



# **Annual Report** **2019**



# CONTENTS

Notice of the 28th Annual General Meeting	2
The Council 2019 / 2020 & Mission Statement	3-4
Branch Offices / Secretariat	5
President's Statement	6-7
Report of the Council for 2019 / 2020	8-14
Committees 2019 / 2020	15-19
Calendar of CPD Events 2019 / 2020	20-22
Pictorial Highlights 2019 / 2020	23-26
Financial Statements for the year ended 31 December 2019	27-51
Others	
* Administrative Details of the Annual General Meeting	
* Form of Proxy	

## NOTICE OF THE 28<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth (28th) Annual General Meeting of the Chartered Tax Institute of Malaysia ("the Institute") will be held at Conference Hall 2, West Wing, Level 3, Kuala Lumpur Convention Centre, 50088 Kuala Lumpur on Saturday, 12 September 2020 at 9.30 a.m. to consider the following items of business:-

### AGENDA

1. President's address.
2. To receive the Annual Report and Financial Statements of the Institute for the year ended 31 December 2019 and the Report of the Auditors thereon.
3. To elect four (4) Council Members for the 2020/2024 term.
  - (a) Phan Wai Kuan retires pursuant to Article 59 of the Institute's Constitution and is not eligible for re-election pursuant to Article 58B.
  - (b) Chow Chee Yen, Mohd Noor Bin Abu Bakar and Chow Tuck Him retire pursuant to Article 59 of the Institute's Constitution and being eligible offer themselves for re-election.
  - (c) Pursuant to Article 57(ii) of the Institute's Constitution and the nominations received, the following persons have offered themselves for election as new members of the Council:-
    - (i) Thanneermalai A/L SP SM Somasundaram
    - (ii) Steve Chia Siang Hai
4. To re-appoint Messrs Sekhar & Tan as the Auditors for the ensuing year at a remuneration to be determined by the Council Members.

### As Special Business

5. To consider and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution: -

#### "Special Resolution

#### - Proposed Adoption of a new Constitution of the Institute ("Proposed Adoption")

THAT subject to the approval of the Registrar of Companies, the Institute's existing Constitution be deleted in its entirety AND THAT the new Constitution as set out in the Institute's Circular to the Members dated 19 August 2020 or as may be modified at this Annual General Meeting be and is here by adopted as the Constitution of the Institute.

AND THAT the Council be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with full power to assent to any conditions, modifications and/or amendments as may be required."

6. Any other business for which due notice has been given to the Institute.

By Order of the Council,

Cynthia Gloria Louis (MAICSA 7008306) (SSM PC No.: 201908003061)  
Chew Mei Ling (MAICSA 7019175) (SSM PC No.: 201908003178)  
Tan Ai Peng (MAICSA 7018419) (SSM PC No.: 201908003179)

Secretaries

19 August 2020

### 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 2020 (relaxed to 1 August 2020 due to Covid-19) 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 Share Registrars Sdn Bhd (Registration No: 199601006647 (378993-D)), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan 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.

## THE COUNCIL 2019 / 2020

2019/2020  
Attendance Report**PRESIDENT**

1. Farah Binti Rosley .....	8
-----------------------------	---

**DEPUTY PRESIDENT**

2. Chow Chee Yen .....	6
------------------------	---

**COUNCIL MEMBERS**

3. Phan Wai Kuan .....	8
------------------------	---

4. Nicholas Anthony Crist .....	5
---------------------------------	---

5. Yeo Eng Ping .....	4
-----------------------	---

6. Koong Lin Loong .....	8
--------------------------	---

7. Lai Shin Fah @ David Lai .....	8
-----------------------------------	---

8. Mohd Noor Bin Abu Bakar .....	7
----------------------------------	---

9. Chow Tuck Him .....	7
------------------------	---

10. Leow Mui Lee .....	8
------------------------	---

11. Dr Zulfahmy Bin Ibrahim (Resigned wef 6 May 2020) .....	2
---	---

12. Theneshkannaa A/L Kannan @ Renganathan Kannan .....	8
---	---

13. Low Geok Ping .....	8
-------------------------	---

14. Soh Lian Seng .....	8
-------------------------	---

15. Alan Chung Ch'ung Yit .....	8
---------------------------------	---

16. Chong Mun Yew .....	8
-------------------------	---

No of meetings: 5 physical and 3 virtual

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

Tel : +603 2162 8989

Fax : +603 2162 8990 / +603 2161 3207

[www.ctim.org.my](http://www.ctim.org.my)

## THE COUNCIL 2019 / 2020



### Back row (from left)

Alan Chung Ch'ung Yit, Lai Shin Fah @ David Lai, Chow Tuck Him, Mohd Noor Bin Abu Bakar, Chong Mun Yew,  
Chow Chee Yen, Theneshkannaa A/L Kannan @ Renganathan Kannan, Soh Lian Seng, Koong Lin Loong

### Front row (from left)

Yeo Eng Ping, Phan Wai Kuan, Farah Binti Rosley, Leow Mui Lee, Low Geok Ping



Dr Zulfahmy Bin Ibrahim  
(Resigned wef 6 May 2020)



Nicholas Anthony Crist

## 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.**

## 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: YBhg. Datuk Alexandra Chin  
Address: Alexandra F L Chin  
Lot 272, Lorong Seri Damai 3  
Taman Seri Damai  
88300 Kota Kinabalu, Sabah

## THE SECRETARIAT

### Executive Director

Margaret Kok

### Technical

Thong Vee Kean

### Continuing Professional Development

Nursalmi Haslina Mohd Rusli

### Examinations, Education & Editorial

Irene Chen

### Corporate Support Services

Christine Jennifer Sanda

### Events & Communication

Norhaliza Yusop



## PRESIDENT'S STATEMENT

### My dear fellow members,

It has been a year of initial period of smooth transition followed by the challenging period of COVID-19 since I took over the helm of the Institute in June 2019. Our forthcoming 28th Annual General Meeting (AGM), which would have normally been held in June 2020 is now re-scheduled to 12 September 2020 due to the restrictions under the Movement Control Order (MCO) imposed by our Government to curb the COVID-19 pandemic.

The unforeseen challenges caused by the COVID-19 pandemic since the first quarter of 2020 has taken a significant toll on people and businesses in Malaysia and across the world. The MCO has resulted in the closure of the CTIM office from 18 March 2020 to 3 May 2020 and CTIM staff working from home during that period. Nevertheless, I am pleased to inform that the Institute has managed to get through this difficult period of time and continues to work closely with the relevant stakeholders and provide support to members. We are blessed to have a close cooperation with the Inland Revenue Board of Malaysia (LHDNM), the Royal Malaysian Customs Department, MIDA, MITI and all other stakeholders and hope for this continued partnership in the coming years.

Let me take this opportunity to acknowledge the tremendous initiatives that were undertaken by my predecessor, Ms Seah Siew Yun in advancing the Institute in the past two years. I will continue to strive and work closely with everyone including with the government authorities and other stakeholders in growing the Institute.

The Institute wishes to inform that Ms Phan Wai Kuan is retiring as Council member after serving for two terms. I wish to express my utmost appreciation to her for her contribution and dedication to the Institute. Wai Kuan has been the Chairman of the CTIM Technical Committee – Direct Tax (I), Co-Organising Chairman of the National Tax Conference 2020 and also the Chairman of the Joint Public Rulings Working Group and the Joint Tax Working Group - Malaysian Financial Reporting Standards (MFRS). It is with much regret that Dr Zulfahmy Bin Ibrahim has resigned from the Council due to personal circumstances. To fill this casual vacancy, the Council has appointed Mr. K. Sandra Segaran who is a former Council member. I would like to take this opportunity to thank Dr Zulfahmy for his contribution to the Institute and welcome Segaran on board.

The Institute is pleased to welcome Ms. Margaret Kok as the new Executive Director (ED) of CTIM. Our previous ED, Mr P Thomas Simon retired on 30 June 2020. I would like to wish him the very best and a very happy retirement and also a big thank you for his many good years of contribution to CTIM.

A brief indication of the Institute's financial position as at 31 December 2019 is as follows: -

Year	2019	2018
	RM '000	RM '000
Surplus before tax	82	432
Cash & deposits	8,013	7,767

The drop in surplus before tax in 2019 compared to the preceding year is mainly due to the discontinuation of the National GST Conference in 2019 as the GST was abolished in September 2018.

### Technical Committees

The various Technical Committees and Working Groups of the Institute led by Wai Kuan, Nicholas, David, Mui Lee, Mohd Noor, together with Thenesh, Stefanie, Chee Yen, Mun Yew, Zen and Alan have been busy throughout the 2019/2020 term. I wish to express my heartfelt appreciation for the tireless effort of the committees and working groups in engaging with the relevant authorities. The proactive role of the Institute in technical matters has placed CTIM as the leading voice of tax professionals. The Institute has submitted various key papers and memorandums to the authorities in relation to: -

- 2020 & 2021 Budget proposals;
- Proposed merger of the Special Commissioners of Income Tax and Customs Appeal Tribunal into the Tax Appeal Tribunal;
- Guidelines on Earning Stripping Rules and Digital Services;
- Gazette order on capital allowance on development cost for customised computer software;
- Application for service tax exemption under Section 34(3) of the Service Tax Act 2018;
- Deferment of service tax on management services of freight forwarders and inbound tour packages by tourist agent;
- Investment and Incentives for the New Industrial Master Plan for 2021 to 2030; and
- Issues arising during the MCO period: -
  - Proposed tax measures of the Economic Stimulus Packages 2020 (PRIHATIN) and Short-Term Economic Recovery Plan (PENJANA) announced by the Government; and
  - Compliance and operational issues arising from the MCO on direct and indirect tax matters, including the various FAQs issued.

