

# ANNUAL REPORT 2017





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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting of the Chartered Tax Institute of Malaysia ("the Institute") will be held on Saturday, 9 June 2018 at 9.30 a.m. at the Ballroom, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur.

### AGENDA

1. President's address.
2. To receive the Annual Report and Financial Statements of the Institute for the year ended 31 December 2017 and the Report of the Auditors thereon.
3. To elect four (4) Council Members for the 2018/2022 term.
  - 3(a) Poon Yew Hoe retires pursuant to Article 59 of the Institute Articles of Association and is not eligible for re-election pursuant to Article 58B.
  - 3(b) Farah Binti Rosley retires pursuant to Article 59 and being eligible offers herself for re-election.

Goh Lee Hwa and Datuk Harjit Singh Sidhu A/L Bhagwan Singh retire pursuant to Article 59 and will not be seeking re-election at the forthcoming Annual General Meeting.
  - 3(c) Pursuant to Article 57(ii) and the nominations received, the following persons have offered themselves for election as new members of the Council:-
    - (i) Foo Meng Huei
    - (ii) Low Geok Ping
    - (iii) Mok Kam Seng
    - (iv) Soh Lian Seng
    - (v) Theneshkannaa A/L Kannan @ Renganathan Kannan
4. To re-appoint Messrs Sekhar & Tan as the Auditors for the ensuing year at a remuneration to be determined by the Council Members.
5. Any other business for which due notice has been given to the Institute.

By Order of the Council

**Cynthia Louis** (MAICSA 7008306)  
**Chew Mei Ling** (MAICSA 7019175)  
**Tan Ai Peng** (MAICSA 7018419)  
Secretaries

18 May 2018

### NOTES

- (a) A Member may appoint a proxy who shall either be an Associate Member or Fellow Member of the Institute.
- (b) A member whose subscription is overdue as at 1 May 2018 shall not be entitled to vote on any question either personally or by proxy at any General Meeting of the Institute or at a poll.
- (c) The proxy shall not be entitled to vote at a meeting of the Institute unless the instrument of appointment has been deposited at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor not less than forty-eight hours before the time fixed for the meeting.
- (d) A Member entitled to be present and vote at a meeting shall submit any motion which has been duly seconded, to any General Meeting, provided that in the case of an ordinary resolution, he shall serve upon the Institute at least ten (10) clear days before the day appointed for the meeting, a notice in writing by him containing the proposed ordinary resolution, and stating his intention to submit the same.

## MISSION STATEMENT



**To be the premier body providing effective institutional support to members and promoting convergence of interests with the government, using taxation as a tool for the nation's economic advancement; and to attain the highest standard of technical and professional competency in revenue law and practice supported by an effective secretariat.**



## THE COUNCIL 2017 / 2018

2017/2018  
Attendance Report

## PRESIDENT

Seah Siew Yun ..... 5

## DEPUTY PRESIDENT

Farah Binti Rosley ..... 5

## COUNCIL MEMBERS

Poon Yew Hoe ..... 3

Nicholas Anthony Crist ..... 5

Yeo Eng Ping ..... 4

Goh Lee Hwa ..... 3

Datuk Harjit Singh Sidhu A/L Bhagwan Singh ..... 4

Koong Lin Loong ..... 2

K. Sandra Segaran A/L Karupiah ..... 4

Lai Shin Fah @ David Lai ..... 3

Phan Wai Kuan ..... 4

Mohd Noor Bin Abu Bakar ..... 5

Chow Chee Yen ..... 5

Chow Tuck Him ..... 5

Leow Mui Lee ..... 5

Dr. Zulfahmy Bin Ibrahim ..... 4

No of meetings: 5

Auditors

**Messrs Sekhar & Tan**

Registered Office and Address

**Chartered Tax Institute of Malaysia**

Unit B-13-2, Block B, 13th Floor, Megan Avenue II

No 12, Jalan Yap Kwan Seng

50450 Kuala Lumpur, Malaysia

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## THE COUNCIL 2017 / 2018



**Front row (from left)**

Leow Mui Lee, Farah Binti Rosley, Seah Siew Yun, Yeo Eng Ping

**Back row (from left)**

Dr. Zulfahmy Bin Ibrahim, Nicholas Anthony Crist, Mohd Noor Bin Abu Bakar, Datuk Harjit Singh Sidhu A/L Bhagwan Singh, Chow Tuck Him, Chow Chee Yen



Poon Yew Hoe



Phan Wai Kuan



K. Sandra Segaran  
A/L Karuppiah



Lai Shin Fah @ David Lai



Goh Lee Hwa



Koong Lin Loong

**BRANCH OFFICES****East Coast Branch**

Chairman: Wong Seng Chong  
Address: Messrs Lau, Wong & Yeo  
1, 2nd Floor, Lorong Pasar Baru 1  
25000 Kuantan, Pahang

**Malacca Branch**

Chairman: Choo Ah Kow  
Address: Tey Consultancy  
22-A, Lorong Bukit China  
75100 Melaka

**Southern Branch**

Chairman: Jesu Dason  
Address: Dason & Dason  
Suite 0525, Level 5  
Wisma SP Setia  
Jalan Indah 15, Bukit Indah  
79100 Iskandar Puteri, Johor

**Northern Branch**

Chairman: Kellee Khoo Kee Lee  
Address: T & K Tax Savvy Sdn Bhd  
347-V, Tingkat Pemancar  
11700 Gelugor, Pulau Pinang

**Perak Branch**

Chairman: Lam Weng Keat  
Address: Deloitte Tax Services Sdn Bhd  
Level 2, Weil Hotel  
292, Jalan Sultan Idris Shah  
30000 Ipoh, Perak

**Sarawak Branch**

Chairman: Kenny Chong Thian Poh  
Address: Crowe Horwath  
2nd Floor, C378, Block C  
iCom Square, Jalan Pending  
93450 Kuching, Sarawak

**Sabah Branch**

Chairman: Lim Yan Kee @ Viviana  
Address: Law & Co  
Lot A7.01 - A7.07  
7th Floor, Wisma Merdeka  
Jalan Tun Razak  
PO Box 17052  
88872 Kota Kinabalu, Sabah

**SECRETARIAT****Executive Director**

P Thomas Simon

**Continuing Professional Development (CPD)**

Nursalmi Haslina Mohd Rusli

**Corporate Support Services**

(Finance, Human Resources, Membership)  
Hemalatha Renganathan

**Examinations, Education & Editorial**

Jeeva Jothy Satchithanandan

**Technical**

Thong Vee Kean

## PRESIDENT'S STATEMENT

My dear fellow members,

The forthcoming 26th Annual General Meeting (AGM) is on 9 June 2018. This will be my 1st chairing of the meeting as the President of the Institute. My ability to spearhead this Institute would not have been possible without the full support, dedication and untiring efforts of my Deputy President, Council Members, Committee/Working Group members and the Secretariat. My utmost and sincere thanks to all of them. My thanks also go to all members who have supported the Institute invaluable by participating in various CTIM activities and events.

The Institute continues to grow in its financial standings with a surplus of profit before tax of RM0.44 million (2016: RM0.37 million) and revenue of RM3.3 million (2016: RM3.3 million) for the financial year ending 31 December 2017. The Institute's financial statements remain strong with available cash of RM6.9 million (2016: RM6.4 million).

Since I became the President of CTIM, my immediate focus had been on enhancing the Institute's image and branding. The following activities have been undertaken:-

- Media coverage of the National Tax Conference (NTC) 2017;
- Interview by Focus Malaysia in connection with the NTC 2017;
- Introducing CTIM lapel pins which were given free to members who signed up at the CTIM booth at the NTC 2017;
- Printing of CTIM Corporate Brochure;
- Produced CTIM's Corporate Video;
- Engaging in events organized by other professional bodies;
- Interaction with University Tun Abdul Razak to enhance our existing partnership with various other institution of higher learning;
- Speaking engagements at the Ministry of International Trade and Industry's Workshop on Tax Incentives and the Real Estate and Housing Developers Association's Seminar on Tax and GST issues;
- Facebook live interview with The Associated Chinese Chambers of Commerce and Industry of Malaysia on Budget Commentary;
- Engagement with business chambers and associations to participate in a Joint tax talk with the IRB;
- Coverage in Malaysia Digital Economy Corporation's launch of Digital Transformation Acceleration Programme;
- CTIM 2018 Budget Seminar, an unprecedented session with the Heads of the Malaysian Tax Practices from the Big Four accounting firms to share their knowledge and experiences on various tax issues on the same platform.

Together with my fellow Council Members, I had made courtesy visits to YBhg Datuk Seri Sabin Samitah, the CEO of the Inland Revenue Board of Malaysia and also YBhg Dato' Sri Subromaniam Tholasy, the Director General of Royal Malaysian Customs Department where we were warmly welcomed and discussed on many issues in relation to income tax and GST respectively. Datuk Seri Sabin Samitah considers the Institute as an important partner in the dissemination of tax information and agrees to our request to have joint tax forums.

The various Committees and Working Groups in the Institute have worked diligently to prepare and submit various papers and memorandums to the authorities during the year (2017/2018 term).

### Technical Committees

There are two Technical Committees on direct tax, i.e. Technical Committee – Direct Tax I (TC-DT I) and Technical Committee – Direct Tax II (TC-DT II). TC-DT I focuses on Income Tax issues while TC-DT II focuses on issues relating to Stamp Duty, Real Property Gains Tax, Petroleum Income Tax, Labuan Income Tax, Promotion of Investments Act 1986, Securities Commission and Bank Negara. These Technical Committees together with the Technical Committee – Transfer Pricing and Technical Committee – Indirect Tax have been busy during the year as seen below.

#### (A) Engagement with the Inland Revenue Board of Malaysia (LHDNM)

- Submitted a joint memorandum on issues arising from the 2018 Budget and Finance Bill 2017; and various memorandums on technical, non- technical and operational issues during the year.
- Provided input on tax issues for the Capital Market Industry for inclusion in the 2018 Budget.
- Commented on the various draft Public Rulings.
- Submitted a paper on comments on the Transfer Pricing Guidelines 2012 (Updated Version)

#### (B) Working with the Royal Malaysian Customs Department (RMCD)

- Participated and raised issues in the Customs-Private Sector Consultative Panel meetings and the GST Implementation Technical Committee meetings.
- Working with CPD Committee in organising seminars and GST training courses.
- Reviewed and submitted feedbacks/comments on draft GST Public Rulings.
- Submitted a paper on comments on GST Audit Framework.
- Participated in an Interaction Session with the External Stakeholders for uCustoms Project.

#### (C) Interaction with the Ministry of Finance (MOF)

- Submitted 2018 Budget proposals and participated in the 2018 Budget Consultation session chaired by the Prime Minister.
- Reviewed the Stamp (Amendment) Bill 2017 and submitted comments/recommendations.
- Participated in a dialogue on the 2018 Budget proposal on Earning Stripping Rules.

#### (D) Participation in Focus Group on Paying Taxes (FGPT)

- Active participation to deliberate important and current tax issues.
- Provides feedback on proposals to simplify and enhance the Malaysian tax system. Tax matters discussed include ways to increase efficiency in tax filing and tax audit process, LHDNM's Client Charter, LHDNM's XBRL Project, time bar and tax refund.

## PRESIDENT'S STATEMENT *(cont'd)*

### (E) Working with the Securities Commission (SC)

The SC invited the Institute to present its views on the Stamp (Amendment) Bill 2016 on the impact of the Bill on merger and acquisition activities in Malaysia and expressed their support on the issues raised.

### (F) Other activities

The Institute participated in the Malaysian Accounting Standards Board – Convergence Task Force (MASB-CTF) meeting and provided updates on the JTWG-MFRS's activities.

The Institute wrote to the Director General of the Labuan Financial Services Authority (LFSA) to request for a copy of the draft amended Guidelines on the Establishment and Operations of Labuan Leasing Business to provide feedback/ comments from a taxation perspective. The comments were subsequently submitted and LFSA had issued the revised guidelines accordingly.

