



2016 ANNUAL REPORT



CONTENTS

| | |
|--|---------|
| Notice of Annual General Meeting | 2 |
| Mission Statement | 3 |
| The Council 2016/2017 | 4 - 5 |
| Branch Offices / Secretariat | 6 |
| President's Statement | 7 - 8 |
| Report of the Council for 2016/2017 | 9 - 16 |
| Committees - 2016/2017 | 17 - 21 |
| Calendar of CPD Events 2016/2017 | 22 - 25 |
| Pictorial Highlights 2016/2017 | 26 - 28 |
| Financial Statements for the year ended 31 December 2016 | 29 - 55 |
| Others | |
| * Administrative details of the Annual General Meeting | |
| * Form of Proxy | |

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting of the Chartered Tax Institute of Malaysia ("the Institute") will be held on Saturday, 17 June 2017 at 9.30 a.m. at the Ballroom, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur.

AGENDA

1. President's address.
2. To receive the Annual Report and Financial Statements of the Institute for the year ended 31 December 2016 and the Report of the Auditors thereon.
3. To elect four (4) Council Members for the 2017/2021 term.
 - 3(a) Nicholas Anthony Crist and Yeo Eng Ping retire pursuant to Article 59 and being eligible offer themselves for re-election.

Aruljothi A/L Kanagaretnam and Renuka Thuraisingham retire pursuant to Article 59 and will not be seeking re-election at the forthcoming Annual General Meeting.
 - 3(b) Pursuant to Article 57(ii) and the nominations received, the following persons have offered themselves for election as new members of the Council:-
 - (i) Leow Mui Lee
 - (ii) Lew Nee Fook @ Liu Nee Choong
 - (iii) Dr. Zulfahmy Bin Ibrahim
4. To appoint Messrs Sekhar & Tan as the Auditors in place of the retiring Auditors, Messrs Morison Anuarul Azizan Chew for the ensuing year at a remuneration to be determined by the Council Members.
5. Any other business for which due notice has been given to the Institute

By Order of the Council

Cynthia Louis (MAICSA 7008306)
Chew Mei Ling (MAICSA 7019175)
Secretaries

26 May 2017

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 2017 shall not be entitled to vote on any question either personally or by proxy at any General meeting of the Institute or at a poll.
- (c) The proxy shall not be entitled to vote at a meeting of the Institute unless the instrument of appointment has been deposited at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor not less than forty-eight hours before the time fixed for the meeting.
- (d) A Member entitled to be present and vote at a meeting shall submit any motion which has been duly seconded, to any General Meeting, provided that in the case of an ordinary resolution, he shall serve upon the Institute at least ten (10) clear days before the day appointed for the meeting, a notice in writing by him containing the proposed ordinary resolution, and stating his intention to submit the same.

MISSION STATEMENT



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

THE COUNCIL 2016 / 2017

2016/2017
Attendance Report

PRESIDENT

Aruljothi A/L Kanagaretnam 5

DEPUTY PRESIDENT

Seah Siew Yun 5

COUNCIL MEMBERS

Poon Yew Hoe 4

Renuka Thuraisingham 4

Nicholas Anthony Crist 2

Yeo Eng Ping 3

Farah Binti Rosley 3

Goh Lee Hwa 4

Datuk Harjit Singh Sidhu A/L Bhagwan Singh 3

Koong Lin Loong 2

K. Sandra Segaran A/L Karupiah 3

Lai Shin Fah @ David Lai 2

Phan Wai Kuan 3

Mohd Noor Bin Abu Bakar 5

Chow Chee Yen 3

Chow Tuck Him 4

No of meetings: 5

Auditors

Messrs Morison Anuarul Azizan Chew

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

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THE COUNCIL 2016 / 2017



Front row (from left)

Mohd Noor Bin Abu Bakar, Nicholas Anthony Crist, Seah Siew Yun, Aruljothi A/L Kanagaretnam,
Poon Yew Hoe, Yeo Eng Ping, K. Sandra Segaran A/L Karupiah

Back row (from left)

Chow Chee Yen, Farah Binti Rosley, Datuk Harjit Singh Sidhu A/L Bhagwan Singh, Goh Lee Hwa,
Phan Wai Kuan, Renuka Thuraisingham, Lai Shin Fah @ David Lai, Chow Tuck Him



