

**TECHNICAL**

**Direct Taxation**

**LHDNM GUIDELINES ON SUBMISSION OF ESTIMATED TAX PAYABLE UNDER SECTION 107C, INCOME TAX ACT 1967 (ITA)**

The Inland Revenue Board of Malaysia (LHDNM) issued the above Guidelines (Bahasa Malaysia version only) on 28 February 2017.

The following table summarizes the contents of the [Guidelines](#) and highlights some salient points. Please read the [Guidelines](#) for details of procedures and rules that must be followed in accordance with LHDNM's requirements.

Para. #	Heading (translated from the B.Malaysia version)	Notes
1	<b>Introduction</b>	Under the Self-Assessment System, taxpayers which are companies, co-operative societies, trust bodies, and limited liability partnerships (LLP) are required to furnish the amounts of estimated tax payable (ETP) for each year of assessment (YA) to the DGIR, and to pay such amounts by instalments. Submission may be made manually, or via e-filing which will be made compulsory – <ul style="list-style-type: none"> <li>for companies from YA 2018;</li> <li>for LLP, trust bodies and co-operative societies from YA 2019.</li> </ul>
2	<b>Objective</b>	The objective is to explain the procedure for filing of the Form for ETP for – <ul style="list-style-type: none"> <li>(i) companies, co-operative societies, trust bodies and LLP, and</li> <li>(ii) companies with paid-up ordinary share capital of RM2.5 million or less at the beginning of the basis period for a YA.</li> </ul>
3	<b>Provisions of the ITA</b>	<ul style="list-style-type: none"> <li>All companies which have commenced operations are required to furnish its ETP for a YA to the DGIR using Form CP204 (Appendix 1), including the entities named in item (i) above (commencing from YA 2013 for LLP.)</li> <li>For entities under item (ii) above which have just commenced operations, the amount of ETP may be omitted from the Form CP204 that is submitted. The company must maintain its paid-up capital at RM2.5 million or less at commencement of operations and at the commencement date of the 2 following YAs.</li> <li>Non-resident companies subject to withholding tax (WHT) requirements under S107A of the ITA need not make payments for ETP because they have paid WHT, but must complete the relevant section of the Form CP204.</li> </ul>
3.1.2 – 3.1.9		These paragraphs provide detailed explanations pertaining to the requirements relating to the submission of ETP for a YA to the DGIR, among which are the following: <ul style="list-style-type: none"> <li>Details relating to the company/taxpayer and accounts of the taxpayer which must be furnished (para. 3.1.2);</li> </ul>

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		<ul style="list-style-type: none"> <li>• Timeline for submission (para. 3.1.3) and the schedule of payments (para. 3.1.5 and Example 1);</li> <li>• Minimum amount of ETP (not less than 85% of the revised ETP (or if no revised ETP, the ETP) of the immediately preceding YA); (para. 3.1.4)</li> <li>• The procedure to be followed when submitting an estimate that is less than the above (para. 3.1.6);</li> <li>• Situations where the ETP submitted may be rejected; (para. 3.1.7)</li> <li>• Consequences of a failure to submit ETP; (para. 3.1.8)</li> <li>• Submission of ETP by e-filing; (para. 3.1.9)</li> </ul>
3.2	<i>Revision of ETP</i>	<ul style="list-style-type: none"> <li>• Companies/taxpayers (including those which were late or had failed* in submitting Form CP204) may submit revised ETP via Form CP204A (Appendix 3). * Subject to the condition that CP205 has been issued.</li> <li>• This can only be done in the 6<sup>th</sup> month or the 9<sup>th</sup> month of the basis period for the YA, or in both these months.</li> <li>• The taxpayer must also recompute the amount of monthly instalment payments. (Refer to Examples 2 and 3.)</li> </ul>
3.3	<i>Direction to pay ETP by the DGIR - ETP Under Subsection 107C(8) of ITA</i>	Under S107C(8) of the ITA, the DGIR may, at any time, direct a company, co-operative society, trust body or LLP to make payments of ETP. Form CP205 – Notice of Instalment Payments (Appendix 2) is issued to inform the company/ taxpayer of the amount of ETP required to be paid. Circumstances under which CP 205 may be issued are listed under para. 3.3.1 to 3.3.3.
4	<b>Appeals</b>	<p>The provisions applicable to payment of ETP are found in S107C of the ITA. Para. 4 sets out the procedures and rules that apply in dealing with the following appeals relating to payment of ETP:</p> <ul style="list-style-type: none"> <li>• Appeal to submit an amount of ETP that is less than the amount stipulated in S107C(3); (para. 4.1)</li> <li>• Appeal to amend the Notice of Instalment Payments (CP205) that has been issued by the DGIR. (para. 4.2)</li> </ul>
5	<b>Change of Accounting Period (Refer also to Public Ruling No. 7/2011)</b>	<p>When there is a change of accounting period by a company, co-operative society, trust body or LLP, the taxpayer must inform the DGIR regarding the change by submitting Form CP204B (Appendix 4) –</p> <ul style="list-style-type: none"> <li>• 1 month before the commencement date of the new accounting period if the accounting period is shortened;</li> <li>• 1 month before the closing date of the original accounting period if the accounting period is lengthened.</li> </ul> <p>If the taxpayer fails to comply with the above, then it must submit CP204 not later than 30 days before the start of the new basis period and CP204B need not be submitted.</p> <p>The rest of the paragraph deals with procedures and requirements relating to the submission of revised ETP due to a change of accounting period, and provides examples of revised tax payable and computations of revised instalment payments (Examples 4, 5,</p>

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		6, 7, 8 and 9).
6	<b>Tax Remittance Slip (Form CP 207)</b>	Form CP207 must be used when making payments at LHDNM counters. The information in this Form may be used when making payments at bank counters or by electronic transfers. Other details found in this paragraph include the mode of payment and particulars that must be furnished when payment is made.
7	<b>Increase of Tax Payable</b>	<ul style="list-style-type: none"> <li>• <u>S107C(10) of ITA</u> – If actual tax payable exceeds the revised ETP (or if no revised ETP, the ETP) by an amount which is more than 30% of tax payable (“that amount”), tax due to be paid will be increased by an amount equal to 10% of the difference between that amount and 30% of tax payable. (See Example 10 for example of calculation.)</li> <li>• <u>S107C(9)</u> – If an amount of instalment that is due and payable is not paid on the due date, that instalment amount will be increased by 10% of the amount unpaid without the issue of any notice to the taxpayer. (See Example 11.)</li> </ul>
<b>APPENDIX</b> (Images of the relevant Form)	<b>1</b>	Form CP204
	<b>2</b>	Form CP205 Notice of Instalment Payments
	<b>3</b>	Form CP204A
	<b>4</b>	Form CP204B

Members may read the Guidelines in full at the websites of the [Institute](#) and the [LHDNM](#).

You may write to the Institute at [technical@ctim.org.my](mailto:technical@ctim.org.my) or [secretariat@ctim.org.my](mailto:secretariat@ctim.org.my) in respect of any suggestions, concern or comments you may have on the above [Guidelines](#).

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