### Public Practice Development

The following activities took place during the year: -

- Submitted a joint memorandum to MOF on issues arising from conditions for renewal of GST tax agent licence. The Institute is currently seeking further clarification with the MOF together with other professional bodies.
- Members' dialogues were conducted at CTIM Branches in Malacca and Sarawak on various operational and technical issues.

### Continuing Professional Development, NTC and NGC

The CPD Committee, NTC Committee, NGC Committee, CTIM Secretariat and CTIM Branches had worked very hard in organising events such as the following:-

- National Tax Conference 2017, National GST Conference 2018, 2018 Post-Budget Seminars, various seminars and workshops on direct taxes and GST which include events held in collaboration with the other professional bodies namely ACCA and MAICSA.
- The Malaysian GST Compliance Assurance Programme (MyGCAP), a new programme initiated by the RMCD in cultivating voluntary and continuous compliance among GST-registered businesses within an effective and robust control framework. The Institute, in collaboration with the RMCD conducted the first MyGCAP Reviewers Course in April 2018 in Kuala Lumpur.

The CTIM 2018 Post-Budget Seminars had record breaking attendance of more than two thousand participants, which were held at several cities and major towns throughout Malaysia.

I would like to thank everyone including LHDNM and the RMCD who have made these CPD events possible and successful.

The LHDNM and the Institute are also jointly organising the NTC 2018 from 16 July 2018 to 17 July 2018 and this event will be held at the Kuala Lumpur Convention Centre. Please register early as places are limited.

### Examinations and Education Committee

- CTIM Professional Examinations

The 2017 CTIM Professional Examinations were held in June and December in 9 centres throughout Malaysia.

Changes to the syllabus were implemented for the December 2017 examination sitting with new examiners being identified to maintain the standards of the examination.

- Student membership and Career Talks

The Education Committee together with CTIM Branches had organised career talks in Universities and Colleges to encourage students to take up the CTIM examinations as a professional tax qualification which provide avenues for career path and employment opportunities.

### Membership

CTIM membership continues to grow and I am pleased to inform that the current membership exceeds 3,500 members. This continuous growth is an indicator of the support that the Institute is getting in moving the tax profession forward.

I would like to encourage our current members to promote the Institute in order to attract more new members. The eligibility criteria and application procedure for CTIM membership are available in the membership section of the Institute's website.

### Tax Guardian

The Tax Guardian continues to be the only specialised tax journal in Malaysia. Its technical contents have been useful to members, subscribers and students in enhancing their technical knowledge and keeping them abreast with the latest tax developments in the country.

As President of the Institute I am grateful to have been given this opportunity to serve and be part of this esteemed premier body. I look forward to continue and enhance the legacy of this Institute together with my Deputy and the CTIM Council. I would like to encourage everyone to build a common understanding and play a major role in advancing the Institute for tax professionals.

Thank you.

**Seah Siew Yun**

President

Chartered Tax Institute of Malaysia



## REPORT OF THE COUNCIL FOR 2017 / 2018

### COMMITTEE REPORTS

#### CONTINUING PROFESSIONAL DEVELOPMENT (CPD) COMMITTEE

During the year, the CTIM Secretariat and CTIM Branches have been busy in organising CPD events such as the National Tax Conference 2017, National GST Conference 2018, 2018 Post-Budget Seminars, various seminars and workshops on direct taxes and GST. The number of CPD events conducted by the Institute in the year 2017 increased by 7% compared to the previous year. This includes the events held in collaboration with the other professional body namely MAICSA.

##### 2018 POST-BUDGET SEMINARS

The Institute organised nationwide Post-Budget Seminars to update its member and the public with a practical understanding on the key tax changes presented in the 2018 Budget Proposals. Record attendance was achieved with a total of 2180 attendees which is an 8% increase from the previous year.

#### COLLABORATION EVENTS WITH THE LEMBAGA HASIL DALAM NEGERI MALAYSIA (LHDNM)

##### 17th National Tax Conference 2017

The Institute and the Lembaga Hasil Dalam Negeri Malaysia (LHDNM) organised the 17th National Tax Conference on 25 & 26 July 2017 at the Kuala Lumpur Convention Centre. The Conference with the theme “Managing Tax Issues for Growth and Nation Building” was officiated by YB Datuk Johari Abdul Ghani, Minister of Finance II. The NTC 2017 was concluded on a successful basis in that participation by public paid participants was slightly higher than the previous year.

##### Morning Talk: “Your Business & Tax”

For the first time ever this talk was organised on 5 April 2018 at Menara Hasil, Lembaga Hasil Dalam Negeri Malaysia and supported by the Institute. It was attended by more than 430 participants comprising of members from various chambers of associations.

#### COLLABORATION EVENTS WITH THE ROYAL MALAYSIAN CUSTOMS DEPARTMENT (RMCD)

##### 4th National GST Conference 2018

The Institute had successfully jointly organised the 4th National GST Conference 2018 with the Royal Malaysian Customs Department (RMCD) on 27 & 28 February 2018 at the Kuala Lumpur Convention Centre. The Conference with the theme “Future Challenges of GST Administration” was officiated by YB Datuk Johari Abdul Ghani, Minister of Finance II. More than 1,200 participants were registered for the Conference that includes invited guests, speakers, moderators, panel members and RMCD officers and their guests.

#### MyGCAP Reviewers Course

The Royal Malaysian Customs Department (RMCD) has launched a new initiative known as Malaysia GST Compliance Assurance Programme (MyGCAP). MyGCAP is a compliance assurance programme aimed at encouraging businesses to better manage GST risks and improve compliance, within an effective and robust GST control framework, on a voluntary basis. Hence, the Institute in collaboration with the RMCD conducted the first MyGCAP Reviewers Course in April 2018 in Kuala Lumpur.

#### EDITORIAL COMMITTEE

The Tax Guardian, the quarterly official journal of the Chartered Tax Institute of Malaysia continues to have a large following of loyal readers every quarter. The Tax Guardian carry a wide range of articles, contributed by practitioners and experts in their respective fields on tax issues touching both locally and internationally.

The Journal highlights the activities and events of CTIM and classifies articles in various categories such as Current Issues, GST and Indirect Taxes, Domestic Issues, International Issues, Technical Updates, Tax Cases and Learning Curve. In addition it includes articles on 2 major conferences held annually namely the National Tax Conference and National GST Conference highlighting the key issues discussed.

The Editorial members play an important role in ensuring that the quality of the journal is kept at the highest standard with their review of articles, regular feedback and comments for improvements.

The Institute continues to encourage members and researchers to publish thought leadership articles and well written analysis of topical issues, case decisions, contentious issues and new legislative developments which will serve as an important source of knowledge of the finer points in taxation. Based on feedback, the informative articles continue to enhance and improve the technical competency of members and readers.

## REPORT OF THE COUNCIL FOR 2017 / 2018 *(cont'd)*

### EXAMINATIONS AND EDUCATION COMMITTEE

The 2017 CTIM Professional Examinations in June were held in the week commencing 19 June 2017 and the December examinations were held in the week commencing 18 December 2017. The examinations were held in 9 centres throughout Malaysia.

The examination syllabus was revised in June 2017 and was implemented in the December 2017 examinations.

New examiners were identified for question development for CTIM Professional Examinations to maintain the standards of the examinations.

The committee is currently looking at avenues to promote CTIM examinations to potential students through digital marketing and in addition, working on enhancing CTIM website with more added value information to students.

A number of career talks were conducted by committee members for the following Institutions:

- 35 MSU Penang students visited the Institute on 21 September 2017 and the career talk was presented by Mr Ananthan Chelliah.
- On 14 March 2018 Mr Ong Hing Huat conducted a career talk for ALC College Klang accounting students.
- On 23 March 2018 Mr Ong Hing Huat briefed about 40 final year students pursuing the Bachelor of Taxation (BoT) from UNIRAZAK on the advantages of sitting for the final CTIM examination paper and getting a professional tax qualification after they complete the BoT.

A number of Institutions have indicated their interest of being Approved Learning Partners to conduct classes for CTIM examinations. The Institute looks forward to these partnerships.

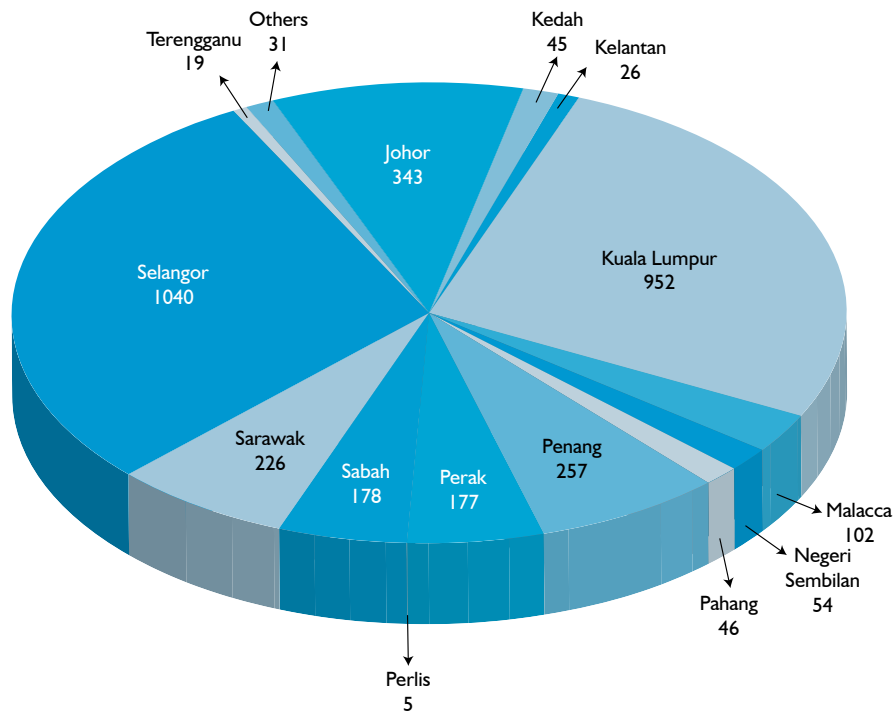
### MEMBERSHIP SERVICES COMMITTEE

As at 30 April 2018 there are 3,501 members comprising 622 Fellow members, 2,867 Associate members and 12 Provisional members (30 April 2017: 3,435 members).

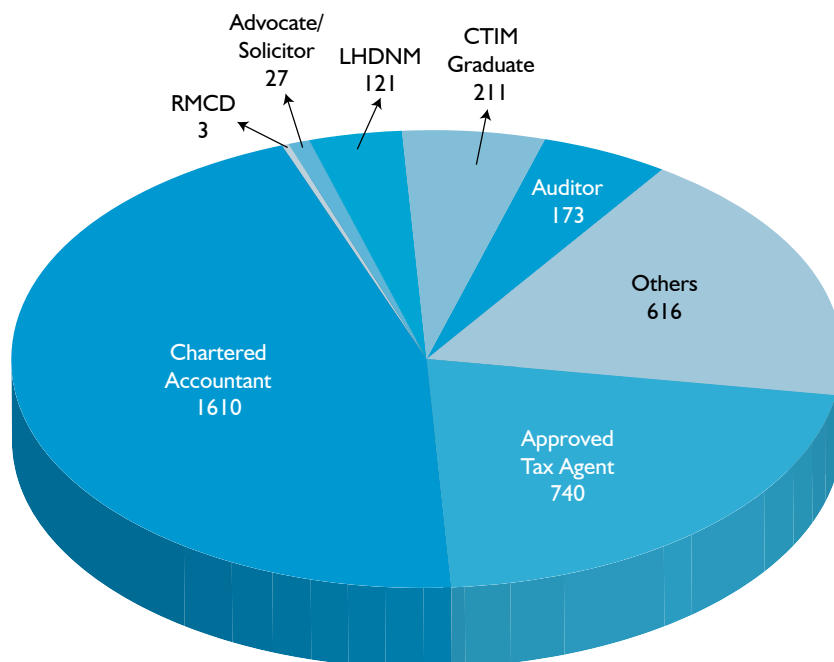
## REPORT OF THE COUNCIL FOR 2017 / 2018 *(cont'd)*

### Membership Profile

#### By States



#### By Employment



**REPORT OF THE COUNCIL FOR 2017 / 2018** (cont'd)**TECHNICAL COMMITTEE - DIRECT TAX I (TC-DT I)**

The TC-DT I focuses on technical and operational matters on income tax. The committee carries out its activities through its main technical committee as well as working groups, namely the Joint Public Rulings Working Group (JPRWG) and Compliance and Operational Working Group (COWG). Other working groups may be formed from time to time to deal with specific issues, where necessary. During the year, the committee and its working groups have been actively involved in reviewing various technical and operational/compliance issues and engaging MOF and LHDNM in discussions on those issues.