Koong Lin Loong

BRANCH OFFICES

East Coast Branch

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

Malacca Branch

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

Southern Branch

Chairman: Bernard Wong Kok Keong
Address: ABT Consulting
No 21-01, Jalan Padi Emas 3/1
Bandar Baru Uda
81200 Johor Bahru, 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
96, 1st Floor, Jalan Petanak
93100 Kuching, Sarawak

Sabah Branch

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

SECRETARIAT

Executive Director

P Thomas Simon

Continuing Professional Development (CPD)

Nursalmi Haslina Mohd Rusli

Corporate Support Services

(Finance, Human Resources, Membership)
Hemalatha Renganathan

Education, Examinations & Editorial

Jeeva Jothy Satchithanandan

Technical

Lim Kok Seng

PRESIDENT'S STATEMENT

Dear Members,

At the forthcoming Annual General Meeting (AGM) on 17 June 2017, I will be chairing the AGM which will be my last act as your President and thereafter I will be stepping down as the President of the Institute. Although I will not be with the Institute in an official capacity, I will continue to assist the Institute in any way possible. I would like to thank my Deputy President, Council Members, Committee/Working Group members and the Secretariat for their full support and commitment during my presidency. I would also like to thank all members who have supported the Institute by participating in CTIM activities, responding to requests for comments/feedback and attending the various CPD events.

The Institute has had another successful year in spite of the difficult economic environment. This is reflected in the Institute's financial surplus for the financial year ended 31 December 2016 in terms of profit before tax of RM0.37 million (2015: RM0.97 million) and revenue of RM3.3 million (2015: RM5.16 million). The Institute's financial statements are strong with available cash of RM6.4 million (2015: RM6.1 million). These are largely due to the hard work of everyone involved in increasing the profile and visibility of the Institute as a premier body for tax professionals.

The CTIM Silver Jubilee Dinner was successfully held at the One World Hotel in Petaling Jaya on 5 May 2017, to celebrate the Institute's 25th Anniversary. The Guest of Honour was YBhg Datuk Sabin bin Samitah, Chief Executive Officer of Lembaga Hasil Dalam Negeri Malaysia. Other key dignitaries who attended included YBhg Dato' Indera Subromaniam Tholasy, Director General of Customs, Royal Malaysian Customs Department. In all, more than 270 people attended the dinner which also included an entertainment programme and the launching of the new CTIM lapel pins to commemorate the occasion.

Various Committees and Working Groups have worked diligently to prepare and submit various papers and memoranda to the authorities during the year (2016/2017 term) which are summarised below.

Technical Committees

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

(A) Working with the Royal Malaysian Customs Department (RMCD)

- Participated and raised issues in the Customs-Private Sector Consultative Panel meetings and the GST Implementation Technical Committee meetings.
- Working with CPD in organising seminars and GST training courses with the RMCD leading towards participants qualifying for the proposed GST Tax Agent licence.

(B) Interaction with Ministry Of Finance (MOF)

- Submitted 2017 Budget proposals to MOF and participated in the 2017 Budget Consultation session chaired by the Prime Minister.
- Submitted feedback on the income tax treatment of software expenditure as set out in the Public Ruling 2/2014; practical issues arising from the implementation of the LHDNM's Guidelines on the Tax Treatment related to the Implementation of MFRS 121 (or other Similar Standards); Stamp (Amendment) Bill 2016; transfer pricing issues; and indirect tax issues arising from the 2017 Budget and Finance Bill 2016.

(C) Engagement with Inland Revenue Board of Malaysia (LHDNM)

- Submitted a joint memorandum on the issues arising from the 2017 Budget and Finance Bill 2016; and various memoranda on technical and operational issues during the year.
- Submitted feedback on LHDNM Guidelines on Deduction for Expenses in Relation to Secretarial Fee and Tax Filing Fee; LHDNM's draft Guidelines on Estimate of Tax Payable; tax issues related to real property gains tax and the digital economy.
- Commented on the various draft Public Rulings.
- Participated in the Dialogue on the 2017 Budget and Finance Bill 2016; Dialogue to discuss the draft Country-by-Country Reporting Rules; and Bengkels and DESIRE meeting on non-technical compliance and operational issues.

