

e-CTIM TECH-DT 23/2021

17 February 2021

TO ALL MEMBERS

TECHNICAL

Direct Taxation

ABOLISHMENT OF THE PRACTICE OF IMPOSING TAX INCREASE UNDER S.107B(3) AND S.107C(9) OF ITA 1967 WHICH IS RESTRICTED TO TAX PAYABLE FOR A YEAR OF ASSESSMENT

The Inland Revenue Board of Malaysia (LHDNM) will be abolishing the practice of imposing the tax increase of 10% under S.107B(3) and S.107C(9) of the Income Tax Act ("ITA") 1967 (thereafter referred to as "the said tax increase") which is **restricted to tax payable**.

Instead, the said tax increase will be imposed on **each instalment or tax estimate** that fails to be paid by the payment due date effective from instalments or tax estimates for the year of assessment 2022 onwards. The said tax increase is imposed based on existing provisions and does not prejudice the right of taxpayers to appeal as provided for under S.107B(6) and S.107C(11) of the ITA 1967.

The Institute has obtained further clarification from the LHDNM that the reason for the abolishment was because it has caused delays in imposition and it is not in line with existing provisions.

References:

1. [LHDNM letter dated 29 September 2020](#) (in Bahasa Malaysia only)
2. [LHDNM letter dated 5 February 2021](#) (in Bahasa Malaysia only)

Members may read the LHDNM's letters (in Bahasa Malaysia only) in full at the [Institute's website – Members Only section](#) under updates.

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 so that we may raise them to the LHDNM.

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