

e-CTIM TECH-DT 96/2020

28 December 2020

TO ALL MEMBERS

TECHNICAL

Direct Taxation

LHDNM PRACTICE NOTE NO. 4/2020 - CLARIFICATION ON DETERMINING THE GROSS INCOME FROM BUSINESS SOURCES OF NOT MORE THAN RM50 MILLION OF A COMPANY OR LIMITED LIABILITY PARTNERSHIP

Practice Note	Remarks (Please access the Practice Note for the full details)
<p>4/2020</p> <p>Clarification on determining the gross income from business sources of not more than RM50 million of a company of limited liability partnership</p> <p>(21 December 2020)</p>	<p><u>Amendment and replacement</u></p> <p>The Inland Revenue Board of Malaysia's ("LHDNM") Practice Note ("PN") No. 4/2020 amends and replaces the LHDNM PN No. 3/2020 dated 18 May 2020. The key amendments are in the table in the LHDNM PN No. 4/2020 as follows: -</p> <ul style="list-style-type: none"> Item 1 has been amended by omitting reference to paragraph 2D, Part 1, Schedule 1 of the Income Tax Act 1967. Item 2 has been amended to omit reference to temporarily closed business operations. A new item 3 has been inserted on tax treatment of a company or Limited Liability Partnership ("LLP") carrying on a business but does not have gross income from business sources due to current year business losses. A new item 4 has been Inserted on tax treatment of a company or LLP which does not have gross income from business source due to current year business losses caused by temporary closure of business operations. <p><u>Related references</u></p> <ul style="list-style-type: none"> LHDNM PN No. 4/2020 on the websites of the Institute and the LHDNM. LHDNM PN No. 3/2020 on the websites of the Institute and the LHDNM. Our e-CTIM TECH-DT 49/2020 dated 6 July 2020. Issues arising from PN No. 3/2020 submitted by the Institute to the LHDNM on 10 December 2020 on the website of the Institute. (Note: Responses in writing from the LHDNM to the issues raised by the Institute will be circulated to members by e-CTIM when received.)

You may write to the Institute at technical@ctim.org.my in respect of any suggestions, concern or comments you may have on the above [PN No. 4/2020](#).

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