### Public Practice Development

The Institute had engaged with the Ministry of Finance (MOF) and LHDNM to request for the proposed amendments to Section 153 of the Income Tax Act 1967 in the Finance Bill 2019 to be withdrawn. I am pleased to report that the proposed amendments to Section 153 were subsequently removed pursuant to the Institute's proposition to the MOF. The Institute is currently engaged with the MOF for extension of time to accumulate CPD points for the renewal of tax agent licence and recognition of CPD points of tax webinars. I wish to express thank you to the committee led by Zen.

## PRESIDENT'S STATEMENT

The National Tax Conference (NTC) 2019 had a record attendance of 2,555 participants (8% increase from the preceding year). The CTIM 2020 Post-Budget Seminars held in several cities/major towns throughout Malaysia had attendance of 1,985 participants (14% increase from the preceding year). I would like to thank everyone including LHDNM who have made these major tax events a great success.

Face-to-face CPD seminars and workshops were cancelled from 18 March 2020 to 28 June 2020 due to the MCO which resulted in an overall 34% decrease in the number of events conducted from June 2019 to May 2020 compared to the same period of the preceding year. Instead, webinars were conducted in May and June 2020. The Institute's first face-to-face CPD event since the imposition of MCO was held on 29 June 2020. I wish to express my sincere thanks to the committee led by Chee Yen.

The LHDNM and the Institute are jointly organising the NTC 2020 on 25th – 26th August 2020 and this event will be live streamed to all participants. CTIM is delighted to announce this e-NTC has been awarded 20 CPD points by the MOF for the purpose of application and renewal of Section 153 tax agent licence. I look forward to another year of astounding success of this largest tax conference in Malaysia.

### Examinations and Education Committees

CTIM has 442 registered students as of May 2020. Notable activities included a career talk conducted in September 2019 at a local university and successful implementation of a new syllabus incorporating changes in tax legislations in the December 2019 examinations. A big thanks to the committees led by Lian Seng, and Stefanie together with Mun Yew. Many planned activities including career talks and the June 2020 examinations were cancelled due to the COVID-19 outbreak. Career talks with local institutes of higher learning are planned to resume after the COVID-19 restrictions have been lifted.

### Membership

CTIM membership stands at 3,687 as of 30 June 2020. Continuing to maintain the healthy membership number is an indication that the Institute continues to be relevant to its members as the premier body for tax professionals. Thank you to Koong, Alan and the committee for the hard work.

### Tax Guardian

The Tax Guardian continues to be the only specialised tax journal in Malaysia with the latest tax articles which keep readers informed on current tax developments and latest leading thoughts on taxation subjects. I would like to thank Eng Ping for her commitment as the Chairman of the Editorial Committee and the committee members. A special thanks and credit to the contributors of the articles in the Tax Guardian who have given their precious time in doing the write up.

### Memorandum & Articles of Association (M&A) Committee

With changes in the legislation and the dynamic evolving environment that the Institute operates in, it is an opportune time for the Institute to review its existing Constitution. I wish to thank Thenesh and the M&A committee members who were instrumental in driving a comprehensive review of the new CTIM Constitution that has been proposed for adoption by members.

Members may refer to full details of events, activities and submissions of the relevant Committees in the Annual Report 2019/2020.

I wish to convey my heartfelt thanks and gratitude to each and every one of the Council, Branch Chairmen and the Committees, respective Committees and Working Groups for their untiring support, dedication and concerted efforts during the year.

Wishing all a blessed year ahead and stay safe.

**Farah Rosley**  
President

*Chartered Tax Institute of Malaysia*



## REPORT OF THE COUNCIL FOR 2019 / 2020

### TECHNICAL COMMITTEE - DIRECT TAXATION I

The Technical Committee – Direct Taxation 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 the Ministry of Finance (MOF) and LHDNM in discussions on those issues.

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

#### 1. Budget 2020 & 2021

- Submission of a memorandum on 2020 Budget proposals to MOF followed by participation in the 2020 Budget Consultation chaired by the Minister of Finance.
- Joint submission of a memorandum on the issues arising from the 2020 Budget and Finance Bill 2019 together with the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) to LHDNM and MOF after the announcement of the 2020 Budget. Participation in the dialogue on the memorandum chaired by LHDNM.
- Submission of a memorandum on 2021 Budget proposals to MOF.

#### 2. Technical, Compliance and Operational Issues

During the year, the Committee provided feedback and engaged MOF and LHDNM on various technical, compliance and operational issues including the following:

##### a) Technical Issues

- Guidelines on Taxation of E-Commerce Transactions;
- Draft LHDNM Guidelines on Determining Place of Business pursuant to Sections 12(3) and 12(4) of the Income Tax Act 1967;
- Gazette orders on income tax exemption for companies achieving increase in export sales [P.U. (A) 161-163/2019], deduction for employment of senior citizen, ex-convict, parolee, supervised person and ex-drug dependant [P.U. (A) 164/2019] and capital allowance on development cost for customised computer software [P.U. (A) 274/2019];
- Discussion with MOF, LHDNM and other stakeholders on the proposed merger of the Special Commissioners of Income Tax and Customs Appeal Tribunal into the Tax Appeal Tribunal; and
- LHDNM's responses on post-2020 Budget issues, public rulings (10/2019 and 12/2019) and gazette order [P.U. (A) 117/2017].

##### b) Economic Stimulus Packages 2020 (PRIHATIN), Short-Term Economic Recovery Plan (PENJANA) and Movement Control Order Matters

- Provided inputs to the authorities on issues affecting businesses and tax proposals for the Economic Stimulus Packages 2020;
- Engaged the LHDNM on issues arising from the proposed tax measures of the Economic Stimulus Packages 2020 (e.g. deferment of monthly tax instalment payments, revision of tax estimates in the 3<sup>rd</sup> month instalment which falls in year 2020) which were subsequently published in LHDNM's FAQs and Guidelines;
- Engaged the LHDNM on various direct tax compliance and operational issues arising from the MCO period from 18 March 2020 to 10 May 2020. Issues raised and discussed were subsequently included in the LHDNM's FAQs, media releases and amended 2020 Filing Programmes; and
- Engaged the LHDNM on various direct tax issues arising from the PENJANA Tax Measures announced by the Government.

##### c) 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. Sixteen draft Public Rulings have been reviewed by the JPRWG during the period from April 2019 to June 2020.

##### d) Compliance and Operational Issues

- Submission of feedback on changes made by the LHDNM on the Form C YA 2019 compared to the previous YA, feedback on the draft Working Papers on Summary of Schedule 7A Allowance (HK-E1) & Summary of Schedule 7B Allowance (HK-E2) for YA 2019 and queries on the Malaysian Income Tax Reporting System ("MITRS") (formerly known as XBRL);
- Submissions of memorandums on compliance and operational issues No.1/2019, No.2/2019 and No.1/2020 to LHDNM for discussion at DESIRE Dialogue No.1/2019 chaired by LHDNM; and
- Sought clarification from LHDNM on the penalty imposed on filing of 31 July 2019 year-end companies and confirmation on the extension of time as compared to grace period allowed under the filing programme.

## REPORT OF THE COUNCIL FOR 2019 / 2020

### 3. Malaysian Financial Reporting Standards (MFRS)

The Joint Tax 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.

During the year, the JTWG-MFRS has been involved in the following:

- Submission of discussion papers on the tax implications arising from the implementation of MFRS 15 and MFRS 16, and meeting with the tax authorities to present and discuss the papers.

### 4. Participation in Technical Working Group on Paying Taxes (TWGPT)

The Institute participated in discussions with the TWGPT and provided feedback on proposals to simplify and enhance the Malaysian tax system. Tax matters discussed by the TWGPT include Form C 2019 requirements, proposed automatic registration of tax reference number via MyCoID, voluntary disclosure issues, LHDNM MITRS system and LHDNM Operational Guidelines on amended return form.

### 5. Technical Circulars

139 e-CTIMs were issued on direct tax matters from April 2019 to June 2020 which provided members with updates on tax developments, announcements from LHDNM and minutes of meetings and dialogues with LHDNM.

## TECHNICAL COMMITTEE - DIRECT TAXATION II

The taxation matters under the purview of the Technical Committee – Direct Taxation II (TC-DT II) are in relation to Real Property Gains Tax (RPGT), Petroleum Income Tax, Labuan Income Tax, Stamp Duty and other matters related to Labuan, Promotion of Investments Act 1986 and other tax incentives, capital market transactions, etc. The TC-DT II was involved in preparing the Institute's 2020 & 2021 Budget Proposals to the MOF and the Institute's comments arising from the 2020 Budget Speech and Finance Bill 2019, with the other CTIM Technical Committees.

### 1. 2020 & 2021 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 Securities Commission in May 2019 & 2020 for inclusion in the 2020 & 2021 Budget respectively. The tax issues were in relation to the long term development of the capital market, capital market products and deductibility of expenses, real estate investment trusts, fund management companies, business trusts, wholesale money market fund, retail money market fund, debt financing, financing through sale and leaseback of assets, recognized markets (equity crowdfunding / peer-to-peer financing) and asset-backed securitisation.

### 2. Engagements on Other Issues

During the year, the TC-DT II engaged with the following authorities on various issues including the following:

#### a) LHDNM and MOF

- Feedback/comments on LHDNM Guidelines for Application on Stamp Duty Relief;
- Issues arising from Labuan Business Activity Tax (Amendment) Bill 2019;
- Tax policy input for small and medium enterprises and other affected businesses: Request for the relevant authorities such as the Malaysian Investment Development Authority (MIDA) to consider relaxing conditions for tax incentives in view of the poor economic situation caused by the COVID-19 pandemic;
- Comments on the LHDNM's responses on Labuan Business Activity Tax (Amendment) Bill 2019 issues, Questions & Answers (Q&A) on Post 2020 Budget issues during the LHDNM National Tax Seminar 2019 in relation to Labuan and Labuan Financial Services Authority (FSA) circulars;
- Clarification sought on stamp duty exemption proposals announced in the Economic Stimulus Packages 2020; and
- RPGT, Stamp Duty and Investment Tax Allowance issues arising from the PENJANA Tax Measures announced by the Government.