In brief, the key activities undertaken during the year are as follows:-

- **2018 Budget & Finance (No.2) Bill 2017**

- Preparation and submission of a memorandum on 2018 Budget proposals to MOF followed by participation in the 2018 Budget Consultation chaired by the Prime Minister in June 2017.
- Preparation and joint submission of a memorandum on the issues arising from the 2018 Budget and Finance (No.2) Bill 2017 together with the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). Participation in the dialogue on the memorandum chaired by LHDNM in January 2018.

- **Technical and Compliance/Operational issues**

During the year, the committee engaged MOF and LHDNM on various technical and operational issues including the following:-

a) Technical issues

- Appeal made to LHDNM to not impose withholding tax on fees paid to non-residents in respect of services rendered outside Malaysia following the 2017 Budget announcement. A gazette order was subsequently issued to exempt the withholding tax.
- Submission of a joint appeal letter together with other professional bodies, to LHDNM for the fee for preparation of tax computation to be included in the tax filing fee for tax deduction purposes. The LHDNM Guidelines on deduction for expenses in relation to secretarial fee and tax filing fee was subsequently amended.
- Engaged and obtained confirmation from LHDNM on the tax treatment of foreign exchange gain/loss.
- Provided feedback to MOF and LHDNM to facilitate the drafting of the Rules and Guidelines for the 2018 Budget proposal on capital allowance on qualifying expenditure incurred on the development of customised software.

- **Technical and Compliance/Operational issues** (cont'd)

- Participated in a dialogue on the 2018 Budget proposal on earning stripping rules which was chaired by MOF.
- Submission of issues to the tax authorities on the Income Tax (Exemption) (No.2) Order 2017 (P.U. (A) 117/2017) on the reduction of income tax rate based on increase in chargeable income, and the Companies Act 2016.

b) Draft public rulings

The JPRWG is involved in reviewing, providing feedback and engaging LHDNM on draft Public Rulings issued by LHDNM to the JPRWG for comments. Eleven draft Public Rulings have been reviewed by the JPRWG during the period from May 2017 to April 2018.

c) Compliance and operational issues

- Submission of memorandums on compliance and operational issues to LHDNM and participation at DESIRE Meetings No.1/2017 and 1/2018 chaired by LHDNM.
- Sought clarification from LHDNM on matters pertaining to the Form EA and notifications in relation to employees, Form E for dormant companies, immediate settlement of balance of tax payable for individuals, and set-off of the withholding tax deducted under S.107A(1)(a) against the tax payable in the Form C 2017.
- Discussed with LHDNM on issues arising from the LHDNM Tax Audit Framework 2017.
- Submission of joint feedback together with other professional bodies, to LHDNM on their proposal to impose 100% penalty under certain circumstances relating to tax audit.
- Participation in LHDNM's briefing on "Pembentangan Pelaksanaan XBRL" in relation to the impending implementation of the extensible business reporting language (XBRL) system for income tax return form reporting purposes with effect from the year of assessment 2019.

- **Malaysian Financial Reporting Standards (MFRS)**

The Joint Working Group - Malaysian Financial Reporting Standards (JTWG-MFRS) is a committee jointly formed by the Institute, MIA and MICPA to analyse and share with members the group's analysis of tax issues arising from MFRS, and propose appropriate tax treatment (where applicable) to MOF and LHDNM.

One of the major projects undertaken by the JTWG-MFRS during the year is the analysis of tax implications arising from the implementation of MFRS 15.

## REPORT OF THE COUNCIL FOR 2017 / 2018 (cont'd)

### • Participation in Focus Group on Paying Taxes

The Institute participates in discussions with the Focus Group on Paying Taxes (FGPT) and provides feedback on proposals to simplify and enhance the Malaysian tax system. Tax matters discussed by the FGPT include improving post-tax filing audits, LHDNM's Client Charter, LHDNM's XBRL Project, time bar and tax refund.

### • Other activities

The Institute participated in the Malaysian Accounting Standards Board – Convergence Task Force (MASB-CTF) meeting in November 2017 and provided updates on the JTWG-MFRS's activities.

### • Technical Circulars

93 e-CTIMs were issued on direct tax matters from mid-April 2017 to mid-April 2018 which provided members with updates on tax developments, announcements from LHDNM and minutes of meetings and dialogues with LHDNM.

## TECHNICAL COMMITTEE - DIRECT TAX II (TC-DT II)

The taxation matters under the purview of the Technical Committee - Direct Tax II (TC-DT II) are in relation to Stamp Duty, Real Property Gains Tax, Petroleum Income Tax, Labuan Income Tax and other matters related to Labuan, Promotion of Investments Act 1986 and other tax incentives (e.g. MSC, Bionexus), capital market transactions, etc. The TC-DT II was involved in preparing the Institute's 2018 Budget Proposals to MOF and the Institute's comments arising from the 2018 Budget Speech and Finance (No. 2) Bill 2017, with the other CTIM Technical Committees.

### Presentation of views on the Stamp (Amendment) Bill 2016

The Stamp Duty Working Group (SDWG) is a working group under the TC-DT II. The SDWG was invited by the Securities Commission Malaysia (SC) to present its views on the Stamp (Amendment) Bill 2016 on 17 May 2017. The SC was specifically interested in the SDWG's views on the impact of the Bill on merger and acquisition activities in Malaysia and expressed their support on the issues raised by the SDWG.

### 2018 Budget Memorandum on Tax Issues Relating to the Capital Market Industry

The TC-DT II provided its input on tax issues for the Capital Market Industry to the SC on 24 May 2017 for inclusion in the 2018 Budget. The tax issues were in relation to the long term development of the capital market, capital market products, real estate investment trusts, fund management companies, business trusts, recognized markets (equity crowdfunding / peer-to-peer financing) and withholding tax.

### Comments/recommendations on the Stamp (Amendment) Bill 2017

The SDWG reviewed the Stamp (Amendment) Bill 2017 which had been tabled for its first reading in Parliament on 3 August 2017 and submitted its comments/recommendations to the MOF on 3 October 2017. Subsequent to the submission, the Bill has been withdrawn until further notice.

### Feedback/comments on the revised Guidelines on the Establishment and Operations of Labuan Leasing Business

The TC-DT II wrote to the Director General of the Labuan Financial Services Authority (LFSA) on 27 November 2017 to request for a copy of the draft amended Guidelines on the Establishment and Operations of Labuan Leasing Business to provide feedback/comments from a taxation perspective. A copy of the draft amended guidelines was subsequently received from the LFSA and the TC-DT II's feedback/comments on it were submitted to the LFSA on 18 December 2017. The LFSA has issued the revised Guidelines (dated 29 December 2017) and its frequently asked questions on their website.

### E-Circulars

17 e-CTIMs were issued from the second quarter of 2017 to the first quarter of 2018 in relation to tax incentives and the Labuan Business Activity Tax Act.

## TECHNICAL COMMITTEE - INDIRECT TAX (TC-IT)

The Committee held four (4) meetings during the term 2017-2018 and a total of 46 e-CTIMs on indirect tax have been issued since May 2017 to mid-April 2018. The summary of the key activities are as follows:-

### Memorandum on Indirect Tax Issues Arising from 2017 Budget and Finance Bill 2016

The Institute has received the Royal Malaysian Customs Department (RMCD) response to the Joint Paper on GST issues arising from 2017 Budget and Finance Bill 2016 via letter dated 22 May 2017 which was circulated to members.

### CTIM 2018 Budget Proposals

The Institute has deliberated on GST issues for inclusion in the 2018 Budget proposals to be submitted to the Ministry of Finance (MOF). A working group comprising of representatives from the Direct Tax and Indirect Tax Technical committees and the Secretariat prepared a Memorandum on 2018 Budget Proposals (Summary) which was submitted to the MOF on 24 May 2017. The memorandum included proposals on GST matters.



## REPORT OF THE COUNCIL FOR 2017 / 2018 *(cont'd)*

### CTIM Memorandum on Indirect Tax Issues arising from 2018 Budget

The CTIM Memorandum on Indirect Tax Issues arising from the 2018 Budget Speech & Finance (No.2) Bill 2017 was finalised and submitted to the RMCD and the MOF on 18 December 2017. The memorandum was responded to by RMCD via their letter dated 28 February 2018 which was circulated to members.

### Participation in the Technical Committee on GST Implementation (TC-GST Imp) meetings

The Institute participated in four (4) TC-GST Imp meetings during the year, chaired by the Director of GST Division, RMCD and participated by the representative of various professional bodies and major stakeholders. The policy and technical issues raised for deliberation by the Committee covered a wide range of GST technical issues including GST treatment of reimbursements, GST public rulings, claim of input tax credit in respect of simplified tax invoice, claim of bad debts relief, mitigation of penalty under voluntary disclosure, disposal of capital assets subject to GST, supply of land in compliance with the requirement of written law, government or local authority, disallowance of input tax claim on imported goods, claiming input tax for business with long gestation period with no taxable period, zero rating indirect export of goods, ministers relief on relief for repairs under warranty claim to a foreign manufacturer, etc. The minutes of the above TC-GST Imp meetings and written replies by RMCD on the issues raised by the Committee were uploaded on the Institute's website for reference and guidance to members.

### Participation in the Customs-Private Sector Consultative Panel Meetings (CPSCP)

There were three (3) CPSCP meetings held during the period from May 2017 to April 2018. The issues deliberated among others are issues in relation to introduction of MYGCAP programme, temporary exportation, customs advance ruling client charter, non-acceptance of advance ruling issued by RMCD, critical level of illegal cigarettes trades and government losses of RM4.4 billion in revenue, high excise increase which have led to consumers switching to cheap illegal cigarettes, shortage of custom officers in Langkawi airport, etc. The minutes of the meetings were uploaded on the Institute's website.

### GST Audit Framework

The Institute submitted a Paper prepared by the TC-IT on Comments on the RMCD's GST Audit Framework to the RMCD Compliance Management Division on 18 August 2017. The RMCD indicated that they are looking into CTIM's paper and will respond in due course.

### Paper on the information/data on businesses with long gestation period and no taxable supply

The TC-IT's Paper on the information/data on businesses with long gestation period and no taxable supply was submitted to the RMCD on 7 December 2017 to facilitate the RMCD's discussion with the MOF on the subject matter.

### Feedback/Comments on the draft GST Public Ruling on Reimbursement and Disbursement

The TC-IT reviewed the draft GST Public Ruling on Reimbursement and Disbursement and its feedback/comments were submitted to the RMCD on 27 November 2017. The final issuance of the GST Public Ruling is still pending from the RMCD.

### Interaction Session with External Stakeholders for uCustoms Project

The RMCD invited the Institute to attend an Interaction Session with External Stakeholders for the uCustoms Project on 9 January 2018 to discuss matters on the implementation of uCustoms as a single portal integrated system on imports and exports in engagement with key industrial players.

The Institute was represented by the Customs and Excise Duty Working Group (CEWG) Chairman and the CTIM Secretariat.

