

TECHNICAL

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**Direct Taxation**

**[LHDNM Media Release: Tax Treatment on Digital Advertising](#)**

The Inland Revenue Board of Malaysia (LHDNM) has issued a [Media Release](#) to draw attention to the tax treatment on digital advertising. The LHDNM has clarified that the issue of digital advertising payments would be determined based on the facts of the case and the Income Tax Act 1967. The LHDNM has also stressed that it has not issued any specific ruling regarding the tax treatment of digital advertising.

The LHDNM will assess each case based on the facts of the case to determine whether a transaction is a royalty or service payment, and whether it is subject to withholding tax or falls under any other category of income. An assessment of the case will include a review of the terms of the agreement, the form of the actual transaction and other elements that could not be obtained or determined through a general review of the case.

Any questions regarding the issue of digital advertising can be referred directly to the [Tax Policy Department](#) of LHDNM. The LHDNM will upload a guideline on this in their [official portal](#) in the near future for reference purposes.

Members may read the Media Release in full at the website of the [Institute](#) and the [LHDNM](#).

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