#### b) MIDA

- Feedback on Investment and Incentives for the New Industrial Master Plan for 2021 to 2030.

### 3. Comments on Earning Stripping Rules (ESR) and LHDNM Guidelines on ESR

The ESR Working Group (ESRWG) is a working group that was set-up to provide comments on ESR. During the year, the ESRWG reviewed the ESR which were gazetted at the end of June 2019 and the LHDNM Guidelines on ESR which were issued in early July 2019 and submitted comments on them to the LHDNM.

### 4. E-Circulars

30 e-CTIMs were issued from April 2019 to June 2020 in relation to Real Property Gains Tax, Stamp Duty, LBATA, Petroleum Income Tax, other tax incentives (BioNexus, Green Technology, MSC, Principal Hub, etc), retail debt instruments and ESR.

## REPORT OF THE COUNCIL FOR 2019 / 2020

### TECHNICAL COMMITTEE - INDIRECT TAXATION

The Committee held two (2) meetings during the term 2019-2020 and a total of 67 e-CTIMs on indirect tax have been issued since April 2019 to June 2020. The summary of the key activities are as follows: -

#### 1. Budget 2020 & 2021

- Submission of a memorandum on 2020 Budget proposals to MOF followed by participation in the 2020 Budget Consultation chaired by the Minister of Finance.
- The CTIM Memorandum on Indirect Tax Issues arising from the 2020 Budget Speech & Finance Bill 2019 was prepared and submitted to the Royal Malaysian Customs Department (RMCD) and MOF in November 2019. The RMCD has responded to the Institute on the issues raised in January 2020.
- Submission of a memorandum on 2021 Budget proposals to MOF.

#### 2. Engagement with MOF

- The Institute submitted an application letter to the Minister of Finance to apply for service tax exemption under Section 34(3) of the Service Tax Act 2018 on the global and regional or area charges billed to local accounting firms in Malaysia by their respective global and/or regional or area headquarters overseas. The application was not approved by MOF.
- Presentation and discussion of CTIM's views with MOF, LHDNM and other stakeholders on the 2020 Budget proposal to merge the Special Commissioners of Income Tax and Customs Appeal Tribunal into the Tax Appeal Tribunal.

#### 3. Engagements with RMCD

- Participation in the Technical Committee on Sales Tax and Service Tax ("SST") Implementation Meetings (No. 1/2019, 2/2019 dan 3/2019) chaired by the RMCD: The issues deliberated on were in relation to the scope of imported taxable service, training and coaching services, financial services provided in relation to brokerage and underwriting as taxable services, intragroup exemptions should also apply to other services like advertising, provision of software which is in the form of a product should not be regarded as a service, etc.
- Clarification sought on deferment of service tax on management services of freight forwarders and inbound tour packages by tourist agent.
- Feedback/comments on the Sales Tax (Amendment) Act 2019, Service Tax (Amendment) Act 2019, Free Zone (Amendment) Act 2019, Customs (Amendment) Act 2019 and Excise (Amendment) Act 2019 gazetted on 9 July 2019: The issues raised covered matters relating to intragroup exemption on the provision of digital services within the same group of companies to avoid tax-cascading effect and reduce cost of doing business and voluntary disclosure for indirect tax.
- Feedback/comments on the RMCD's Guide on Digital Services dated 20 August 2019.
- Feedback/comments on draft RMCD's Guide on Disbursement and Reimbursement
- Feedback/comments on the Service Tax (Amendment) Act 2019, Service Tax (Amendment) (No.2) Regulations 2019, Service Tax (Persons Exempted from Payment of Tax) (Amendment) Order 2019, Service Tax Policy No. 2/2020, Service Tax Policy No. 3/2020 and Service Tax Policy No. 4/2020.
- Feedback/comments on the Customs and Excise Orders and Regulations 2019 by the Custom and Excise Working Group (CEWG) (a working group under the Technical Committee – Indirect Taxation).
- Submission of operational indirect tax issues due to COVID-19 outbreak and economy slowdown. The issues were in relation to extension of time for submission of returns and payment of tax due to the extended MCO period, bank guarantee on GST refund, postponing the issuance of bill of demand during the MCO period and import duty drawback for traders.
- Indirect tax issues arising from PENJANA tax measures in relation to the extension of the 50% remission on late payment penalty, procedural and transitional issues on the application of sales tax exemption on locally and imported assembled passenger cars.
- Participation by the CEWG in the Customs-Private Sector Consultative Panel Meetings (No. 1/2019 and No. 2/2019) chaired by the RMCD: The issues deliberated on included a proposal to reduce time taken for the issuance of a tariff classification ruling, to engage industry players in making of subsidiary regulations or orders and guidelines that govern how the provisions of the Act are applied, amendments to conditions under drawback where the period during which goods are to be re-exported for the purposes of drawback claims have been drastically shortened, tariff classification of goods imported and preferential claims / sales tax exemption claims, etc.

#### 4. Engagement with the Technical Working Group on Paying Taxes

The Institute attended meetings with TWGPT, together with representatives from the RMCD and other stakeholders to discuss on issues in relation to streamlining Customs duty drawback procedures and advance ruling applications.

## REPORT OF THE COUNCIL FOR 2019 / 2020

### TECHNICAL COMMITTEE – TRANSFER PRICING

The Technical Committee - Transfer Pricing (TC-TP)'s area of focus is in relation to transfer pricing, advance pricing arrangement and mutual agreement procedure. The Committee 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.

#### 1. Transfer Pricing 2020 Seminar

The TC-TP successfully organised a full day Transfer Pricing 2020 seminar on 21 January 2020 at the Sime Darby Convention Centre, Kuala Lumpur. Many of the TC-TP members participated as moderators and panelists in this event.

The topics that were discussed in the seminar were in relation to Earning Stripping Rules, TP dispute resolution - appeals, mutual agreement procedures and advance pricing arrangement, TP cases, TP documentation and practical issues from an SME's perspective, managing financial assistance transactions with related parties and intangible property - valuation, disposal and arm's length remuneration.

#### 2. Interaction with LHDNM

- Feedback/comments on Labuan Business Activity (Amendment) Bill 2019

The Institute submitted the TC-TP's feedback/comments on the TP provisions in the above Bill. The LHDNM responded to the TC-TP's comments that a separate TP Rules and Guidelines would be issued in relation to the Labuan Business Activity.

#### 3. E-Circulars

6 e-CTIMs were issued from April 2019 to June 2020 in relation to TP provisions under Labuan Business Activity, TP Audit Framework 2019 and Special Voluntary Disclosure Programme for TP cases.

### PUBLIC PRACTICE COMMITTEE

The Public Practice Committee (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.

#### 1. Networking events with tax practitioners

The PPC had initiated networking sessions with tax practitioners and were successfully organised by the CTIM Northern Branch (Penang) and East Coast Branch (Kuantan) Committees on 29 November 2019 and 10 December 2019 respectively. The PPC Chairman, PPC and Branch Committee members responded to members' technical and operational issues at the sessions. These events received positive feedback from members.

#### 2. Interaction with MOF, LHDNM and BNM

- The Institute had engaged with the MOF and the LHDNM to request for the proposed amendments to Section 153 of the Income Tax Act 1967 in the Finance Bill 2019 to be withdrawn as the proposed amendments empowered Director General of Inland Revenue (DGIR) to approve or renew on approval for a person to act as tax agent and were not in the interest of tax agents and practitioners which include CTIM members. Subsequent to the Institute's request, the said proposed amendments were deleted from the amended Finance Bill 2019.
- The Institute represented by the PPC attended a meeting chaired by the Bank Negara Malaysia (BNM) on Exposure Draft on the Policy Document for Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Designated Non-Financial Businesses and Professions (DNFBPs) & Non-Bank Financial I.

#### 3. Public Practice Circulars

10 e-CTIMs were issued from the third quarter of 2019 to the first quarter of 2020 in respect of the following matters:

- Guidelines for the Application and Renewal of Tax Agent Licence S 153(3) of the ITA 1967 have been updated to indicate that the application and renewal of S.153 tax agent license will be done via the MyCukai system instead of the SMPC.
- LHDNM's Response to the Issues Arising from the Application and Renewal of Income Tax Agent Licence under Section 153 of the Income Tax Act 1967 which were received from participants of the CTIM Seminar on Tax Agent Licence and Post Licensing Issues held in April 2019.
- The BNM's policy document on Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Designated Non-Financial Businesses and Professions (DNFBPs) & Non-Bank Financial Institutions (NBFIs) ("AML-CFT and TFS for DNFBPs and NBFIs").
- Networking events with tax practitioners organised by CTIM Northern Branch (Penang) and East Coast Branch (Kuantan) Committees.

## REPORT OF THE COUNCIL FOR 2019 / 2020

### CONTINUING PROFESSIONAL DEVELOPMENT COMMITTEE

During the year, the Institute has been busy organising CPD events such as the National Tax Conference 2019, 2020 Post-Budget Seminars, various other seminars and workshops on direct taxation and Sales & Service Tax.

The CPD seminars and workshops planned by the Institute for April to June 2020 had to be cancelled due to the MCO effective on 18 March 2020 and its further extensions. With the objective of providing continuous tax updates notwithstanding the MCO, CTIM has organised a series of webinars with several Council Members and non-Council Members' involvement.

