

e-CTIM TECH-DT 47/2020

1 July 2020

TO ALL MEMBERS

TECHNICAL

Direct Taxation

[LHDNM'S RESPONSE TO CTIM MEMORANDUM ON COMPLIANCE AND OPERATIONAL ISSUES FOR DESIRE DIALOGUE NO. 1/2020](#)

The Inland Revenue Board of Malaysia (LHDNM) has issued their [response](#) dated 28 May 2020 to the CTIM Memorandum on Compliance and Operational Issues ("Memorandum") dated 21 February 2020 together with issues raised by other professional bodies for the DESIRE Dialogue No. 1/2020 which was scheduled to take place on 7 April 2020 but was cancelled as a result of the Movement Control Order.

The following compliance and operational issues were raised:

1. Disclosure in Form e-C 2019
2. Disclosure in Form CP55 - Authority to file Return electronically - Declaration by taxpayer
3. Form J issued by the LHDNM under Section 90(3) for YA 2019 with imposition of a 45% penalty - (Form J issued due to error in the LHDNM's e-Filing system)
4. Difficulties in contacting the LHDNM Bangi branch's officer
5. The penalty under S112(3) of the Income Tax Act (ITA) 1967
6. Cases on lower estimated tax payable ("ETP") than previous year not allowed
7. Application of Section 77A(4) of the ITA 1967 to a Labuan entity [incorporated under the Labuan Companies Act 1990 (LCA 1990)] that has elected to be taxed under the ITA 1967
8. Status of the Malaysian Income Tax Reporting System (MITRS)
9. Completion of Form e-C and other matter related to Form e-C
 - a) Absence of an appropriate business code for company which is a special purpose vehicle (SPV) carrying on a non-business activity
 - b) Disclosure in item D4 – Claim for incentive(s) under ITA 1967 / Promotion of Investments (PIA) 1986, other than the incentives in items D1, D2 and D3
 - c) Appendix HK-F 2019: Summary of absorbed/surrendered/disregarded losses and losses carried forward (including pioneer losses after tax relief period)
 - d) Sample Form e-C for the YA 2019 in English version
10. "No. Rujukan" on Form e-TC
11. e-Filing User Identification (ID)
12. Tax refund cheque lost in transit
13. Issuance of LHDNM official receipt for payments made through GIRO/RENTAS
14. Mode of payment for WHT and submission of WHT Forms
15. Transaction limit on online tax payments

16. Publish service standards that are observed and monitored
17. Client Charter
 - (a) Tax refund
 - (b) Tax Clearance Letter
 - (c) Tax payment
 - (d) Client Charter Achievement
18. Newly Incorporated Company
19. Scenario 1 - Increased Issued Capital Occurred in the Preceding Year-end
Scenario 2 - Increased Issued Capital Occurred in the Succeeding Year-end
20. A Limited Liability Partnership (PLT) is in the proceeding of voluntary winding-up pursuant to Section 50 of the PLT Act and required to obtain tax clearance before finalisation of the winding up
21. Issue preference shares - adjudication rate

Members may view the LHDNM's response on the websites of the [Institute](#) and the [LHDNM](#).

Members may also write to the Institute at technical@ctim.org.my or secretariat@ctim.org.my in respect of any concern or comments you may have on the [LHDNM's response](#).

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