to acquisition price' & 'no loss & no gains' treatment
7. Connected persons
8. Circumstances to apply market value
9. Conditional contract
10. Returns and assessments
11. Payment and recovery of tax
12. Responsibilities of disposer/acquirer
13. Consequences of non-compliance
14. Real property company (RPC)

(P) Taxation of Specialized Industry

Note: Students are expected to know the overall aspects. World scope, remittance basis, bilateral relief/unilateral relief are inclusive

1. **Banking industry**
2. **Insurance industry**
 - a. Life insurance
 - b. General insurance
 - c. Offshore insurance
 - d. Inward re-insurance
3. **Sea and air transport undertaking**
 - a. Resident operator and exemption under s54A
4. **Plantation**
5. **Forest**

READING LIST – ADVANCED TAXATION 1

1. **Income Tax Act 1967.** (as amended)
2. **Public Rulings and Operational Guidelines.**
3. Jeyapalan Kasipillai. **A Guide to Malaysian Taxation.** (Latest edition)
4. Choong Kwai Fatt. **Malaysian Taxation Principles & Practice.** (Latest edition)
5. Choong Kwai Fatt. **Advanced Malaysian Taxation Principles & Practice.** (Latest edition)
6. Veerinderjeet Singh. **Veerinder on Taxation.** (Latest edition)
7. CCH Tax Editors. **Malaysian Master Tax Guide.** (Latest edition)
8. **Tax Guardian**, Journal of the Chartered Tax Institute of Malaysia