The number of CPD events conducted by the Institute in the year 2019 decreased by 34% compared to the previous year mainly due to restrictions of conducting events during the COVID-19 pandemic.

#### 1. 2019 Post-Budget Seminars

The Institute successfully held a series of 2020 Budget Seminars from 24 October 2019 to 5 December 2019 in Kuala Lumpur and nine other locations nationwide that was attended by CTIM members and participants from private and public sectors. A total number of 1,985 participants attended the Budget Seminars across the country which is an 14% increase from the previous year.

In addition, CTIM Council Members were also invited by the LHDNM as Panelists in their *Seminar Percukaian Kebangsaan* (SPK) organised in various locations from 15 October 2019 to 19 November 2019. CTIM's participation in these LHDNM post-budget seminars illustrates the close collaboration between CTIM and LHDNM in a showcase of private-public sector partnerships.

#### 2. Collaboration Events with the LHDNM

- **19th National Tax Conference (NTC) 2019**

The Institute and LHDNM organised the 19th NTC on 5 & 6 August 2019 at the Kuala Lumpur Convention Centre. The Conference with the theme "Economic Prosperity & Taxation" was officiated by YB Tuan Lim Guan Eng, Finance Minister of Malaysia. Record attendance was achieved with a total of 2,555 attendees which is an 8% increase from the previous year.

- **Countdown to Special Voluntary Disclosure Programme**

The above talk was organised by LHDNM in collaboration with CTIM and the National Chamber of Commerce and Industry of Malaysia on 16 September 2019 at Menara Hasil, PJ Trade. The talk was delivered by YBhg. Dato' Sri Sabin bin Samitah, Chief Executive Officer of LHDNM; followed by a dialogue session with YB Tuan Lim Guan Eng, Finance Minister of Malaysia and LHDNM senior officials. This talk was attended by more than 300 people.

### EDITORIAL COMMITTEE

The Tax Guardian, the quarterly official journal of CTIM has continued to carry a wide range of articles, contributed by practitioners and experts in their respective fields touching on tax issues both locally and internationally.

Readers of the journal have given good reviews that the articles discussed not only were crucial and current but were accurate with clear explanations on various tax policies. The Editor, in addition, has provided readers with a dose of global perspectives on tax issues in the Editor's notes.

The Journal classifies articles in various categories such as Current Issues, SST and Indirect Taxes, Domestic Issues, International Issues, Technical Updates, Tax Cases and Learning Curve. It also includes articles on major conferences such as the National Tax Conference and the yearly budget presented by the Ministry of Finance highlighting the key issues discussed.

The Editorial members regularly review articles and provide comments for improvements to ensure the quality of the journal is kept at the highest standard.

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 2019 / 2020

### EXAMINATIONS COMMITTEE

The Institute registered 93 new students from April 2019 to May 2020. Total number of registered students as of May 2020 was 442.

The June 2019 CTIM Professional Examination was held from 24 to 27 June 2019 and the December examination was held from 16 to 19 December 2019. These examinations were held in nine centres throughout Malaysia. The examination results for the June 2019 and December 2019 were released to students on 20 August 2019 and 14 February 2020 respectively.

The 24th CTIM Graduation and Prize Giving Ceremony was held at the Renaissance Kuala Lumpur Hotel on 16 November 2019. 21 students who graduated received their scrolls. In addition, students who excelled in various taxation papers were awarded prizes during the event.

CTIM organised an intensive revision course for Revenue Law and Advanced Taxation 2 papers for the December 2019 examination. This course was conducted by Mr Abdul Salam Chandran from 25 November 2019 to 29 November 2019.

New syllabus incorporating the changes in tax legislations was implemented successfully in the December 2019 examination.

June 2020 examination and intensive revision course organised in April 2020 had been cancelled due to the MCO.

### EDUCATION COMMITTEE

COVID-19 has impacted CTIM promotional activities and career talks. Many of the planned activities were cancelled. Nevertheless, the Committee is happy to report that on 4 September 2019, a career talk was conducted at the Multimedia University (MMU), Malacca. The talk was presented by Mr Ananthan Chelliah and Ms Kei Ooi Soo Chee to about 100 students.

The Committee plans to resume career talks at educational institutions after the COVID-19 restrictions have been fully lifted.

### MEMORANDUM & ARTICLES OF ASSOCIATION COMMITTEE (M&A)

The M&A Committee is primarily focused on reviewing, amending and improving the Memorandum & Articles of Association ("The Constitution") of CTIM. This encompasses proposing amendments to The Constitution which are in line with the Companies Act, 2016 and in the interest of CTIM.

A reputable secretarial firm has been engaged to work with the Committee, to ensure that the above objectives are met. The Committee met four times to deliberate on amendments in the articles to be made to the Constitution of CTIM. After the deliberations, the Committee presented the findings to the Council, whereby the amendments were approved for tabling at the AGM.

### MEMBERSHIP SERVICES COMMITTEE

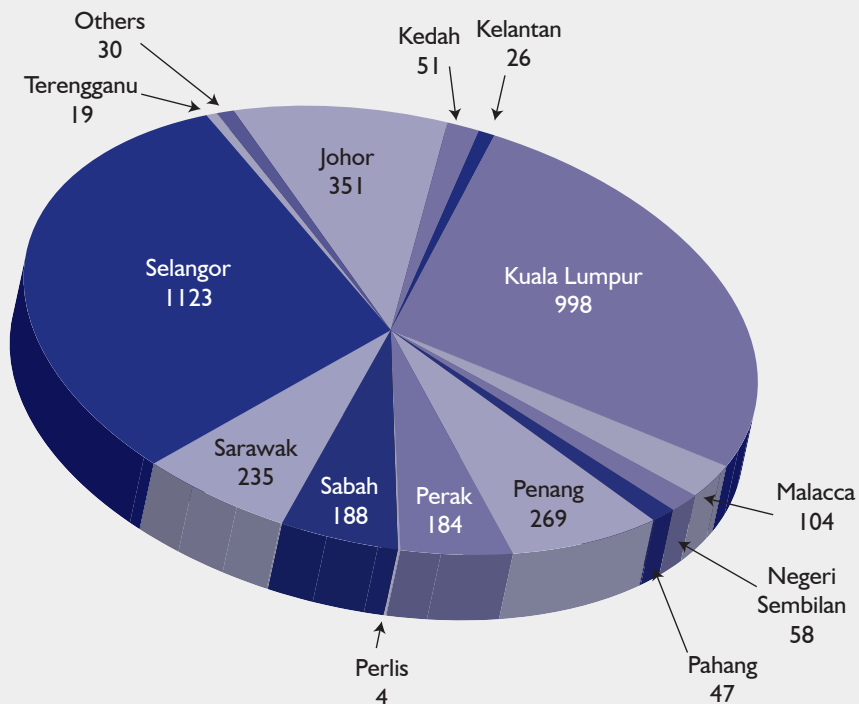
As at 30 June 2020, there are 3687 members comprising 593 Fellow members, 3078 Associate members and 16 Provisional members (30 April 2019: 3559 members).



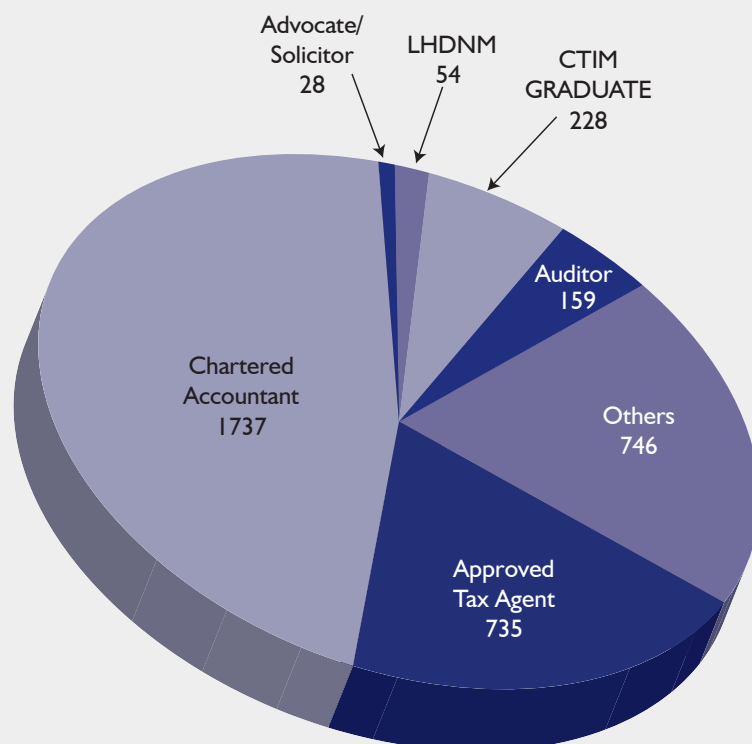
## REPORT OF THE COUNCIL FOR 2019 / 2020

### Membership Profile

#### By State



#### By Employment



## COMMITTEES 2019 / 2020

### EXECUTIVE COMMITTEE

Council Members:  
Farah Binti Rosley (Chairman)  
Chow Chee Yen  
Phan Wai Kuan  
Koong Lin Loong  
Lai Shin Fah @ David Lai

Total number of meetings held: 2

#### 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)  
Dr Zulfahmy Bin Ibrahim

Others:  
Saravana Kumar Segaran  
Christopher Low

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.

### NATIONAL TAX CONFERENCE COMMITTEE

The National Tax Conference is jointly organised with the LHDNM and is managed by a separate joint committee. The following Council Members were nominated by the Council to this joint committee.

