
TECHNICAL

Direct Taxation

INCOME TAX RULES AND ORDERS ON COUNTRY-BY-COUNTRY REPORTING, COMMON REPORTING STANDARD AND OTHER RELATED MATTERS

The following Income Tax Rules and Orders on Country-by-Country Reporting, Common Reporting Standard and other related matters have been gazetted on 23 December 2016:-

1. [INCOME TAX \(COUNTRY-BY-COUNTRY REPORTING\) RULES 2016 – P.U.\(A\) 357/2016](#)

These Rules are in respect of the requirements for filing a Country-by-Country (CbC) Report and other related requirements. It comes into operation on 1 January 2017 and applies to a multinational corporation group where –

- a) any of its constituent entities have cross border transaction with its other constituent entities;
- b) the total consolidated group revenue in the financial year preceding the reporting financial year is at least three billion ringgit;
- c) its ultimate holding company is incorporated under the Companies Act 1965 [Act 125] or under any written law and resident in Malaysia; and
- d) its constituent entities are incorporated or registered under the Companies Act 1965 or under any written law or the under the laws of a territory outside Malaysia and resident in Malaysia.

2. [INCOME TAX \(MULTILATERAL COMPETENT AUTHORITY AGREEMENT ON THE EXCHANGE OF COUNTRY-BY-COUNTRY REPORTS\) ORDER 2016 – P.U.\(A\) 358/2016](#)

The above Order sets out the arrangements made by the Malaysian Government and the government which has signed the Multilateral Competent Authority Agreement (MCAA) on the Exchange of CbC Reports in order to facilitate the automatic exchange of CbC Reports between the Competent Authorities.

3. [INCOME TAX \(AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION\) RULES 2016 - P.U.\(A\) 355/2016](#)

These Rules are in respect of the implementation of the [Common Reporting Standard \(CRS\) developed by the Organisation for Economic Cooperation and Development \(OECD\)](#) for the purpose of giving effect to the Convention on Mutual Administrative Assistance in Tax Matters (refer to item 4 below), the MCAA on Automatic Exchange of Financial Account Information (refer to item 5 below) and any arrangements with participating jurisdictions to improve international tax compliance as specified therein. It comes into operation on 1 January 2017 and applies to a Financial Institution (FI) as defined under the CRS. A Reporting FI means any FI that is resident in Malaysia (excluding any branch of

that FI that is located outside Malaysia) and any branch of an FI that is not resident in Malaysia if that branch is located in Malaysia.

Members may also refer to the [CRS for the Automatic Exchange of Financial Account Information](#) on the Inland Revenue Board of Malaysia's (LHDNM) website for more information.

4. [**INCOME TAX \(CONVENTION ON MUTUAL ADMINISTRATIVE ASSISTANCE IN TAX MATTERS\) ORDER 2016 - P.U.\(A\) 353/2016**](#)

The above Order sets out the arrangements made by the Government of Malaysia and the governments which have signed the Convention on Mutual Administrative Assistance in Tax Matters in order to foster all forms of administrative assistance in matters concerning taxes of any kind.

5. [**INCOME TAX \(MULTILATERAL COMPETENT AUTHORITY AGREEMENT ON AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION\) ORDER 2016 - P.U.\(A\) 356/2016**](#)

The above Order sets out the arrangements made by the Government of Malaysia and the government which has signed the MCAA on Automatic Exchange of Financial Account Information with a view of exchanging information that is foreseeably relevant in relation to taxation.

Members may read the Rules and Orders in full at the official website of the [Attorney-General's Chambers](#).

You may write to the Institute at technical@ctim.org.my or secretariat@ctim.org.my in respect of any suggestions, concern or comments you may have on the above Rules and Orders.

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