### TECHNICAL COMMITTEE – TRANSFER PRICING (TC-TP)

The Technical Committee - Transfer Pricing's (TC-TP) area of focus is in relation to transfer pricing, advance pricing arrangement and mutual agreement procedure. It provides effective representation at dialogues with the authorities on issues faced by members and tax practitioners and recommends effective proposals to enhance the development of transfer pricing in the country.

### Interaction with LHDNM

#### • Dialogues between the TC-TP and LHDNM on the Transfer Pricing Guidelines 2012 (Updated Version)

The Institute submitted a paper on the TC-TP's comments on the Transfer Pricing Guidelines 2012 (Updated Version) to LHDNM on 11 August 2017. Dialogues between the TC-TP and LHDNM were held on 14 September 2017 and 24 October 2017 to discuss on the TC-TP's comments. The draft minutes of the dialogues have been submitted to LHDNM for confirmation on 30 March 2018.

## REPORT OF THE COUNCIL FOR 2017 / 2018 *(cont'd)*

### • TC-TP's Comments on the draft Transfer Pricing Guidelines 2012 (Updated Version): Chapter IV – Comparability Analysis

The Institute has submitted a paper on the TC-TP's comments on LHDNM's draft Transfer Pricing Guidelines 2012 (Updated Version): Chapter IV – Comparability Analysis on 15 November 2017 for LHDNM's consideration.

### Other activities

The Institute has organised a transfer pricing (TP) seminar on 7 March 2018 at the Sheraton Imperial, Kuala Lumpur. The TC-TP played an active role in conducting the seminar sessions which covered the latest developments in TP documentation, TP methodologies, current issues in TP audits and common mistakes and recent changes to Malaysian TP Guidelines / Rules. The seminar was attended by approximately 100 persons.

### E-Circulars

9 e-CTIMs were issued from the third quarter of 2017 to the first quarter of 2018 in relation to Transfer Pricing Guidelines 2012 (Updated Version), Country-by-Country Reporting, Advance Pricing Arrangement Rules and Mutual Agreement Procedure Guidelines.

### PUBLIC PRACTICE COMMITTEE (PPC)

The PPC is primarily focused on matters pertaining to the public practice of taxation services (including issues and best practices) as well as tax agent licensing and is involved in interaction with various authorities.

### Interaction with MOF on Matters Relating to the Second Renewal of Approved GST Tax Agent Licence

The Institute, in consultation with other professional bodies ["Institutes"] has written a letter dated 15 January 2018 to the MOF and obtained a meeting on 20 February 2018 to discuss issues arising from the difficulties which would be faced by the GST licenced practitioners in the second renewal of their GST tax agent licence. The MOF indicated that they would consider the issues and proposals raised jointly by the Institutes including the issue of complying with the requirement to provide a list of at least 20 clients for whom GST tax filing services were provided for the 2-year approval period.

In view that the second renewal for many GST tax agents has commenced, the Institute has followed up with a letter dated 26 March 2018 to the MOF to consider granting a special automatic approval for the second renewal similar to that given previously for the first renewal via the letter from the MOF dated 29 September 2016.

### Members' Dialogue

A Members' Dialogue on technical and operational issues was initiated by the PPC and organised by the CTIM Malacca Branch at the Ramada Plaza Hotel, Malacca on 29 May 2017. The PPC Chairman and TC-IT Chairman spoke on withholding tax implications arising from recent changes in the tax legislation, GST updates and latest tax developments. They also responded to members' technical and operational issues at the Members Dialogue. Overall, the Dialogue was well received by the members.

### Public Practice Circulars

2 e-CTIMs were issued from the year 2017 to the first quarter of 2018 in respect of the following matters:

- Replacement of the Sistem Maklumat Pengurusan Cukai (SMPC) and Sistem Ejen Cukai GST (SEC GST) with the Malaysian Government Tax Management and Information System (MyCukai) from December 2017 onwards.
- Matters relating to the second renewal of approved GST tax agent licence.

## COMMITTEES 2017 / 2018

### EXECUTIVE COMMITTEE

Council Members:

Seah Siew Yun (Chairman)

Farah Binti Rosley

Poon Yew Hoe

Nicholas Anthony Crist

Phan Wai Kuan

Total number of meetings held: 4

*Terms of Reference*

1. To consider and recommend to the Council major long-term objectives and overall policy of the Institute.
2. To recommend changes to the structure and composition of the Institute.
3. To review the Institute's Memorandum and Articles of Association.
4. To consider matters affecting the Institute and its members which are urgent in nature and outside the terms of reference or jurisdiction of any committee.
5. To ensure proper implementation of the policies of the Council and its committees and to provide direction where necessary.
6. To consider the recommendation and reports of the Executive Director relating to human resources, administration and financial matters of the Institute.

### CONTINUING PROFESSIONAL DEVELOPMENT COMMITTEE

Council Members:

Chow Chee Yen (Chairman)

Farah Binti Rosley

Dr. Zulfahmy Bin Ibrahim

Others:

Saravana Kumar Segaran

Sivaram Nagappan

Total number of meetings held: 2

*Terms of Reference*

1. To organise and administer seminars and workshop programmes to enhance the skills and knowledge of members and tax professionals and to maintain their professional competency.
2. To profile the Institute through regional and international conferences.

### OTHER CONFERENCE JOINT COMMITTEES

The National Tax Conference is jointly organised with the Lembaga Hasil Dalam Negeri Malaysia (LHDNM) and is managed by a separate joint committee. The following committee members were nominated by the Council to this joint committee and are as follows:

- Poon Yew Hoe (Co-Organising Chairman)
- K. Sandra Segaran A/L Karupiah
- Yeo Eng Ping
- Aruljothi A/L Kanagaretnam

The National GST Conference is jointly organised with the Royal Malaysian Customs Department and is managed by a separate joint committee. The following Council Members were nominated by the Council to this joint committee and are as follows:

- Farah Binti Rosley (Co- Organising Chairman)
- Mohd Noor Bin Abu Bakar

### EDITORIAL COMMITTEE

Council Members:

Yeo Eng Ping (Chairman)

K. Sandra Segaran A/L Karupiah

Others:

Prof Dr Jeyapalan A/L Kasipillai

Saravana Kumar Segaran

M. Silverranie

Dr Nakha Ratnam

Venkataraman Ganesan

Theneshkannaa A/L Kannan @ Renganathan Kannan

Kenneth Yong Voon Ken

Tan Hooi Beng

Lavindran Sandragasu

Total number of meeting held: 1

*Terms of Reference*

1. To consider all matters pertaining to the editorial policies of the journal so that the technical quality of the journal continues to be enhanced and is benchmarked to other similar reputable tax journals worldwide.
2. To improve the quality of the journal by soliciting well-researched technical articles.
3. To ensure that all articles submitted are placed through a stringent vetting process to determine suitability for publication.
4. To monitor the production process so that the journal is released on a timely basis.
5. To increase the circulation and subscriber base of the journal at all times.
6. To generate advertising revenue to make the journal self-sufficient eventually.

## COMMITTEES 2017 / 2018 (cont'd)

### EXAMINATIONS AND EDUCATION COMMITTEE

#### Council Members:

K. Sandra Segaran A/L Karuppiah (Chairman)  
Chow Tuck Him

#### Others:

Prof Dr Jeyapalan A/L Kasipillai  
Ong Hing Huat  
Assoc Prof Dr Loo Ern Chen  
Ravi Balakrishnan  
Dr Nakha Ratnam  
Jacky Chan Soon Tat  
K. Renganathan A/L Renganathan Kannan  
Ananthan Chelliah  
Daniel Woo  
Kenneth Yong Voon Ken

Total number of meetings held: 2

#### Terms of Reference (Examinations)

1. To establish and review (from time to time) the examination syllabus of the Institute's examination to ensure that it remains relevant in meeting the challenges and demands of the changing tax regime and tax laws so that graduates will be able to meet the current and future market expectations.
2. To establish and review rules and regulations of the Institute's examinations.
3. To determine the eligibility of students sitting for the Institute's examinations and to recommend to the Council the appropriate examination fees.
4. To consider and approve applications for exemption from the relevant examination papers.
5. To appoint chief examiners, examiners, invigilators, markers and moderators and to recommend to the Council the honorarium and fees payable.
6. To consider and approve the Institute's examination papers set by the appointed examiners.
7. To consider any appeals relating to the examination results.
8. To consider and approve the publication of model answers and examiners' comments.
9. To determine the policy on safekeeping and confidentiality of examination papers and of answer scripts.
10. To determine prize winners and to publish the results of the examinations.

#### Terms of Reference (Education)

1. To look into the requirements of registered students and to assist them in facilitating their progression as members of the Institute.
2. To formulate strategies to promote the Institute's qualification to prospective students.
3. To determine accreditation processes and establish strategic alliances with institutions of higher learning for the provision of courses relating to the professional examination.
4. To source for contributions of published material to the Resource Centre of the Institute.

### MEMBERSHIP SERVICES COMMITTEE

#### Council Member:

Koong Lin Loong (Chairman)

#### Others:

Aruljothi A/L Kanagaretnam  
Soh Lian Seng  
K. Renganathan A/L Renganathan Kannan

Total number of meetings held: 3

#### Terms of Reference

1. To review and recommend to Council the policies, procedures and qualifications recognized for admission of members.
2. To consider applications for membership and reclassification of membership for approval of the Council.
3. To consider and make recommendation to Council for removal of a member from the membership register for failing to pay the annual subscription in accordance with the regulations of the Institute.
4. To consider applications for re-admission by members who have been suspended or excluded from membership.
5. To review the membership fees from time to time and make recommendations to Council.
6. To develop and update the by-laws on professional conduct and ethics.
7. To promote membership of the Institute.
8. To enhance services provided to members.

## COMMITTEES 2017 / 2018 (cont'd)

### TECHNICAL COMMITTEE - DIRECT TAXATION I [TC-DT (I)]

**Council Members:**

Phan Wai Kuan (Chairman)  
Chow Chee Yen  
Farah Binti Rosley  
K. Sandra Segaran A/L Karuppiah  
Lai Shin Fah @ David Lai  
Mohd Noor Bin Abu Bakar  
Nicholas Anthony Crist  
Leow Mui Lee

**Others:**

Beh Tok Koay  
Carol Eng Hooi Ling  
Ng Say Guat  
Theneshkannaa A/L Kannan @ Renganathan Kannan  
Daniel Woo

Total number of meetings held: 5

To assist the TC-DT (I) in the execution of its duties, the Committee constitutes various working groups as and when required. These working groups deal with tax compliance and operations matters, public rulings, tax audits and tax investigations and other technical aspects.

**Terms of Reference**

1. The TC-DT (I) shall be responsible for all direct tax issues related to Income Tax, but excluding issues related to Stamp Duty, Real Property Gains Tax, Petroleum Income Tax, Labuan Income Tax and other matters relating to Labuan, Promotion of Investments Act 1986 and other tax incentives (eg MSC, Bionexus) and issues under the purview of Securities Commission and Bank Negara.
2. To provide effective representation at dialogues with Government authorities on tax issues faced by members, the business community and the public at large.
3. To recommend to the Government proposals for the review of tax policy, tax administration and other fiscal changes so as to promote certainty, clarity and transparency as well as to simplify the taxation system.
4. To issue tax information circulars to members on a timely basis and to issue guidance notes and other relevant technical publications when necessary.
5. To consider matters affecting tax practitioners and meet members to understand their requirements.