- Phan Wai Kuan (Co-Organising Chairman)
- Farah Binti Rosley
- Leow Mui Lee

#### Others:

- K. Sandra Segaran A/L Karuppiah
- Aruljothi A/L Kanagaretnam

### EDITORIAL COMMITTEE

Council Member:  
Yeo Eng Ping (Chairman)

Others:  
Prof Dr Jeyapalan A/L Kasipillai  
Saravana Kumar Segaran  
K. Sandra Segaran A/L Karuppiah  
Dr Nakha Ratnam S/O Somasundaram  
Venkataraman Ganesan  
Kenneth Yong Voon Ken  
Tan Hooi Beng  
Lavindran Sandragasu  
Ranjeet Kaur

Total number of meetings 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 2019 / 2020

### EXAMINATIONS COMMITTEE

**Council Members:**

Soh Lian Seng (Chairman)  
Chong Mun Yew

**Others:**

Prof Dr Jeyapalan A/L Kasipillai  
Dr Loo Ern Chen  
Dr Nakha Ratnam S/O Somasundaram  
Daniel Woo Tuck Cheong  
Kenneth Yong Voon Ken  
Chong Geok Chung  
Karen Koh Sai Tian  
Dr Voon Yuen Hoong  
Dr Michael Yap Meow Chung  
Dr Loganathan Krishnan

Total number of meetings held: 2

**Terms of Reference**

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 Examination.
3. To determine the eligibility of students sitting for the Institute's Examination and to recommend to the Council the appropriate examination fee.
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.

### EDUCATION COMMITTEE

**Council Members:**

Low Geok Ping (Chairman)  
Dr Zulfahmy bin Ibrahim  
Chong Mun Yew

**Others:**

Ananthan Chelliah  
Dr Rani Diana Binti Othman  
Kei Ooi Soo Chee

Total number of meetings held: 1

**Terms of Reference**

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.

## COMMITTEES 2019 / 2020

### MEMORANDUM & ARTICLES OF ASSOCIATION COMMITTEE

**Council Members:**

Theneshkannaa A/L Kannan @ Renganathan Kannan (Chairman)  
Chow Chee Yen  
Koong Lin Loong

**Others:**

K Sandra Segaran A/L Karuppiyah  
Surin Segar A/L Gnanasegaram

Total number of meetings held: 4

*Terms of Reference*

1. To review, amend and improve The Memorandum & Articles of Association of CTIM.
2. To consider proposed amendments in line with the Companies Act 2016.
3. To engage with company secretaries or lawyers to ensure any proposed amendments are carried out in accordance with the Companies Act 2016 and in the interests of CTIM.

### MEMBERSHIP SERVICES COMMITTEE

**Council Members:**

Koong Lin Loong (Chairman)  
Alan Chung Ch'ung Yit

**Others:**

Aruljothi A/L Kanagaretnam  
K. Renganathan A/L Renganathan Kannan  
Emily Wong Shiau Li

Total number of meetings held: 2

*Terms of Reference*

1. To review and recommend to the Council the policies, procedures and qualifications recognised 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 the 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 the 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 the 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.

### TECHNICAL COMMITTEE - DIRECT TAXATION I

**Council Members:**

Phan Wai Kuan (Chairman)  
Chow Chee Yen  
Chong Mun Yew  
Lai Shin Fah @ David Lai  
Leow Mui Lee  
Mohd Noor Bin Abu Bakar  
Nicholas Anthony Crist  
Theneshkannaa A/L Kannan @ Renganathan Kannan  
Zen Chow Tuck Him

**Others:**

Beh Tok Koay  
Carol Eng Hooi Ling  
Daniel Woo  
K. Sandra Segaran A/L Karuppiyah  
Ng Say Guat  
Sharon Yong

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 & other matters relating to Labuan, Promotion of Investments Act 1986 & 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.

## COMMITTEES 2019 / 2020

### TECHNICAL COMMITTEE - DIRECT TAXATION II

**Council Members:**

Nicholas Anthony Crist (Chairman)  
Leow Mui Lee  
Low Geok Ping  
Phan Wai Kuan  
Theneshkannaa A/L Kannan @ Renganathan Kannan

**Others:**

Abdul Salam Chandran  
Datuk Harjit Singh Sidhu A/L Bhagwan Singh  
Koo Kian Ming  
Sharon Yong

Total number of meetings held: 4

**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 Malaysia.
2. To provide effective representation at dialogues with the 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.

### TECHNICAL COMMITTEE - INDIRECT TAXATION

**Council Members:**

Lai Shin Fah @ David Lai (Chairman)  
Theneshkannaa A/L Kannan @ Renganathan Kannan  
Alan Chung Ch'ung Yit

**Others:**

Brynnner Chiam  
Huang Shi Yang  
Jalbir Singh Riar  
Joanne Hooi  
Ng Sue Lynn  
Saravana Kumar Segaran  
Sitatha Raja Kumaran  
Tan Eng Yew

Total number of meetings held: 2

**Terms of Reference**

1. To provide effective representation at dialogues with the 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.

## COMMITTEES 2019 / 2020

### TECHNICAL COMMITTEE – TRANSFER PRICING

**Council Members:**

Leow Mui Lee (Chairman)  
Theneshkannaa A/L Kannan @ Renganathan Kannan

**Others:**

Anushia Joan Soosaipillai  
Bernice Tan  
Bob Kee Lin Jen  
Foo Meng Huei  
Theresa Goh Lee Hwa  
SM Thanneermalai  
Chan Tuck Keong  
Sockalingam Murugesan

Total number of meetings held: 0

**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.

### PUBLIC PRACTICE COMMITTEE

**Council Members:**

Chow Tuck Him (Chairman)  
Lai Shin Fah @ David Lai  
Koong Lin Loong  
Theneshkannaa A/L Kannan @ Renganathan Kannan  
Dr Zulfahmy Bin Ibrahim

**Others:**

Choo Ah Kow  
Jalbir Singh Riar  
Jesu Dason  
Kellee Khoo Kee Lee  
Kenny Chong Thian Poh  
Lam Weng Keat  
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 authorities 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 2019/2020

Date	Event	Venue
17.06.19	Workshop: The Art of Taxation and Staying Relevant in Changing Times	Kota Kinabalu
18.06.19	Workshop: The Art of Taxation and Staying Relevant in Changing Times	Kuching
18.06.19	Workshop: Employment Tax and Payroll Tax Malaysia	Kuala Lumpur
24.06.19	Workshop: The Art of Taxation and Staying Relevant in Changing Times	Ipoh
03.07.19	Seminar: Managing Large Taxpayers' Issues - Practitioners' Guide	Kuala Lumpur
10.07.19	Seminar: Managing Large Taxpayers' Issues - Practitioners' Guide	Penang
16.07.19	Workshop: The Effects of Digital Tax in Malaysia	Kuala Lumpur
18.07.19	Seminar: Managing Large Taxpayers' Issues - Practitioners' Guide	Johor Bahru
19.07.19	Workshop: The Effects of Digital Tax in Malaysia (Re-Run Session)	Kuala Lumpur
27.08.19	Workshop: Public Rulings 2018 & 2019	Ipoh
29.08.19	Workshop: Public Rulings 2018 & 2019	Kuala Lumpur
04.09.19	Seminar: Unravelling Tax Avoidance Issues	Kuala Lumpur
05.09.19	Workshop: The Effects of Digital Tax in Malaysia	Johor Bahru
05.09.19	Workshop: Public Rulings 2018 & 2019 (Re-Run Session)	Kuala Lumpur
10.09.19	Workshop: Public Rulings 2018 & 2019	Malacca
19.09.19	Seminar: Taxation of Land Transaction	Johor Bahru
19.09.19	Post-NTC 2019 Seminar: Deductible Expense Under Section 33(1) - to Deduct or not to Deduct?	Kuala Lumpur
30.09.19	Seminar: Taxation of Land Transaction	Penang
02.10.19	Workshop: Tax Issues and Law Relating to Property Developers, JMB/MC and Investors	Kuala Lumpur
08.10.19	Workshop: Public Rulings 2018 & 2019	Johor Bahru
08.10.19	Workshop: Learn to Develop, Build upon and/or Appreciate the Importance of the Capital Statement in Tax Audits	Kuala Lumpur
09.10.19	Workshop: Tax Issues and Law Relating to Property Developers, JMB/MC and Investors (Re-Run Session)	Kuala Lumpur
10.10.19	Workshop: The Effects of Digital Tax in Malaysia	Penang
16.10.19	Workshop: Learn to Develop, Build upon and/or Appreciate the Importance of the Capital Statement in Tax Audits	Kuala Lumpur
24.10.19	2020 Budget Seminar	Kuala Lumpur
05.11.19	Workshop: Public Rulings 2018 & 2019	Penang
05.11.19	Workshop: Tax Treatment on Interest - A Practical Approach & Latest Updates	Kuala Lumpur
20.11.19	2020 Budget Seminar	Kuala Lumpur

