

**e-CTIM TECH-DT 24/2018**

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**TO ALL MEMBERS**

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**TECHNICAL**

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**Direct Taxation**

**[LHDNM'S PRACTICE NOTE NO. 1/2018 ON TAX TREATMENT ON DIGITAL ADVERTISING PROVIDED BY A NON-RESIDENT](#)**

The Inland Revenue Board of Malaysia (LHDNM) has recently uploaded the [Practice Note No.1/2018](#) (issue date: 16 March 2018) on its website:

<b>Practice Note No.</b>	<b>Brief Description</b>
<a href="#">1/2018</a>	<p><b><u>Tax Treatment on Digital Advertising Provided By A Non-Resident</u></b></p> <p>This Note is issued to provide guidance regarding withholding tax on income from digital advertising provided by a non-resident and includes the following:</p> <ul style="list-style-type: none"><li>• The tax treatment on payment to non-residents in relation to digital advertising where:<ul style="list-style-type: none"><li>➢ The non-resident has no permanent establishment (PE) (where a Double Taxation Agreement applies) or where there is no business presence in Malaysia.</li><li>➢ The non-resident has a PE or a business presence in Malaysia.</li></ul></li><li>• The main criteria to determine whether withholding tax under section 109 or 109B of the Income Tax Act 1967 applies.</li></ul>

Members may read the Practice Note 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 [Practice Note No.1/2018](#) so that we may raise them to the LHDNM.

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