### TECHNICAL COMMITTEE - DIRECT TAXATION II [TC-DT (II)]

**Council Members:**

Nicholas Anthony Crist (Chairman)  
Goh Lee Hwa  
K. Sandra Segaran A/L Karuppiah  
Phan Wai Kuan  
Datuk Harjit Singh Sidhu A/L Bhagwan Singh  
Leow Mui Lee

**Others:**

Koo Kian Ming  
Sharon Yong

Total number of meeting held: 1

**Terms of Reference**

1. The Technical Committee - Direct Tax (II) shall be responsible for all direct tax issues not under the purview of Technical Committee - Direct Tax (I), and includes Stamp Duty, Real Property Gains Tax, Petroleum Income Tax, Labuan Income Tax & other matters relating to Labuan, Promotion of Investments Act 1986 & other tax incentives (eg MSC, Bionexus) and issues under the purview of Securities Commission (SC) and Bank Negara.
2. To provide effective representation at dialogues with Government authorities on tax issues faced by members, the business community and the public at large.
3. To recommend to the Government proposals for the review of tax policy, tax administration and other fiscal changes so as to promote certainty, clarity and transparency as well as to simplify the taxation system.
4. To issue tax information circulars to members on a timely basis and to issue guidance notes and other relevant technical publications when necessary.
5. To consider matters affecting tax practitioners.



## COMMITTEES 2017 / 2018 (cont'd)

### TECHNICAL COMMITTEE - INDIRECT TAXATION (TC-IT)

**Council Members:**

Lai Shin Fah @ David Lai (Chairman)  
Koong Lin Loong

**Others:**

Alan Chung  
Brynner Chiam  
Grace Beatrice Dorall  
Huang Shi Yang  
Joanne Hooi  
Ng Sue Lynn  
Ng Swee Weng  
Saravana Kumar Segaran  
Sitatha Raja Kumaran  
SM Thanneermalai  
Tan Eng Yew  
Theneshkannaa A/L Kannan @ Renganathan Kannan  
Yeoh Cheng Guan

Total number of meetings held: 4

**Terms of Reference**

1. To provide effective representation at dialogues with Government authorities on indirect tax issues faced by members and the business community.
2. To recommend to the Government proposals for the review of indirect tax policy, indirect tax administration and other fiscal changes so as to promote certainty, clarity and transparency.
3. To issue indirect tax information circulars to members on a timely basis and to issue guidance notes and other relevant technical publications when necessary.
4. To consider matters affecting indirect tax practitioners.

### TECHNICAL COMMITTEE – TRANSFER PRICING (TC-TP)

**Council Members:**

Goh Lee Hwa (Chairman)  
Leow Mui Lee

**Others:**

Anushia Joan Soosaipillai  
Bob Kee Lin Jen  
Bernice Tan  
Sockalingam Murugesan  
Venkataraman Ganesan

Total number of meetings held: 2

**Terms of Reference**

1. To provide effective representation at dialogues with the Government authorities on transfer pricing issues faced by members and the tax practitioners in the country.
2. To recommend to the Government effective proposals to enhance the development of transfer pricing in the country, including the review of legislations i.e. Transfer Pricing Rules and Advance Pricing Arrangement Rules.
3. To issue transfer pricing information circulars to members on a timely basis, and to issue guidance notes and other relevant publications on transfer pricing where necessary.

**COMMITTEES 2017 / 2018** (cont'd)**PUBLIC PRACTICE COMMITTEE (PPC)**

## Council Members:

Datuk Harjit Singh Sidhu A/L Bhagwan Singh (Chairman)

Goh Lee Hwa

Koong Lin Loong

Lai Shin Fah @ David Lai

## Others:

Amalanathan Thomas

Choo Ah Kow

Jalbir Singh Riar

Kellee Khoo Kee Lee

Kenny Chong Thian Poh

Lam Weng Keat

Ong Hing Huat

Lim Yan Kee @ Viviana

Wong Seng Chong

Total number of meetings held: 2

*Terms of Reference*

1. To provide effective representation at dialogues with the Government authorities on public practice issues faced by members and the tax practitioners in the country.
2. To recommend to the Government effective proposals to enhance the development of the tax profession in the country, including the review of tax agent licensing procedures, so as to promote certainty, clarity and transparency in the matter, and simplification of the licensing process.
3. To issue professional public practice information circulars to members on a timely basis, and to issue guidance notes and other relevant publications on public practice when necessary.
4. To recommend a code of best practices for members, with a view to assisting them in dealing with the clients and authority professionally as well as ethical issues faced in their practice.
5. To review the criteria for the issuance of the Public Practice Certificate and organisation of the one-day Public Practice Certificate Course for new applicants.
6. To identify issues pertaining to the management of a public practice i.e. risk management, revenue and cost management, staff recruitment and retention etc.

## CALENDAR OF CPD EVENTS 2017/2018

Date	Training Programme	Venue
7-Jun-17	GST - Practical Issues & Recent Developments	Kuala Lumpur
8-Jun-17	Tax Audit & Investigations	Penang
14-Jun-17	Tax Audit & Investigations	Malacca
19-Jun-17	Tax Audit & Investigations	Kota Kinabalu
20-Jun-17	Tax Audit & Investigations	Kuching
4-Jul-17	Transfer Pricing & BEPS	Johor Bahru
11-Jul-17	Transfer Pricing & BEPS	Ipoh
1-Aug-17	Tax Optimization on Capital & Industrial Building Allowances	Penang
9-Aug-17	Tax Optimization on Capital & Industrial Building Allowances	Kota Kinabalu
10-Aug-17	Withholding Tax and Double Tax Agreements	Kuala Lumpur
11-Aug-17	Withholding Tax and Double Tax Agreements (Re-Run Session)	Kuala Lumpur
14-Aug-17	Tax Optimization on Capital & Industrial Building Allowances	Kuching
14-Aug-17	Understanding the Legal and Practical Aspects on Deductibility of Expenses Based on Public Rulings	Malacca
16 & 17 Aug-17	Customs Audit & Investigation	Kuala Lumpur
22-Aug-17	GST - Practical Issues & Recent Developments	Ipoh
4-Sep-17	Understanding the Legal and Practical Aspects on Deductibility of Expenses Based on Public Rulings	Kuala Lumpur
5-Sep-17	GST & Tax Issues Under RMCD's Ops CBOS 3.0 & IRB's Ops Gegar Bersepadu 127B	Penang
7-Sep-17	GST & Tax Issues Under RMCD's Ops CBOS 3.0 & IRB's Ops Gegar Bersepadu 127B	Kuala Lumpur
11-Sep-17	Understanding the Legal and Practical Aspects on Deductibility of Expenses Based on Public Rulings	Penang
12-Sep-17	GST - Practical Issues & Recent Developments	Malacca
13-Sep-17	Half Day Workshop: A Critical Legal Review of the Section 4A(II) Withholding Tax on Services and Other Emerging Front-Page Issues	Kuala Lumpur
18-Sep-17	Understanding the Legal and Practical Aspects on Deductibility of Expenses Based on Public Rulings	Kuching
20-Sep-17	GST - Practical Issues & Recent Developments	Johor Bahru
25-Sep-17	Understanding the Legal and Practical Aspects on Deductibility of Expenses Based on Public Rulings	Kota Kinabalu
28-Sep-17	Understanding the Legal and Practical Aspects on Deductibility of Expenses Based on Public Rulings	Ipoh
28-Sep-17	Withholding Tax and Double Tax Agreements (Re-Run Session)	Kuala Lumpur

**CALENDAR OF CPD EVENTS 2017/2018** (cont'd)

Date	Training Programme	Venue
5-Oct-17	GST & Tax Issues Under RMCD's Ops CBOS 3.0 & IRB's Ops Gegar Bersepadu 127B	Johor Bahru
13-Oct-17	Tax & Your Property Transactions	Ipoh
16-Oct-17	Tax & Your Property Transactions	Penang
24-Oct-17	Tax & Your Property Transactions (Re-Run Session)	Penang
26-Oct-17	Cross Border Transactions and Withholding Tax	Kuala Lumpur
30-Oct-17	Recent Tax Cases 2017	Penang
6-Nov-17	Recent Tax Cases 2017	Kuala Lumpur
9-Nov-17	2018 BUDGET SEMINAR	Kuala Lumpur
21-Nov-17	2018 BUDGET SEMINAR	Subang
22-Nov-17	2018 BUDGET SEMINAR	Malacca
22-Nov-17	2018 BUDGET SEMINAR	Kota Kinabalu
23-Nov-17	2018 BUDGET SEMINAR	Kuching
23-Nov-17	2018 BUDGET SEMINAR	Johor Bahru
27-Nov-17	2018 BUDGET SEMINAR	Penang
28-Nov-17	2018 BUDGET SEMINAR	Petaling Jaya
30-Nov-17	2018 BUDGET SEMINAR	Ipoh
5-Dec-17	2018 BUDGET SEMINAR	Kuala Lumpur
4-Dec-17	Understanding the Legal and Practical Aspects on Deductibility of Expenses Based on Public Rulings	Johor Bahru
7-Dec-17	Recent Tax Cases 2017	Malacca
8-Dec-17	GST - Practical Issues & Recent Developments	Penang
11-Dec-17	Recent Tax Cases 2017	Ipoh
14-Dec-17	Recent Tax Cases 2017	Johor Bahru
18-Dec-17	Recent Tax Cases 2017	Kota Kinabalu
20-Dec-17	Withholding Tax and Double Tax Agreements (Re-Run Session)	Kuala Lumpur
20-Dec-17	Recent Tax Cases 2017	Kuching
5-Jan-18	Withholding Tax: Clearing The Myths (Re-run Session)	Kuala Lumpur
8-Jan-18	Tax & Your Property Transactions	Johor Bahru
9-Jan-18	Tax & Your Property Transactions	Kuala Lumpur
17-Jan-18	Tax & Your Property Transactions	Kuala Lumpur
17-Jan-18	Cross Border Transactions & Withholding Tax	Kuching
22-Jan-18	Tax Issues & Implications for Property Developers & Investors	Ipoh
25-Jan-18	Cross Border Transactions & Withholding Tax	Penang
25-Jan-18	Tax Audits & Investigations: Issues, Strategies & Appeals	Kuala Lumpur
29-Jan-18	Tax & Your Property Transactions	Malacca

**CALENDAR OF CPD EVENTS 2017/2018** (cont'd)

Date	Training Programme	Venue
2-Feb-18	Tax & Your Property Transactions	Miri
8-Feb-18	Tax Issues & Implications for Property Developers & Investors	Kuala Lumpur
8-Feb-18	Cross Border Transactions & Withholding Tax	Malacca
12-Feb-18	Tax Issues & Implications for Property Developers & Investors	Penang
13-Feb-18	Tax Audits & Investigations: Issues, Strategies & Appeals	Johor Bahru
7-Mar-18	Transfer Pricing: Issues & Developments	Kuala Lumpur
12-Mar-18	Tax Issues & Implications for Property Developers & Investors	Malacca
12-Mar-18	Cross Border Transactions & Withholding Tax	Johor Bahru
12-Mar-18	Tax Audits & Investigations: Issues, Strategies & Appeals	Penang
15-Mar-18	Cross Border Transactions & Withholding Tax	Kota Kinabalu
16-Mar-18	Perak Tax Forum 2018	Ipoh
19-Mar-18	Cross Border Transactions & Withholding Tax	Kuala Lumpur
26-Mar-18	Tax Issues & Implications for Property Developers & Investors	Kuching
26-Mar-18	Employee Remuneration Reporting and Potential Risks faced by Employers	Kuala Lumpur
30-Mar-18	Employee Remuneration Reporting and Potential Risks faced by Employers	Penang
3-Apr-18	Recent Updates of Tax Audits and Enforcement Actions by IRB	Kuala Lumpur
5-Apr-18	Cross Border Transactions & Withholding Tax	Ipoh
9-Apr-18	Tax Issues & Implications for Property Developers & Investors	Johor Bahru
16-Apr-18	Tax Issues & Implications for Property Developers & Investors	Kota Kinabalu
25-Apr-18	Current Tax Developments	Kuala Lumpur
27-Apr-18	Managing GST Audits	Malacca
4-May-18	Managing GST Audits	Kuala Lumpur
8-May-18	Managing GST Audits	Ipoh
10-May-18	Recent Updates of Tax Audits and Enforcement Actions by IRB	Johor Bahru
10-May-18	Voluntary Disclosure	Kuala Lumpur
23-May-18	Transfer Pricing Documentation	Penang
24-May-18	Managing GST Audits	Johor Bahru