## CALENDAR OF CPD EVENTS 2019/2020

Date	Event	Venue
20.11.19	2020 Budget Seminar	Malacca
21.11.19	2020 Budget Seminar	Penang
21.11.19	2020 Budget Seminar	Johor Bahru
25.11.19	2020 Budget Seminar	Ipoh
25.11.19	2020 Budget Seminar	Kuching
26.11.19	2020 Budget Seminar	Kota Kinabalu
27.11.19	2020 Budget Seminar	Subang
02.12.19	Workshop: Employment Income Tax Practicalities and Complexities	Malacca
05.12.19	2020 Budget Seminar	Kuala Lumpur
12.12.19	Seminar: Taxation of Land Transaction	Kuala Lumpur
16.12.19	Workshop: Employment Income Tax Practicalities and Complexities	Penang
09.01.20	Workshop: Employer's Tax Reporting and Compliance Responsibilities in 2020	Ipoh
13.01.20	Workshop: Tax Issues and Law Relating to Property Developers, JMB/MC and Investors	Malacca
16.01.20	Workshop: Employment Income Tax Practicalities and Complexities	Kota Kinabalu
21.01.20	Seminar: Transfer Pricing 2020	Kuala Lumpur
10.02.20	Workshop: Tax Audit and Investigation	Johor Bahru
18.02.20	Workshop: Tax Audit and Investigation	Malacca
19.02.20	Workshop: Tax Audit and Investigation	Kuala Lumpur
20.02.20	Workshop: Tax Audit and Investigation (Re-Run Session)	Kuala Lumpur
21.02.20	Workshop: Employer's Tax Reporting and Compliance Responsibilities in 2020	Kuala Lumpur
24.02.20	Workshop: Tax Audit and Investigation	Kota Kinabalu
25.02.20	Workshop: Tax Audit and Investigation	Kuching
28.02.20	Workshop: Tax Audit and Investigation	Penang
05.03.20	Workshop: Employer's Tax Reporting and Compliance Responsibilities in 2020	Penang
05.03.20	Workshop: Group Relief Under Section 44A - A Practical Approach & Latest Updates	Subang
09.03.20	Workshop: Tax Issues and Law Relating to Property Developers, JMB/MC and Investors	Johor Bahru
16.03.20	Workshop: Tax Issues and Law Relating to Property Developers, JMB/MC and Investors	Kuching

## CALENDAR OF CPD EVENTS 2019/2020

Date	Event	Venue
01.05.20	Webinar: MCO & Its Impact - Key Tax Issues for Tax Professionals	Zoom
14.05.20	Webinar: Strategic Tax Considerations During & Post-Covid 19 "Period"	Microsoft Teams
20.05.20	Webinar: Sharing our Experience of Managing Tax Audits & Investigations	Microsoft Teams

## COLLABORATION EVENTS

Date	Event	Venue
16.09.19	Countdown To Special Voluntary Disclosure Programme (SVDP) (jointly organised with LHDNM)	Petaling Jaya
05 & 06.08.19	National Tax Conference 2019 (jointly organised with LHDNM)	Kuala Lumpur
13.09.19	Workshop: Malaysian Taxation Principles & Procedures - Module 1: Business & Employment (jointly organised with MAICSA)	Kuala Lumpur
20.09.19	Workshop: Malaysian Taxation Principles & Procedures - Module 2: Allowances & Deductions (jointly organised with MAICSA)	Kuala Lumpur
23.09.19	Workshop: Malaysian Taxation Principles & Procedures - Module 3: Advanced Subjects - 1 (jointly organised with MAICSA)	Kuala Lumpur
27.09.19	Workshop: Malaysian Taxation Principles & Procedures - Module 4: Advanced Subjects - 2 (jointly organised with MAICSA)	Kuala Lumpur



# Pictorial **HIGHLIGHTS**















**CHARTERED TAX INSTITUTE OF MALAYSIA** 199101015438 (225750 T)

(Incorporated in Malaysia as a Company Limited by Guarantee)

# **FINANCIAL STATEMENTS**

**31 DECEMBER 2019**

<b>COUNCIL MEMBERS' REPORT</b>	<b>27 - 29</b>
<b>STATEMENT BY COUNCIL MEMBERS</b>	<b>30</b>
<b>STATUTORY DECLARATION</b>	<b>31</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>32 - 33</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>34</b>
<b>STATEMENT OF INCOME AND EXPENDITURE</b>	<b>35 - 36</b>
<b>STATEMENT OF CHANGES IN ACCUMULATED FUNDS</b>	<b>37</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>38</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>39 - 51</b>

## 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 2019.

### 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*

*RM146,698*

### 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 all known bad debts had been written off and no allowance is required for doubtful debts.

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

### 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

### 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 year up to the date of this report are:

Farah Binti Rosley	
Chow Chee Yen	
Phan Wai Kuan	
Nicholas Anthony Crist	
Yeo Eng Ping	
Koong Lin Loong	
Lai Shin Fah @ David Lai	
Mohd Noor Bin Abu Bakar	
Chow Tuck Him	
Leow Mui Lee	
Zulfahmy Bin Ibrahim	
Theneshkannaa A/L Kannan @ Renganathan Kannan	
Soh Lian Seng	
Low Geok Ping	
Alan Chung Ch'ung Yit	(Elected on 22.6.2019)
Chong Mun Yew	(Elected on 22.6.2019)
Seah Siew Yun	(Retired on 22.6.2019)
K. Sandra Segaran A/L Karupiah	(Retired on 22.6.2019)

### 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 RM4,196 to 3 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

### NUMBER OF EMPLOYEES, REGISTERED AND PRINCIPAL OFFICE

The number of persons employed by the Institute at the end of the financial year was 19 (2018: 20). 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.

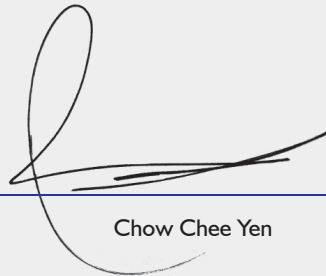
The auditors' remuneration is disclosed in the Statement of Income and Expenditure.

Signed in accordance with a resolution of the Council,



---

Farah Binti Rosley



---

Chow Chee Yen

Kuala Lumpur

Date: 25 March 2020

## STATEMENT BY COUNCIL MEMBERS

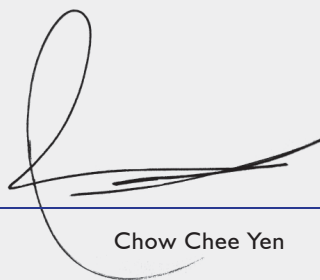
We, Farah Binti Rosley and Chow Chee Yen, being two of the Council members of CHARTERED TAX INSTITUTE OF MALAYSIA, do hereby state that in the opinion of the Council members, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial 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 2019 and of its financial performance and cash flows for the year then ended.

Signed in accordance with a resolution of the Council,



---

Farah Binti Rosley



---

Chow Chee Yen

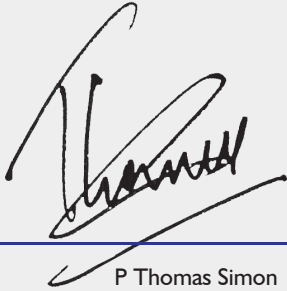
Kuala Lumpur

Date: 25 March 2020

## 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 13 May 2020



P Thomas Simon

Before me,



Lot 6, Arked Star, 23-G,  
Jalan Tuanku Abdul Rahman  
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 2019, and the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 34 to 51.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2019, 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 of the Institute 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 the 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 of the Institute 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 a 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.

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Institute, 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.
- 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 of the Institute 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 of the Institute, including the disclosures, and whether the financial statements of the Institute 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.

### *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. 1045/03/2020 (J)  
Chartered Accountant

Kuala Lumpur  
Date: 13 May 2020

**STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2019**

		2019	2018
	Note	RM	RM
<b>Non-current assets</b>			
Property, plant and equipment	5	1,631,336	1,701,570
Right-of-use asset	6	49,020	-
Deferred tax asset	7	45,000	2,000
		1,725,356	1,703,570
<b>Current assets</b>			
Other receivables	8	276,317	202,765
Prepayments		102,280	39,494
Deposits with licensed banks	9	7,410,000	7,110,000
Cash and bank balances		603,670	657,118
Tax recoverable		68,662	226,433
		8,460,929	8,235,810
<b>Current liabilities</b>			
Other payables	10	1,125,515	1,074,082
Lease liability	11	9,177	-
Government grant		18,603	18,603
		1,153,295	1,092,685
Net current assets		7,307,634	7,143,125
		9,032,990	8,846,695
<b>Financed by:</b>			
Accumulated funds		8,993,393	8,846,695
<b>Non-current liability</b>			
Lease liability	11	39,597	-
		9,032,990	8,846,695

## STATEMENT OF INCOME AND EXPENDITURE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM	2018 RM
<b>Operating income</b>			
Courses and seminars		2,046,237	2,495,493
Examinations		236,744	191,703
Publications		65,494	159,200
Membership services		971,323	946,526
		3,319,798	3,792,922
<b>Less: Operating expenditure</b>			
Courses and seminars		(1,247,068)	(1,530,541)
Examinations		(116,591)	(125,422)
Publications		(166,990)	(168,441)
		(1,530,649)	(1,824,404)
Gross income over operating expenditure		1,789,149	1,968,518
<b>Other income</b>			
Interest on fixed deposits		194,033	200,680
National Tax Conference	12	697,880	485,841
National GST Conference	13	-	348,544
National Indirect Tax Conference	14	18,788	-
Marketing incentive		-	58,891
Sundry income		3,500	3,723
		914,201	1,097,679
<b>Less: Administrative expenditure</b>			
Advertisement		-	1,905
Annual General Meeting		56,804	55,587
Auditors' remuneration:			
Charge for the year		14,000	13,000
Under provision in respect of prior year		1,000	-
Bank charges		2,906	2,532
Building service charges and sinking fund		10,494	14,920
Depreciation:			
Property, plant and equipment		73,463	82,736
Right-of-use asset		1,690	-
Equipment rental		8,712	11,616
Human Resource Development Levy		-	14,434
Insurance		1,961	2,615
I.T. maintenance		11,888	23,812
Legal and secretarial fees		3,461	3,173
Balance carried forward		186,379	226,330

