TECHNICAL

Direct Taxation

PUBLIC RULING NO. 5/2015 ON TAXATION OF LIMITED LIABILITY PARTNERSHIP

The Inland Revenue Board of Malaysia (LHDNM) issued the Public Ruling (PR) No. 5/2015 on 14 August 2015 to replace the PR No. 3/2014 dated 9 May 2014.

The PR No. 5/2015 updated PR No. 3/2014 through the following amendments:

Para. No. in the PR 5/2015	Amendments
7.2(a)	Further elaboration on the duty of the compliance officer or partner to keep complete accounting records of the LLP – he is responsible to keep the accounts or documents of a partnership or company that has converted to an LLP, for a period of 7 years after the conversion, even though the entity has been dissolved after the conversion.
10.3	The PR provides explanation on the deduction of incorporation expenses has been amended (updated) to PR No. 11/2013 dated 18 November 2013.
10.8	This new paragraph relates to the application of S.75B(3) and (4) which took effect from 31 December 2014. It relates to assessments for the years of assessment prior to conversion of a partnership or company to an LLP. Any assessment on income of a partnership or company before conversion to an LLP is to be made as follows: <table><tr><td>**Type of business before conversion to LLP**</td><td>**Assessment to be made in the name of -**</td></tr><tr><td>(i) Partnership</td><td>Each partner in the partnership before conversion to an LLP.</td></tr><tr><td>(ii) Company</td><td>LLP</td></tr></table> Examples 7 and 8 (new) have been added to illustrate the above.

Members may view the PR at the Institute website and the LHDNM website.