## CALENDAR OF CPD EVENTS 2017/2018 *(cont'd)*

### COLLABORATION EVENTS

Date	Training Programme	Venue
25 & 26 July-17	National Tax Conference 2017	Kuala Lumpur
14,15,21,28, 29 Aug-17	GST Training Course No.2/2017	Kuala Lumpur
12-Oct-17	Malaysian Taxation Principles & Procedures – Module 1: Business & Employment	Kuala Lumpur
31-Oct-17	Workshop: Malaysian Taxation Principles & Procedures – Module 2: Allowances & Deductions	Kuala Lumpur
17-Nov-17	Workshop: Malaysian Taxation Principles & Procedures – Module 3: Advanced Subjects I	Kuala Lumpur
30-Nov-17	Workshop: Malaysian Taxation Principles & Procedures – Module 4: Advanced Subjects II	Kuala Lumpur
27 & 28 Feb-18	National GST Conference 2018	Kuala Lumpur
8-Mar-18	Tax Planning for Individuals	Kuala Lumpur
14-Mar-18	Tax Planning for Companies	Kuala Lumpur
05-Apr-18	Morning Talk: Your Business & Tax	Cyberjaya
18, 19, 25, 26 Apr, 2 & 3 May-18	GST TRAINING COURSE No.1/2018	Kuala Lumpur
20, 21, 22, 28, 29, 30 Apr-18	Malaysia GST Compliance Assurance Programme (MyGCAP) Reviewers Course	Kuala Lumpur





# Pictorial **HIGHLIGHTS**











**CHARTERED TAX INSTITUTE OF MALAYSIA** (225750-T)

(Incorporated in Malaysia as a Company Limited by Guarantee)

# **FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

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## COUNCIL MEMBERS' REPORT

The Council members hereby present their report and the audited financial statements of the Institute for the financial year ended 31 December 2017.

### PRINCIPAL OBJECTIVES

The principal objectives of the Institute are to promote, encourage and advance the status and interest of the taxation profession in Malaysia.

There have been no significant changes in the nature of these objectives during the financial year.

### RESULTS

Surplus for the financial year	RM 431,047
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### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Institute were made out, the Council members took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and are satisfied that there were no known bad debts and adequate allowance had been made for doubtful debts.

At the date of this report, the Council members are not aware of any circumstances which would render it necessary to write off bad debts or the amount of the allowance for doubtful debts, in the Institute, inadequate to any substantial extent.

### CURRENT ASSETS

Before the financial statements of the Institute were made out, the Council members took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Institute were written down to an amount that they might be expected to realise.

At the date of this report, the Council members are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Institute misleading.

### VALUATION METHODS

At the date of this report, the Council members are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Institute misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Institute which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Institute which has arisen since the end of the financial year.

No contingent liability or other liability of the Institute has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Council members, will or may substantially affect the ability of the Institute to meet its obligations as and when they fall due.

### CHANGE OF CIRCUMSTANCES

At the date of this report, the Council members are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Institute which would render any amount stated in the financial statements of the Institute misleading.

## COUNCIL MEMBERS' REPORT *(Cont'd)*

### ITEMS OF AN UNUSUAL NATURE

In the opinion of the Council members:

- (i) the results of the operations of the Institute for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Institute for the financial year in which this report is made.

### COUNCIL MEMBERS

The members who have served in the Council during the financial year up to the date of this report are:

Seah Siew Yun	
Poon Yew Hoe	
Phan Wai Kuan	
Nicholas Anthony Crist	
Yeo Eng Ping	
Farah Binti Rosley	
Goh Lee Hwa	
Harjit Singh Sidhu A/L Bhagwan Singh	
Koong Lin Loong	
K. Sandra Segaran A/L Karuppiyah	
Lai Shin Fah @ David Lai	
Chow Chee Yen	
Mohd Noor Bin Abu Bakar	
Chow Tuck Him	
Leow Mui Lee	(Elected on 17.6.2017)
Zulfahmy Bin Ibrahim	(Elected on 17.6.2017)
Aruljothi A/L Kanagaretnam	(Retired on 17.6.2017)
Renuka Thuraisingham	(Retired on 17.6.2017)

### COUNCIL MEMBERS' BENEFITS AND INTERESTS

The Institute is a company limited by guarantee and thus has no shares in which the Council members could have an interest. The Institute has not issued any debentures.

No Council member has received or become entitled to receive a benefit by reason of a contract made by the Institute or a related corporation with the Council member, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

### COUNCIL MEMBERS' REMUNERATION

None of the Council members or past Council members of the Institute have received any remuneration from the Institute during the financial year, except for examiners fee and tax guardian writer fee paid amounting to RM7,220 to 4 Council members.

None of the Council members or past Council members of the Institute have received any benefits otherwise than in cash from the Institute during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Institute by the Council members or past Council members of the Institute during the financial year.

### INDEMNITY AND INSURANCE FOR COUNCIL MEMBERS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premium paid, during or since the end of the year for any person who is or has been the Council member, officer or auditor of the Institute.



**COUNCIL MEMBERS' REPORT** (Cont'd)**NUMBER OF EMPLOYEES, REGISTERED AND PRINCIPAL OFFICE**

The number of persons employed by the Institute at the end of the financial year was 20 (2016: 19).

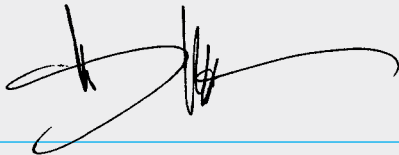
The registered and principal office of the Institute is located at B-13-2, 13th Floor, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

**AUDITORS**

The auditors, Sekhar & Tan, have indicated their willingness to accept re-appointment.

The auditors remuneration is disclosed in the Statement of Income and Expenditure.

Signed in accordance with a resolution of the Council,



Seah Siew Yun



Farah Binti Rosley

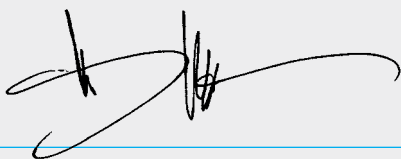
Kuala Lumpur

Date: 28 March 2018

## STATEMENT BY COUNCIL MEMBERS

We, Seah Siew Yun and Farah Binti Rosley, being two of the Council members of CHARTERED TAX INSTITUTE OF MALAYSIA do hereby state that, in the opinion of the Council members, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Institute as at 31 December 2017 and of its financial performance and cash flows for the year then ended.

Signed in accordance with a resolution of the Council,



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Seah Siew Yun



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Farah Binti Rosley

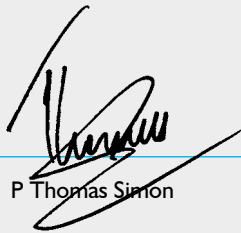
Kuala Lumpur

Date: 28 March 2018

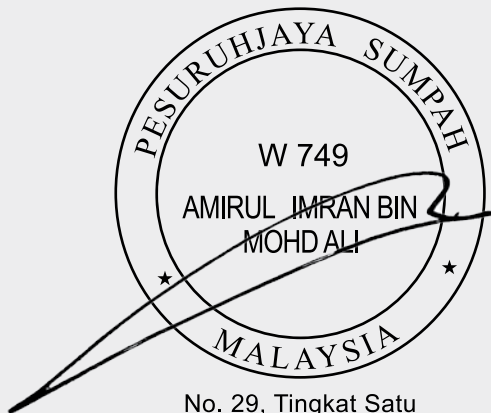
## STATUTORY DECLARATION

I, P Thomas Simon, the Executive Director primarily responsible for the financial management of CHARTERED TAX INSTITUTE OF MALAYSIA, do solemnly and sincerely declare that the accompanying financial statements are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed P Thomas Simon at Kuala Lumpur, in Wilayah Persekutuan on 28 March 2018.

  
P Thomas Simon

Before me,



No. 29, Tingkat Satu  
Jalan Melayu  
50100 Kuala Lumpur

Commissioner For Oaths

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARTERED TAX INSTITUTE OF MALAYSIA

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Chartered Tax Institute of Malaysia, which comprise the statement of financial position as at 31 December 2017, and the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 54.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ["MFRSs"], International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Institute in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ["By-Laws"] and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ["IESBA Code"], and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Information Other than the Financial Statements and Auditors' Report Thereon

The Council members of the Institute are responsible for the other information. The other information comprises the information included in the Council members' report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements of the Institute does not cover the Council members' report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Institute, our responsibility is to read the Council members' report and, in doing so, consider whether the Council members' report is materially inconsistent with the financial statements of the Institute or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this Council members' report, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Council members for the Financial Statements

The Council members of the Institute are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Council members are also responsible for such internal control as the Council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Institute, Council members are responsible for assessing the Institute's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council members either intend to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Institute as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARTERED TAX INSTITUTE OF MALAYSIA (cont'd)

### Report on the Audit of the Financial Statements (Cont'd)

#### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council members.
- Conclude on the appropriateness of Council members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Institute have been properly kept in accordance with the provisions of the Act.

#### Other Matters

This report is made solely to the members of the Institute, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The engagement partner on the audit resulting in this independent auditors' report is Siew Kah Toong.



Sekhar & Tan  
No. AF 0926  
Chartered Accountants



Siew Kah Toong  
No: 1045/03/18 (J)  
Chartered Accountant

Kuala Lumpur  
Date: 28 March 2018

**STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2017**

	Note	2017 RM	2016 RM
<b>Non-current assets</b>			
Property, plant and equipment	5	1,781,281	1,835,525
Deferred tax asset	6	26,000	-
		1,807,281	1,835,525
<b>Current assets</b>			
Other receivables	7	565,933	390,804
Prepayment		139,275	166,229
Deposits with licensed banks	8	6,109,222	5,511,182
Cash and bank balances		761,832	876,800
Tax recoverable		211,042	189,996
		7,787,304	7,135,011
<b>Current liabilities</b>			
Other payables	9	1,088,492	883,404
Government grant		47,763	47,763
		1,136,255	931,167
Net current asset		6,651,049	6,203,844
		8,458,330	8,039,369
<b>Financed by:</b>			
Accumulated funds		8,458,330	8,027,283
<b>Non-current liability</b>			
Deferred tax liability	6	-	12,086
		8,458,330	8,039,369



## STATEMENT OF INCOME AND EXPENDITURE YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
<b>Operating income</b>			
Courses and seminars		2,163,307	2,249,137
Examinations		208,114	219,673
Publications		218,916	97,516
Membership services		721,809	740,785
		3,312,146	3,307,111
<b>Less: Operating expenditure</b>			
Courses and seminars		(1,228,271)	(1,336,888)
Examinations		(88,168)	(84,904)
Publications		(162,145)	(100,559)
		(1,478,584)	(1,522,351)
Gross income over operating expenditure		1,833,562	1,784,760
<b>Other income</b>			
Interest on fixed deposits		212,785	151,919
National Tax Conference	10	509,472	457,513
National GST Conference	11	345,272	398,958
LHDNM-CTIM Roadshows		-	9,242
Sundry income		3,808	4,070
		1,071,337	1,021,702
<b>Less: Administrative expenditure</b>			
Advertisement		-	520
Annual General Meeting		50,088	53,343
Auditors' remuneration		13,000	12,000
Bank charges		2,071	2,234
Building service charges and sinking fund		14,858	15,044
Depreciation of property, plant and equipment		90,179	93,166
Equipment rental		11,616	11,616
Insurance		2,615	2,614
I.T. maintenance		26,504	31,167
Legal and secretarial fees		3,100	2,466
Balance carried forward		214,031	224,170