**STATEMENT OF INCOME AND EXPENDITURE**  
**YEAR ENDED 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
<b>Less: Administrative expenditure</b>			
Balance brought forward		186,379	226,330
Marketing and publicity		1,100	700
Medical expenses		1,420	1,802
Meeting expenses		1,337	2,609
Newspaper, periodicals and subscriptions		25,037	33,596
Printing, postage and stationery		86,346	98,028
Professional fees		25,561	26,750
Property, plant and equipment written off		-	4,013
Quit rent and assessment		14,460	14,460
Staff costs:			
- Employees Provident Fund and SOCSO		234,813	237,248
- Staff remuneration		1,899,718	1,845,535
- Staff welfare and insurance		39,154	35,503
Telecommunication expenses		20,698	21,912
Travelling, parking and toll		34,613	34,634
Office expenses		22,268	23,042
Upkeep of office equipment		3,420	5,714
Utilities		24,450	22,259
		<b>2,620,774</b>	<b>2,634,135</b>
Surplus before tax		82,576	432,062
Less: Tax income/(expenses)	15	64,122	(43,697)
Surplus for the year		<b>146,698</b>	<b>388,365</b>

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS**  
**YEAR ENDED 31 DECEMBER 2019**

	<b>Accumulated funds RM</b>
At 1 January 2018	8,458,330
Surplus for the year	388,365
At 31 December 2018/1 January 2019	8,846,695
Surplus for the year	146,698
At 31 December 2019	8,993,393

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 DECEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus before tax	82,576	432,062
Adjustments for:		
Bad debts written off	22,799	56,088
Depreciation of property, plant and equipment		
Property, plant and equipment	73,463	82,736
Right-of-use asset	1,690	-
Interest income	(194,033)	(200,680)
Property, plant and equipment written off	-	4,013
Reversal of allowance for impairment loss	-	(15,688)
Operating surplus before working capital changes	(13,505)	358,531
Changes in receivables	(212,018)	456,546
Changes in payables	102,143	(43,570)
Cash (used in)/generated from operations	(123,380)	771,507
Tax refunded/(paid)	178,893	(35,088)
Net cash from operating activities	55,513	736,419
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Changes in deposits with maturity more than 90 days	200,000	(650,778)
Purchase of property, plant and equipment	(3,229)	(7,038)
Interest income received	196,204	166,683
Net cash from/(used in) investing activities	392,975	(491,133)
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Repayment of lease liability and net cash used in financing activity	(1,936)	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	446,552	245,286
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	4,407,118	4,161,832
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	4,853,670	4,407,118
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:</b>		
Cash and bank balances	603,670	657,118
Deposits with licensed banks (Note 9)	4,250,000	3,750,000
	4,853,670	4,407,118



## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

### 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 25 March 2020.

### 2. Basis Of Preparation

#### (a) Statement of Compliance

The financial statements of the Institute have been prepared in accordance with Malaysian Financial Reporting Standards ["MFRSs"], 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 year beginning 1 January 2019.

The adoption of these new and revised MFRSs has no material effect on the financial statements, except for those mentioned in Note 3.

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 2020:*

Amendments to MFRS 3	<i>Business Combinations</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures</i>
Amendments to MFRS 9	<i>Financial Instruments</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements</i>
Amendments to MFRS 108	<i>Accounting Policies, Changes in Accounting Estimate and Errors</i>
Amendments to MFRS 139	<i>Financial Instruments: Recognition and Measurement</i>
Amendments to References to the Conceptual Framework in MFRS	

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

MFRS 17	<i>Insurance Contracts</i>
---------	----------------------------

*Effective for a date yet to be confirmed:*

Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
---------------------------------------	--

MFRS 17, Amendments to MFRS 3, 10 and 128 will not have any financial impact to the Institute as they are not relevant to the Institute's operations.

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.

#### (b) Basis of Measurement

The financial statements have been prepared on the historical cost basis other than those disclosed in Note 3.

#### (c) Functional and Presentation Currency

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

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2019

#### 3. Significant Accounting Policies

Unless otherwise stated, the following accounting policies have been applied consistently to the periods presented in these financial statements. Arising from the adoption of MFRS 16, Leases, there are changes to the accounting policies for leases as compared to those adopted in previous 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) on impairment on 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

###### Financial assets

The Institute classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired:

- (i) Fair value through profit or loss
- (ii) Amortised cost
- (iii) Fair value through other comprehensive income

The Institute does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss. The Institute also does not have any financial assets classified at fair value through other comprehensive income at the reporting date.

###### Amortised cost

These assets arise principally from the provision of goods and services to customers, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2019

Impairment provisions for current and non-current receivables are recognised based on the simplified approach within MFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the receivables. Impairment provisions are recorded in a separate provision account with the loss being recognised in the statement of income and expenditure. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Institute's financial assets measured at amortised cost comprise receivables and cash and cash equivalents in the statement of financial position.

#### Financial liabilities

The Institute classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired:

(a) Fair value through profit or loss

The Institute does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

(b) Other financial liabilities

The Institute's other financial liabilities include payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(c) Impairment on Non-Financial Assets

The carrying amounts of non-financial 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.

(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.

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2019

#### (e) Leases

##### Current financial year

The Institute applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application, if any, is recognised in accumulated funds at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported. The lease contract entered into by the Institute in prior years had expired during the year. Hence, it was not reassessed during the year and the adoption of MFRS 16 has no impact to the comparative information. The details of the changes in accounting policies are disclosed below.

##### A. Definition of a lease

Previously, the Institute determined at contract inception whether an arrangement was or contained a lease under IC Interpretations 4 Determining whether an Arrangement contains a Lease. The Institute now assesses whether a contract is or contains a lease based on the definition of a lease and related guidance set out in MFRS 16.

The Institute has made use of the practical expedient available on transition to MFRS 16 not to reassess whether a contract is or contains a lease. The Institute applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretations 4 were not reassessed for whether there is a lease under MFRS 16. Therefore, the definition of a lease under MFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

##### B. As a lessee

As a lessee, the Institute leases a photocopier machine. The Institute previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Institute. Under MFRS 16, the Institute recognises right-of-use assets and lease liabilities for these leases – i.e. these leases are on-balance sheet.

##### C. Impact on transition

On transition to MFRS 16, the Institute recognised

- (a) right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments; and
- (b) depreciation of right-of-use assets and interest on lease liabilities in the statement of income and expenditure.

##### Previous financial year

##### 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 based on the consideration specified in a contract with a customer. The Institute recognises income when it transfers control over a good or service to a customer and specific recognition criteria have been met for each of the Institute's activities as follows:

- 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.

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2019

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2019

#### (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

In the process of applying the Institute's accounting policies, which are described in Note 3, the Council members are of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

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

The key assumptions 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 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 estimates the useful lives of these property, plant and equipment to be between 2.5 to 50 years. These are common life expectancies applied in businesses. The carrying amounts of the Institute's property, plant and equipment at 31 December 2019 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

### YEAR ENDED 31 DECEMBER 2019

#### 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 2019	1,967,425	104,015	105,930	39,476	33,363	2,250,209
Additions	-	2,779	-	450	-	3,229
At 31 December 2019	1,967,425	106,794	105,930	39,926	33,363	2,253,438
<b>Accumulated depreciation</b>						
At 1 January 2019	380,124	57,031	62,446	28,636	20,402	548,639
Charge for the year	39,349	10,605	10,593	9,581	3,335	73,463
At 31 December 2019	419,473	67,636	73,039	38,217	23,737	622,102
<b>Carrying amount</b>						
At 31 December 2019	1,547,952	39,158	32,891	1,709	9,626	1,631,336
<b>Cost</b>						
At 1 January 2018	1,967,425	186,057	209,227	438,163	74,426	2,875,298
Additions	-	3,380	-	3,658	-	7,038
Written off	-	(85,422)	(103,297)	(402,345)	(41,063)	(632,127)
At 31 December 2018	1,967,425	104,015	105,930	39,476	33,363	2,250,209
<b>Accumulated depreciation</b>						
At 1 January 2018	340,775	130,245	151,035	413,833	58,129	1,094,017
Charge for the year	39,349	10,867	12,509	16,676	3,335	82,736
Written off	-	(84,081)	(101,098)	(401,873)	(41,062)	(628,114)
At 31 December 2018	380,124	57,031	62,446	28,636	20,402	548,639
<b>Carrying amount</b>						
At 31 December 2018	1,587,301	46,984	43,484	10,840	12,961	1,701,570



## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2019

#### 6. Right-Of-Use Asset

	Office equipment RM
<b>Cost</b>	
At 1 January 2019	-
Addition	50,710
At 31 December 2019	50,710
<b>Accumulated depreciation</b>	
At 1 January 2019	-
Charge for the year	1,690
At 31 December 2019	1,690
<b>Carrying amount</b>	
At 31 December 2019	49,020

The Institute leases a photocopier machine for a lease term of 5 years. The maturity analysis of lease liability is presented in Note 11.

#### 7. Deferred Tax Asset

	2019 RM	2018 RM
At 1 January	2,000	26,000
Recognised in statement of income and expenditure (Note 15)	43,000	(24,000)
At 31 December	45,000	2,000

The components and movement of deferred tax asset at reporting date are as follows:

	Property, plant and equipment RM	Deferred income RM	Unabsorbed capital allowance and tax losses RM	Total RM
At 1 January 2018	3,000	23,000	-	26,000
Recognised in statement of income and expenditure	(12,000)	(16,000)	4,000	(24,000)
At 31 December 2018/ 1 January 2019	(9,000)	7,000	4,000	2,000
Recognised in statement of income and expenditure	(1,000)	3,000	41,000	43,000
At 31 December 2019	(10,000)	10,000	45,000	45,000

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2019

#### 8. Other Receivables

	2019 RM	2018 RM
Other receivables	259,174	185,722
Deposits	17,143	17,043
	<b>276,317</b>	<b>202,765</b>

The Institute has recognised a total bad debt written off of RM22,799 (2018: RM56,088) in the Statement of Income and Expenditure during the year.

