FINAL LEVEL
ADVANCE TAXATION 2

OBJECTIVE:

To examine the ability to provide a comprehensive and practical response to specific tax issues.

CONTENTS:

Questions may involve more than one type of tax and the paper as a whole will contain questions requiring knowledge of all of the areas and taxes covered in Personal Taxation, Business Taxation, Advance Taxation 1 and Revenue Law and knowledge of other aspects of law, accountancy, reports, letters or computations that a tax practitioner may encounter.

(A) Double Deduction and Income Tax Incentives:
   1. Double deduction for promotion of export
   2. Double deduction for research expenditure
   3. Double deduction for approved training
   4. Deduction for pre-commencement of business training expenses
   5. Income Tax (Deduction for Cost Acquisition of Proprietary Rights) Rules 2002
   6. Income tax (Allowance for Increased Export) Rules 1999
   7. Tax incentives for export
   8. Malaysian International Trading Company (MITC)

(B) Approved Service Sector
   1. Criteria in approving tax incentives for ASP
   2. Income tax exemption
   3. Investment allowance
   4. Tax planning- profit exemption or investment allowance
   5. Industrial building allowance
   6. Duty exemption on machinery and materials
   7. Double deduction on promotion of export services
   8. Double deduction for R & D
   9. Double deduction on training
   10. Tax administration

(C) Multimedia Super Corridor (MSC)
   1. Income tax exemptions
   2. Investment tax allowance (ITA)
   3. Industrial building allowance (IBA)
   4. Duty-free importation of multimedia equipment
   5. Research and development grants for local SMEs
   6. Withholding tax exemptions
   7. Non-financial incentives
   8. Administration

(D) Principle Hub
   1. Features
   2. Incentives
   3. Criteria
   4. Additional Benefits
(E) Tax Incentive on Commercialization of Research and Development Findings
1. Application
2. Tax administration

(F) Field Audit and Understatement of Tax
1. Types of tax audit
2. Provision of reasonable facilities and assistance
3. Keeping of records
4. Understatement of tax
5. Directors’ liabilities

(G) Back Duty Investigations
1. Matters that trigger off tax investigations
2. Test applied to discover tax evasion
3. Computation methods
4. Powers vested in the DGIR in investigation
5. Period of investigation and time bar
6. Reasonable care and responsibility of tax advisor
7. Offences and penalties

(H) Tax Management for Companies
1. Commencement of business
2. Financing arrangement
3. Related party transactions
4. Disposal of assets
5. Controlled transfer and implications for disposer and acquirer
6. Distinction between business income and investment income
7. Investment income
8. Interest restriction
9. Investment strategy in a company – Equity and debt financing
10. Thin capitalization issues

(I) Taxation for Company Reorganization, Reconstruction and Amalgamation
1. Stamp duty and RPGT relief /exemption

(J) Group Relief Companies

(K) Tax avoidance and evasion
1. Malaysian case laws: principles

(L) Transfer pricing
1. Tax authorities’ practice
2. Method employed

(M) Stamp Duty
1. Legislation
2. Types of stamp duty
3. Instrument chargeable with duty
4. Stamp duty on transfer shares
(N) Tax Policies
1. Types of tax systems
2. Role of taxation in economic development
3. Design of tax policy
4. Tax reforms
5. Code of Ethics

(O) Goods and Service Tax (GST)
1. Introduction, mechanism and type of GST supplies
   i) The imposition of GST Mechanism
      a. Output tax
      b. Input tax
      c. Input tax credit (ITC)
   ii) Types of supply
      a. Standard rate
      b. Zero rate
      c. Exempt Supply
2. Elements of the scope of GST
   i) Supply of goods and service
      a. Meaning of supply
      b. Determination of goods and services
      c. Importation and reverse charge
   ii) Business
      a. Business test
   iii) Taxable person
      a. Meaning of persons
      b. Determination of taxable persons
   iv) Consideration and value
   v) Time and place of supply
   vi) Deemed Supply
3. Responsibilities of registered persons
   i) Issuance of tax invoice
   ii) Submission of returns
   iii) Payment of tax
   iv) Keeping of records
4. Registration
5. Tax Invoices
   i) Debit Note & Credit Note
   ii) Record Keeping
   iii) Accounting Basis
   iv) Taxable period
6. Acknowledgment and payment by non-taxable persons
   i) Power to assess
   ii) Anti-Avoidance Rules
   iii) Offences and Penalties
   iv) Types of Audits and GST Appeal Tribunal and Other Appeal Procedures
7. Input Tax Credit
   i) Input Tax Credit
   ii) Mechanisms to claim input tax
   iii) Allowable input tax
   iv) Criteria for claim
   v) Blocked input tax
   vi) Incidental exempt supply
   vii) Input tax refunds
   viii) Repayment of Input Tax
ix) Input tax claim in certain circumstances
   a. Pre-incorporation
   b. Pre-registration
   c. Late registration
   d. De-registration
   e. Post registration
x) Input tax on Special Schemes
   a. Transfer of going concern
   b. Joint venture
xi) Input tax on relating to own use
xii) Input tax relating to change of use

8. Special Schemes
   i) Approved Traders Scheme
   ii) Approved Toll Manufacturer Scheme
   iii) Approved Jeweler Scheme
   iv) Relief on Second Hands Goods (margin scheme)
   v) Warehousing scheme
   vi) Tourist Refund Scheme (TRS)
   vii) Flat Rate Scheme

9. Adjustment for credit note, debit note and bad debt relief
10. Partial exemption
11. Capital Goods Adjustment

(P) Tax Mitigation

(Q) Double Taxation Agreements (DTA)
   1. Resident vs Source state taxation
   2. Permanent establishment and business article Fees for technical services/Technical services
   3. Royalty and Interest articles
   4. Other Income article

(R) Investment Incentives for Specific Industry
   1. Incentives for Services Sector - under Income Tax Exemption under Section 127 and Investment Allowance under Schedule 7B
   2. Allowance for Increased Exports
   3. Malaysian International Trading Companies
   4. Acquisition for Proprietary Rights
   5. Acquisition for Foreign-Owned Companies
   6. Incentives for Wellness Zones
   7. Venture Capital
   8. Single & Double Deductions
(S) Professional Ethics
1. Form of practice and matters relating thereto
2. Obligations to clients and confidentiality
3. Matters relating to the affairs of new clients
4. Handling client work and all matters relating thereto
5. Charging for services
6. Matters giving rise to conflict of interest
7. Disclosures in tax returns, computations and correspondence with the Inland Revenue
8. Dealing with Inland Revenue errors in favor of taxpayers, tax evasion, tax avoidance and ethical/moral issues

READING GUIDE - ADVANCE TAXATION 2
10. Income Tax Act 1967 (Latest Reprint)
11. Public Rulings and Operational Guidelines. (Latest Reprint)
12. Tax Guardian, Journal of the Chartered Tax Institute of Malaysia
13. Budget Commentary & Tax Information by CTIM-MIA-MICPA
14. Guides issued by the Government on GST (Latest Reprint)