**STATEMENT OF INCOME AND EXPENDITURE**  
**YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

	Note	2017 RM	2016 RM
<b>Less: Administrative expenditure (cont'd)</b>			
Balance brought forward		214,031	224,170
Marketing and publicity		8,470	-
Medical expenses		2,500	876
Meeting expenses		1,575	2,331
Newspaper, periodicals and subscriptions		42,363	38,962
Printing, postage and stationery		86,569	81,949
Professional fees		24,040	29,500
Quit rent and assessment		14,460	14,460
Staff costs:			
- Employees Provident Fund and SOCSO		225,154	223,563
- Staff remuneration		1,710,926	1,696,183
- Staff welfare and insurance		29,093	27,859
Telecommunication expenses		21,090	22,402
Travelling, parking and toll		22,681	27,418
Office expenses		25,422	21,755
Upkeep of office equipment		6,115	3,496
Utilities		23,509	25,017
		<b>2,457,998</b>	<b>2,439,941</b>
Surplus before tax		446,901	366,521
Less: Tax expenses	12	(15,854)	(49,142)
Surplus for the year		<b>431,047</b>	<b>317,379</b>

## STATEMENT OF CHANGES IN ACCUMULATED FUNDS

### YEAR ENDED 31 DECEMBER 2017

	Accumulated funds RM
At 1 January 2016	7,709,904
Surplus for the year	317,379
At 31 December 2016/1 January 2017	8,027,283
Surplus for the year	431,047
At 31 December 2017	8,458,330

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 DECEMBER 2017**

	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus before tax	446,901	366,521
Adjustments for:		
Allowance for impairment loss	15,688	-
Bad debts written off	1,500	-
Depreciation of property, plant and equipment	90,179	93,166
Interest income	(212,785)	(151,919)
Operating surplus before working capital changes	341,483	307,768
Changes in receivables	(147,410)	(123,822)
Changes in payables	205,088	242,914
Cash generated from operations	399,161	426,860
Tax paid	(74,986)	(274,338)
Net cash generated from operating activities	324,175	152,522
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Changes in deposits with maturity more than 90 days	(48,040)	-
Purchase of property, plant and equipment	(35,935)	(9,207)
Interest income received	194,832	151,919
Net cash generated from investing activities	110,857	142,712
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	435,032	295,234
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	3,726,800	3,431,566
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	4,161,832	3,726,800
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:</b>		
Cash and bank balances	761,832	876,800
Deposits with licensed banks (note 8)	3,400,000	2,850,000
	4,161,832	3,726,800

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017

### 1. Corporate Information

The principal objectives of the Institute are to promote, encourage and advance the status and interest of the taxation profession in Malaysia.

The financial statements were authorised for issue in accordance with a resolution of the Council on 28 March 2018.

### 2. Basis Of Preparation

#### (a) Statement of Compliance

The financial statements of the Institute have been prepared in accordance with Malaysian Financial Reporting Standards ["MFRS"], International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

During the year, the Institute adopted all the new or revised MFRSs that are effective for the Institute's financial period beginning 1 January 2017.

The adoption of these new and revised MFRSs has no material effect on the financial statements.

As at the date of authorisation of these financial statements, the following Standards, Amendments to Standards and Issue Committee ("IC") Interpretation have been issued by the Malaysian Accounting Standards Board ["MASB"] but are not yet effective and have not been early adopted by the Institute:

*Effective for annual financial periods beginning on or after 1 January 2018:*

- |                          |                                                                       |
|--------------------------|-----------------------------------------------------------------------|
| • MFRS 9                 | Financial Instruments                                                 |
| • MFRS 15                | Revenue from Contracts with Customers and Clarifications to MFRS 15   |
| • Amendments to MFRS 1   | First-time Adoption of Malaysian Financial Reporting Standards*       |
| • Amendments to MFRS 2   | Classification and Measurements of Share-based Payment Transactions   |
| • Amendments to MFRS 4   | Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts |
| • Amendments to MFRS 128 | Investments in Associates and Joint Ventures*                         |
| • Amendments to MFRS 140 | Transfer of Investment Property                                       |
| • IC Interpretations 22  | Foreign Currency Transactions and Advance Consideration               |

*Effective for annual financial periods beginning on or after 1 January 2019:*

- |                          |                                                      |
|--------------------------|------------------------------------------------------|
| • MFRS 16                | Leases                                               |
| • Amendments to MFRS 3   | Business Combinations**                              |
| • Amendments to MFRS 9   | Prepayment Features with Negative Compensation       |
| • Amendments to MFRS 11  | Joint Arrangements**                                 |
| • Amendments to MFRS 112 | Income taxes**                                       |
| • Amendments to MFRS 123 | Borrowings costs**                                   |
| • Amendments to MFRS 128 | Long-term interests in Associates and Joint Ventures |
| • IC Interpretations 23  | Uncertainty over Income Tax Treatments               |

*Effective for annual financial periods beginning on or after 1 January 2021:*

- |           |                     |
|-----------|---------------------|
| • MFRS 17 | Insurance Contracts |
|-----------|---------------------|

*Effective for a date yet to be confirmed:*

- |                         |                                                                   |
|-------------------------|-------------------------------------------------------------------|
| • Amendments to MFRS 10 | Sale or Contribution of Assets between an Investor and its or and |
| • MFRS 128              | Joint Venture                                                     |

\* Annual Improvements to MFRS Standards 2014-2016 Cycle

\*\* Annual Improvements to MFRS Standards 2015-2017 Cycle

The Institute will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material financial effect to the financial statements of the Institute upon their initial application.

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)  
**YEAR ENDED 31 DECEMBER 2017****2. Basis Of Preparation** (cont'd)**(b) Basis of Measurement**

The financial statements have been prepared on the historical cost basis other than those disclosed in the notes to the financial statements.

**(c) Functional and Presentation Currency**

These financial statements are presented in Ringgit Malaysia ["RM"], which is the Institute's functional currency.

**3. Significant Accounting Policies**

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in dealing with items that are considered material in relation to the financial statements.

**(a) Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the asset will flow to the Institute and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred. The carrying amount of the replaced part is derecognised.

Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Institute is obligated to incur when the asset is acquired, if applicable.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates are:

Freehold building	50 years
Office equipment	10 years
Furniture and fittings	10 years
Computer equipment and software	2.5 years
Renovation	10 years

At each reporting date, the carrying amount of an item of property, plant and equipment is assessed for impairment (see note 3 (c)(ii) on impairment of non-financial assets).

The residual values, useful lives and depreciation methods are reviewed at each year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying value is recognised in profit or loss.

**(b) Financial Instruments****(i) Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Institute becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

**(ii) Financial instrument categories and subsequent measurement**

The Institute categorises financial instruments as follows:



## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

### YEAR ENDED 31 DECEMBER 2017

#### 3. Significant Accounting Policies *(cont'd)*

##### (b) Financial Instruments *(cont'd)*

###### Financial Assets

###### (a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading or financial assets that are specifically designated into this category upon initial recognition.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

###### (b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Institute has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

###### (c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

###### (d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other finance assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gain and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

###### Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### (iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

### YEAR ENDED 31 DECEMBER 2017

#### 3. Significant Accounting Policies *(cont'd)*

##### (c) Impairment

##### (i) Financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any accumulated impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

##### (ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

### YEAR ENDED 31 DECEMBER 2017

#### 3. Significant Accounting Policies *(cont'd)*

##### (d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash at banks and on hand, fixed deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value with original maturities of three months or less, and are used by the Institute in the management of its short term funding requirements. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

##### (e) Leases

###### Operating lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term. The aggregate benefits of incentives provided by the lessor are recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### (f) Grants

Grants from government are recognised at its fair value where there is a reasonable assurance that the grant will be received and the Institute will comply with all attached conditions.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods in which the Institute recognised as an expense the related costs for which the grant is intended to compensate.

##### (g) Revenue

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Institute, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Institute's activities.

Membership services and student subscription	-	Only subscription which is attributable to current financial year is recognised as income while subscription relating to periods beyond the current financial year is recognised as subscription in advance in deferred income.
Income from events and conferences	-	Recognised in the period the services are provided. Advanced payments received from events and conferences are recognised as deferred income.
Publications	-	Recognised when physical control of the publications passes to the purchasers.
Examination fees	-	Recognised when the examination is held.
Sponsorship	-	Recognised when the event is held.
Interest income	-	Recognised based on a time proportion basis that takes into account the effective yield on the asset.

##### (h) Income Tax

Income tax comprises current and deferred tax.

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for the year. Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities using the tax rates that have been enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax liabilities and assets are provided for, using the liability method, in respect of all temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base including unabsorbed tax losses and capital allowances unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

### YEAR ENDED 31 DECEMBER 2017

#### 3. Significant Accounting Policies *(cont'd)*

##### (h) Income Tax *(cont'd)*

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reduction will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

##### (i) Employee Benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the employees have rendered the associated services.

Bonuses and gratuity are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

The Institute makes contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

##### (j) Provisions

Provisions are recognised when the Institute has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

##### (k) Contingencies

A contingent liability or asset is a possible obligation or benefit that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within control of the Institute.

Contingent liabilities and assets are not recognised in the statements of financial position of the Institute.

#### 4. Critical Accounting Estimates And Judgements

The preparation of financial statements require management to make judgement, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

##### (a) Critical judgements made in applying accounting policies

The following are the judgements made by Council members in the process of applying the Institute's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

### YEAR ENDED 31 DECEMBER 2017

#### 4. Critical Accounting Estimates And Judgements *(cont'd)*

##### (b) Key sources of estimation uncertainty

The key assumption concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year, are discussed below:

##### Impairment of loans and receivables

The Institute assesses as at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Institute considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

##### Depreciation

Property, plant and equipment are depreciated on a straight-line basis over its estimated useful lives. The management estimate the useful lives of these property, plant and equipment to be between 2.5 to 50 years. These are common life expectancies applied in the industry. The carrying amounts of the Institute's property, plant and equipment at 31 December 2017 are stated in note 5 to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

### YEAR ENDED 31 DECEMBER 2017

#### 5. Property, Plant and Equipment

	Freehold buildings RM	Office equipment RM	Furniture and fittings RM	Computer equipment and software RM	Renovation RM	Total RM
<b>Cost</b>						
At 1 January 2017	1,967,425	182,657	208,790	406,065	74,426	2,839,363
Additions	-	3,400	437	32,098	-	35,935
At 31 December 2017	1,967,425	186,057	209,227	438,163	74,426	2,875,298
<b>Accumulated depreciation</b>						
At 1 January 2017	301,427	119,863	138,556	389,203	54,789	1,003,838
Charge for the year	39,348	10,382	12,479	24,630	3,340	90,179
At 31 December 2017	340,775	130,245	151,035	413,833	58,129	1,094,017
<b>Carrying amount</b>						
At 31 December 2017	1,626,650	55,812	58,192	24,330	16,297	1,781,281
<b>Cost</b>						
At 1 January 2016	1,967,425	181,642	207,401	399,262	74,426	2,830,156
Additions	-	1,015	1,389	6,803	-	9,207
At 31 December 2016	1,967,425	182,657	208,790	406,065	74,426	2,839,363
<b>Accumulated depreciation</b>						
At 1 January 2016	262,078	109,623	126,194	361,324	51,453	910,672
Charge for the year	39,349	10,240	12,362	27,879	3,336	93,166
At 31 December 2016	301,427	119,863	138,556	389,203	54,789	1,003,838
<b>Carrying amount</b>						
At 31 December 2016	1,665,998	62,794	70,234	16,862	19,637	1,835,525

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### YEAR ENDED 31 DECEMBER 2017

#### 6. Deferred Tax Asset/(Liability)

	2017 RM	2016 RM
At 1 January	(12,086)	(22,146)
Recognised in statement of income and expenditure (note 12):		
Current year	12,000	4,156
Over provision in prior years	26,086	5,904
At 31 December	26,000	(12,086)

The components and movement of deferred tax asset/(liability) at reporting date are as follows:

	Property, plant and equipment RM	Deferred income RM	Total RM
At 1 January 2016	(22,146)	-	(22,146)
Recognised in statement of income and expenditure:			
Current year	4,156	-	4,156
Over provision in respect of prior year	5,904	-	5,904
At 31 December 2016/1 January 2017	(12,086)	-	(12,086)
Recognised in statement of income and expenditure:			
Current year	4,000	8,000	12,000
Under provision in respect of prior year	11,086	15,000	26,086
At 31 December 2017	3,000	23,000	26,000

#### 7. Other Receivables

	2017 RM	2016 RM
Other receivables	564,578	349,761
Less: Allowance for impairment losses	(15,688)	-
	548,890	349,761
Deposits	17,043	41,043
	565,933	390,804

The Institute's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	2017 RM	2016 RM
At 1 January	-	-
Charge for the	15,688	-
At 31 December	15,688	-



## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

### YEAR ENDED 31 DECEMBER 2017

#### 8. Deposits With Licensed Banks

	2017 RM	2016 RM
As presented in statement of financial position	6,109,222	5,511,182
Deposits with maturity more than 90 days	(2,709,222)	(2,661,182)
As presented in statement of cash flows	3,400,000	2,850,000

In the previous financial years, all deposits with licensed banks that have maturity of more than 3 months were classified as cash and cash equivalents in the statement of cash flows. The Institute has now excluded from cash and cash equivalents the deposits that have maturity of more than 3 months in accordance to FRSIC Consensus 22, Classification of Fixed Deposits and Similar Instruments as Cash and Cash Equivalents

Information on financial risks of cash and cash equivalents are disclosed in note 15 to the financial statements.