#### 9. Deposits With Licensed Banks

	2019 RM	2018 RM
As presented in statement of financial position	7,410,000	7,110,000
Deposits with maturity more than 90 days	(3,160,000)	(3,360,000)
As presented in statement of cash flows	<b>4,250,000</b>	<b>3,750,000</b>

In accordance with the guidance in FRSIC Consensus 22 "Classification of Fixed Deposits and Similar Instruments as Cash and Cash Equivalents", the Institute has excluded deposits with maturity more than 90 days from cash and cash equivalents.

Information on financial risks of cash and cash equivalents are disclosed in Note 17 to the financial statements.

#### 10. Other Payables

	2019 RM	2018 RM
Other payables	882,518	852,140
Accruals	157,976	174,804
Deferred income	85,021	47,138
	<b>1,125,515</b>	<b>1,074,082</b>

Included in other payables is an amount of RM703,030 (2018: RM497,527) owing to Lembaga Hasil Dalam Negeri ["LHDNM"] being its share of profit from the National Tax Conference.

#### 11. Lease Liability

	2019 RM	2018 RM
Analysed as:		
Non-current	39,597	-
Current	9,177	-
	<b>48,774</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2019

#### 11. Lease Liability

	2019 RM	2018 RM
Maturity analysis:		
Year 1	9,177	-
Year 2	9,636	-
Year 3	10,118	-
Year 4	10,624	-
Year 5	9,219	-
	48,774	-

#### 12. 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.

#### 13. National GST Conference

The National GST Conference ["NGC"] is jointly organised by the Institute and Royal Malaysian Customs Department ["RMCD"] on a yearly basis until 2018 when GST was abolished. The income from NGC represents the Institute's share of net income after deducting expenditure and RMCD's share of profits.

#### 14. National Indirect Tax Conference

The National Indirect Tax Conference ["NITC"] is jointly organised by the Institute and RMCD. The income from NITC represents the Institute's share of net income after deducting expenditure and RMCD's share of profits.

#### 15. Tax (Income)/Expenses

	2019 RM	2018 RM
Malaysia income tax:		
Current year	-	8,380
(Over)/under provision in respect of prior year	(21,122)	11,317
	(21,122)	19,697
Deferred tax (Note 7):		
Current year	(43,000)	24,000
	(64,122)	43,697

Malaysian income tax is calculated at the average tax rate of 6.57% (2018: 6.57%) on the first RM70,000 (2018: RM70,000) and at the statutory tax rate of 21% (2018: 21%) on the balance of the chargeable income of the estimated taxable surplus for the year.

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

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2019

#### 15. Tax (Income)/Expenses

	2019 RM	2018 RM
Surplus before tax	82,576	432,062
Tax at average tax rate of 6.57% (2018: 6.57%) on the first RM70,000 (2018: RM70,000)	4,600	4,600
Tax at statutory tax rate of 21% (2018: 21%) on the balance of chargeable income	2,641	76,033
Non-taxation income	(86,171)	(84,766)
Expenses not deductible for tax purposes	25,830	36,513
Effect of difference in tax rate	10,100	-
(Over)/under provision of taxation in respect of prior year:		
Malaysia income tax	(21,122)	11,317
Tax expenses	(64,122)	43,697

#### 16. 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.

	2019 RM	2018 RM
Future minimum lease payment: Within one year	-	10,648

#### 17. 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 obtains 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 monitors 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 instruments.

The following tables set out the carrying amount, 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

### YEAR ENDED 31 DECEMBER 2019

	Note	WAEIR per annum %	Within 1 year RM	1 - 5 years RM	Total RM
<b>At 31 December 2019</b>					
<b>Financial asset</b>					
<u>Fixed rate:</u>					
Deposits with licensed banks	9	2.60%	7,410,000	-	7,410,000
<b>Financial liability</b>					
<u>Fixed rate:</u>					
Lease liability	11	5.00%	9,177	39,597	48,774
<b>At 31 December 2018</b>					
<b>Financial asset</b>					
<u>Fixed rate:</u>					
Deposits with licensed banks	9	2.83%	7,110,000	-	7,110,000

#### (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 and when 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 2019</b>				
Other payables	10	1,125,515	-	1,125,515
Lease liability	11	9,177	39,597	48,774
<b>At 31 December 2018</b>				
Other payables	10	1,074,082	-	1,074,082



## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2019

#### 18. Financial Instruments

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

	Note	2019 RM	2018 RM
<b>Financial assets</b>			
Amortised cost:			
Other receivables	8	276,317	202,765
Deposits with licensed banks	9	7,410,000	7,110,000
Cash and bank balances		603,670	657,118
		8,289,987	7,969,883
<b>Financial liabilities</b>			
Amortised cost:			
Other payables	10	1,125,515	1,074,082
Lease liability	11	48,774	-
		1,174,289	1,074,082

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

The carrying amounts of long-term receivables and payables recorded at amortised cost are reasonable approximation of their fair values as the effective interest rate is considered to be the market rate.

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

#### 19. 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.



CHARTERED TAX INSTITUTE OF MALAYSIA  
Registration No. 199101015438 (225750-T)

## ADMINISTRATIVE DETAILS OF THE 28<sup>TH</sup> ANNUAL GENERAL MEETING

Date : **Saturday, 12 September 2020**  
Time : **9.30 a.m. (Refreshments will be provided from 8.30 a.m.)**  
Venue : **Conference Hall 2, West Wing, Level 3, Kuala Lumpur Convention Centre, 50088 Kuala Lumpur**

### COVID-19 – Preventive Measures

In view of the Covid -19 outbreak in Malaysia and globally, certain precautionary measures will be implemented as your health and safety is our utmost priority.

- Kuala Lumpur Convention Centre (KLCC)/CTIM will be implementing temperature screening on every person and any person with temperature exceeding 37.5 degrees Celsius WILL NOT be admitted to the premises.
- If you have fever, cough, flu, shortness of breath or breathing difficulties, we strongly advise you to refrain from attending the AGM.
- You are also strongly advised to refrain from attending the AGM if you had recently travelled overseas in the last 14 days or if you were in close contact with someone who had travelled overseas or with someone who is infected with COVID-19.
- KLCC will maintain physical distancing of 1 metre between the members throughout the meeting and every person is also advised to maintain a distance of 1 metre from one another.
- Hand sanitisers will be provided at the registration and also at the entrance of the conference hall.
- All members are advised to wear a mask at all times (You will not be permitted to enter the premise without a mask).
- Members are advised to use the KLCC entrance facing Jalan Pinang, as this will be the only entrance that will be open whilst the RMCO is still in order. Parking at KLCC basement is subject to hourly rate of RM5 for the first hour & RM4 for each subsequent hour. No validated parking rate is accorded by the KLCC carpark operator.

### Registration

1. Registration will start at 8.30 a.m. and close at 9.45 a.m.
2. Please produce your Identity Card (IC) for verification and quote your membership number at the registration counter.
3. An identification tag will be issued upon registration.
4. 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 Constitution, a member whose subscription is overdue as at 1 May 2020 (relaxed to 1 August 2020 due to Covid-19) 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.

### Quorum

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



CHARTERED TAX INSTITUTE OF MALAYSIA  
Registration No. 199101015438 (225750-T)

## ADMINISTRATIVE DETAILS OF THE 28<sup>TH</sup> ANNUAL GENERAL MEETING

### Form of Proxy

The duly completed form of proxy with the original signatures of the member and the witness must be deposited at **Boardroom Share Registrars Sdn Bhd (Registration No: 199601006647 (378993-D)), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not later than 9.30 a.m. on Thursday, 10 September 2020.**

The form of proxy is attached together with the 2019 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:-
  - Ink used on the ballot paper and marked "X" is not visible; or
  - Correction fluid or tape is used on the ballot paper.

### Communication Guidance

Members are also reminded to monitor the Institute's website and announcements for any changes to the 28th Annual General Meeting arrangements.

### Important Notice

Please bring the 2019 Annual Report with you.

**Note:** The 27th Annual General Meeting (AGM) Minutes will not be tabled for discussion at the forthcoming AGM. Members are advised to review the Minutes of the 27th AGM held on 22 June 2019 on the Institute's website under "Members Only". Issues may be raised provided due notice is given to the Secretariat in accordance with item 6 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 - Eighth (28th) Annual General Meeting of the Institute to be held at Conference Hall 2, West Wing, Level 3, Kuala Lumpur Convention Centre, 50088 Kuala Lumpur on Saturday, 12 September 2020 at 9.30 a.m.

\* *Strike out whichever is not desired*

No.	Resolution	For	Against
1.	To elect not more than four (4) Council Members for the 2020/2024 term by secret ballot. <i>(Ballot papers for secret ballot will be provided to each proxy holder on registration of the proxy holder on 12 September 2020 before the commencement of the Annual General Meeting at 9.30 a.m.)</i>	N/A	
2.	To re-appoint the Auditors for the ensuing year. <i>(See note below)</i>		
3.	Proposed Adoption of a New Constitution of the Institute <i>(Ballot papers for secret ballot will be provided to each proxy holder on registration of the proxy holder on 12 September 2020 before the commencement of the Annual General Meeting at 9.30 a.m.)</i>	N/A	

**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 the vote for Resolution 2 invalid

Signed this ..... day of ..... 2020

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 2020 (relaxed to 1 August 2020 due to Covid-19) 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:
  - the instrument appointing a proxy shall be in the form specified above and can be downloaded from the Institute's Website under 'Members Only';
  - 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
  - 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, 12 September 2020, the instrument appointing a proxy must be deposited at Boardroom Share Registrars Sdn Bhd (Registration No: 199601006647 (378993-D)), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not later than 9.30 a.m. on Thursday, 10 September 2020.