#### 9. Other Payables

	2017 RM	2016 RM
Other payables	827,749	737,512
Accruals	65,259	65,639
Deferred income	195,484	80,253
	1,088,492	883,404

Included in other payables is an amount of RM526,665 (2016: RM381,564) owing to Lembaga Hasil Dalam Negeri ["LHDNM"] being its share of profit from the National Tax Conference.

#### 10. National Tax Conference

The National Tax Conference ["NTC"] is jointly organised by the Institute and LHDNM on a yearly basis. The income from NTC represents the Institute's share of net income after deducting expenditure and LHDNM's share of profits.

#### 11. National GST Conference

The National GST Conference ["NGC"] is jointly organised by the Institute and Royal Malaysian Customs Department ["RMCD"] on a yearly basis. The income from NGC represents the Institute's share of net income after deducting expenditure and RMCD's share of profits. This is net of allowance for impairment loss of RM15,688 (2016: Nil)

## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

### YEAR ENDED 31 DECEMBER 2017

#### 12. Tax Expenses

	2017 RM	2016 RM
Malaysia income tax:		
Current year	60,200	58,892
(Over)/under provision in respect of prior year	(6,260)	310
	53,940	59,202
Deferred tax (note 6):		
Current year	(12,000)	(4,156)
Over provision in respect of prior year	(26,086)	(5,904)
	(38,086)	(10,060)
	15,854	49,142

Malaysian income tax is calculated at the average tax rate of 19.16% (2016: 19.16%) on the first RM250,000 (2016: RM250,000) and at the statutory tax rate of 24.5% (2016: 24.5%) on the balance of the chargeable income of the estimated taxable surplus for the year.

The numerical reconciliation between the tax expenses in the statement of income and expenditure and income tax expenses applicable to surplus before tax of the Institute is as follows:

	2017 RM	2016 RM
Surplus before tax	446,901	366,521
Tax at average tax rate of 19.16% (2016: 19.16%) on the first RM250,000 (2016: RM250,000)	47,900	47,900
Tax at statutory tax rate of 24.5% (2016: 24.5%) on the balance of chargeable income	48,241	28,548
Non-taxation income	(70,265)	(73,444)
Expenses not deductible for tax purposes	22,324	51,732
(Over)/under provision of taxation in respect of prior year:		
Malaysia income tax	(6,260)	310
Deferred tax	(26,086)	(5,904)
Tax expenses	15,854	49,142

## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

### YEAR ENDED 31 DECEMBER 2017

#### 13. Operating Lease Arrangements

The Institute has entered into non-cancellable operating lease arrangements for the use of photocopier machine. The lease is for a period of 5 years.

	2017 RM	2016 RM
Future minimum lease payment:		
Within one year	11,616	11,616
Between one and two years	10,648	11,616
Between two and five years	-	10,648
	22,264	33,880

#### 14. Capital Commitments

	2017 RM	2016 RM
Property, plant and equipment:		
Authorised and contracted for	-	16,000

#### 15. Financial Risk Management Objectives And Policies

The Institute's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Institute's operations whilst managing its interest rate, credit and liquidity risks. The Institute operates within clearly defined guidelines that are approved by the Council members and the Institute's policy is to not engage in speculative transactions.

##### (a) Interest Rate Risk

The Institute obtain financing through other financial liabilities. The Institute's policy is to obtain the financing with the most favourable interest rates in the market.

The Institute constantly monitor its interest rate risk and does not utilise swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The Institute's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Institute's deposits and is managed through the use of fixed rate debts.

The following tables set out the carrying amounts, the weighted average effective interest rates ["WAEIR"] of the Institute's financial instruments as at the reporting date and the periods in which they reprice or mature, whichever is earlier:

## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

### YEAR ENDED 31 DECEMBER 2017

#### 15. Financial Risk Management Objectives And Policies *(cont'd)*

##### (a) Interest Rate Risk *(cont'd)*

	Note	Waeir Per Annum %	Within 1 year RM	1 - 5 years RM	Total RM
<b>At 31 December 2017</b>					
<u>Fixed rate:</u>					
Deposits with licensed banks	8	2.83%	6,109,222	-	6,109,222
<b>At 31 December 2016</b>					
<u>Fixed rate:</u>					
Deposits with licensed banks	8	3.12%	5,511,182	-	5,511,182

##### (b) Credit Risk

Credit risk is the risk of a financial loss to the Institute if a counterparty of a financial asset fails to meet its contractual obligations. The Institute's exposure to credit risk arises mainly from other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At reporting date, there were no significant concentration of credit risk.

The maximum exposure to credit risk for the Institute is the carrying amount of the financial assets shown in the statement of financial position.

##### (c) Liquidity Risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. Cash flow forecasting is performed by monitoring the Institute's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

The summary of the maturity profile of the Institute's financial liabilities at the reporting date based on contractual undiscounted repayments obligations is as follows:

	Note	Within 1 year RM	1 - 5 years RM	Total RM
<b>At 31 December 2017</b>				
Other payables	9	1,088,492	-	1,088,492
<b>At 31 December 2016</b>				
Other payables	9	883,404	-	883,404

## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

### YEAR ENDED 31 DECEMBER 2017

#### 16. Financial Instruments

##### (a) Categories of Financial Instruments

	Note	2017 RM	2016 RM
<b>Financial assets</b>			
Amortised cost:			
Other receivables	7	565,933	390,804
Deposits with licensed banks	8	6,109,222	5,511,182
Cash and bank balances		761,832	876,800
		<b>7,436,987</b>	<b>6,778,786</b>
<b>Financial liabilities</b>			
Amortised cost:			
Other payables	9	1,088,492	883,404

##### (b) Fair value of Financial Instruments

The carrying amounts of the financial assets and financial liabilities are reasonable approximate of fair values, either due to short term nature or insignificant impact of discounting.

#### 17. Capital Management

The objective of the Institute on capital management is to ensure that it maintains a strong credit rating and safeguard the Institute's ability to continue as a going concern, so as to support its operation and maximise accumulated fund.

The Institute manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Institute. There were no changes to the Institute's approach to capital management during the year.



## NOTES



## NOTES



## ADMINISTRATIVE DETAILS OF THE ANNUAL GENERAL MEETING

Date : **Saturday, 9 June 2018**  
Time : **9.30 a.m. (Refreshments will be provided from 8.30 a.m.)**  
Venue : **Ballroom, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia**

### Registration

1. Registration will start at 8.30 a.m. and close at 9.45 a.m.
2. Registration will be carried out according to membership numbers.
3. Please produce your Identity Card (IC) for verification and quote your membership number at the registration counter.
4. An identification tag will be issued upon registration.
5. No person will be permitted to enter or leave the meeting room without their identification tag.

### Eligibility

Please note that in accordance with the Chartered Tax Institute of Malaysia's Memorandum and Articles of Association, a member whose subscription is overdue as at 1 May 2018 shall not be entitled to vote on any question either personally or by proxy at any General Meeting of the Institute or at a poll.

### Important Notice

1. Please bring your Identity Card (IC).
2. Please quote your membership number during registration.
3. Please bring the 2017 Annual Report with you.

### Quorum

Please note that under Article 48 (1) of the Chartered Tax Institute of Malaysia's Memorandum and Articles of Association, the quorum for this meeting shall be 30 members. Members are kindly requested to be punctual.

### Form of Proxy

The duly completed form of proxy with the original signatures of the member and the witness must be deposited at **Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor not later than 9.30 a.m. on Thursday, 7 June 2018.**

The proxy form is attached together with the Annual report and a copy can also be downloaded from the Institute's Website under 'Members Only'.

### Ballot Papers

1. Ballot papers will be given to each member present personally and for each valid proxy deposited by him/her.
2. The ballot paper will be deemed as invalid and the votes spoiled in the event of the following:-
  - There are more than four "X" marked on the ballot paper or otherwise stated. Only the mark "X" is valid;
  - Ink used on the ballot paper and marked "X" is not visible; and
  - Correction fluid or tape is used on the ballot paper.

### Note:

*The 25th Annual General Meeting (AGM) Minutes will not be tabled for discussion at the forthcoming AGM. Members are advised to review the minutes of the 25th Annual General Meeting held on 17 June 2017 on the Institute's Website and issues may be raised provided due notice is given to the Secretariat in accordance with item 5 of the Notice of Meeting.*

**FORM OF PROXY**

I, ..... CTIM Membership No.: .....  
hereby appoint..... CTIM Membership No.: .....  
or the Chairman\* of the Meeting, as my proxy to vote on my behalf at the Twenty-Sixth Annual General Meeting of the Institute to be held on Saturday, 9 June 2018 at 9.30 a.m. (or at any adjournment thereof).

\* *Strike out whichever is not desired*

No.	Resolution	For	Against
1.	To elect not more than four (4) Council Members for the 2018/2022 term by secret ballot. <i>(Ballot papers for secret ballot will be provided to each proxy holder on registration of the proxy holder on 9 June 2018 before the commencement of the AGM at 9.30 a.m.)</i>	N/A	
2.	To re-appoint the Auditors for the ensuing year. (Note)		

*Note: Please ensure that "X" is marked with legible ink for Resolution 2. The use of any other mark or correction fluid or tape will render this vote for Resolution 2 invalid.*

Signed this ..... day of..... 2018

Signature : .....

in the presence of .....(Name of \*Witness),

CTIM Membership No. : .....

Signature of \*Witness : .....Date : .....

\* *Witness shall be another member of the Institute entitled to vote at a meeting of the Institute*

**NOTES**

- Article 34(2) provides that a Member may appoint a proxy who shall either be an Associate Member or Fellow Member of the Institute.
- Article 52 provides that subject to the provisions of Article 56 every member present in person and entitled to vote shall have one vote and upon a poll every member present or by proxy and entitled to vote shall have one vote.
- A member whose subscription is overdue as at 1 May 2018 shall not be entitled to vote on any question either personally or by proxy at any General Meeting of the Institute or at a poll.
- Appointment of proxy.  
The following conditions shall apply to the appointment of a proxy:  
(a) the instrument appointing a proxy shall be in the form specified above and can be downloaded from the Institute's Website under 'Members Only';  
(b) the instrument of appointment shall be signed in the presence of another member of the Institute entitled to vote at a meeting of the Institute; and  
(c) the proxy may be appointed for a specified meeting and for any adjournment of such meeting.
- To be effective for the purpose of the Annual General Meeting to be held on Saturday, 9 June 2018, the instrument appointing a proxy must be deposited at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor not later than 9.30 a.m. on Thursday, 7 June 2018.