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

The FGPT is looking into steps to improve the tax administration of the country especially in the following areas:-

- Proposals to simplify the tax system e.g. improving post-tax filing audits, LHDNM's Client Charter, improvement to the Form C, simplifying GST returns, reducing the frequency of GST filing, improving refund procedures, publishing of GST Appeal Tribunal Cases, etc.

Feedback was submitted to the FGPT on the time bar of 7 years for Transfer Pricing Audits.

(E) Engagement with Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)

- Participated in briefings hosted by MDTCC on the proposed mechanism for determining profiteering under the Price Control and Anti-Profiteering Act 2011.

PRESIDENT'S STATEMENT *(cont'd)*

Public Practice Development

The following activities took place during the year:-

- Submitted a joint memorandum to MOF on issues arising from conditions for renewal of GST tax agent licence. The joint memorandum included recommendations to address the first time and subsequent renewal of GST tax agent licence. The MOF responded positively by granting a special automatic approval for all applications for first time renewal of GST tax agent licence in the transition period up to 31 March 2020, subject to the online submission of a completed application for renewal.
- Members' dialogues were conducted at CTIM Branches in Ipoh, Penang, Kuantan and Johor Bahru on various operational and technical issues.

Continuing Professional Development

During the year, the CPD Committee, CTIM Secretariat and CTIM Branches have been busy in organising CPD events such as the following:-

- National Tax Conference (NTC) 2016, National GST Conference (NGC) 2017, 2017 Post-Budget Seminars, Training Course for the GST Tax Agent (6 days), various seminars and workshops on direct taxes and GST.

I am pleased to inform that the attendance of the Institute's Post-Budget Seminars has been on an increase with a record number of more than two thousand participants turning up for the CTIM 2017 Post-Budget Seminars which were held at several cities/major towns throughout Malaysia.

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

The LHDNM and the Institute are jointly organising the NTC 2017 from 25 July 2017 to 26 July 2017 and this event will be held at the Kuala Lumpur Convention Centre. Do register early as places are limited.

Examinations and Education Committee

- CTIM Professional Examinations**
The 2016 CTIM Professional Examinations were held in June and December in 9 centres throughout Malaysia. A review of the syllabus for all subjects was embarked on following the implementation of the Companies Act 2017 and various changes to the tax legislations. Following the review, changes to the syllabus are being moderated and will be presented for approval.
- Student Membership**
The student membership was reviewed and a process embarked on to bring the student membership up to date as per the requirements in the Student Guidelines.
- Career Talk**
A career talk was conducted in conjunction with UTAR Kampar Campus' Information Day. Students were given career guidance on taxation and information on CTIM student membership requirements.

Membership

CTIM membership continues to be well sought after with the current CTIM membership of more than 3,400 members.

The Council has resolved to increase the membership fees for fellow and associate members in respect of the forthcoming year 2018 by RM50 to enable the Institute to reduce the significant gap in funding of its yearly operational expenses. Currently, the membership fees cover only approximately 30% of the operational cost and the funding gap has been mitigated by CPD income and surpluses from the NTC and NGC. Future surpluses from the NTC and NGC will be under financial stress as increases in participation fees will be less than cost increases.

Tax Guardian

The Tax Guardian is the only Malaysian journal which is wholly specialised in tax and is very useful in keeping tax practitioners technically knowledgeable and up to date with the latest tax articles contributed by local subject matter experts from the private sector and LHDNM.

As my tenure as President of the Institute comes to an end at this forthcoming AGM, I would like to wish my successor and the Council all the best and success in bringing the Institute forward to greater heights.

Thank you.

Aruljothi A/L Kanagaretnam

President

Chartered Tax Institute of Malaysia

REPORT OF THE COUNCIL FOR 2016 / 2017

COMMITTEE REPORTS

CONTINUING PROFESSIONAL DEVELOPMENT (CPD) COMMITTEE

During the year, the CTIM Secretariat and CTIM Branches have been busy in organising CPD events such as the National Tax Conference 2016, National GST Conference 2017, 2017 Post-Budget Seminars, various seminars and workshops on direct taxes and GST. The number of CPD events conducted by the Institute in the year 2016 increased by 7% compared to the previous year. This includes the events held in collaboration with the other professional bodies namely ACCA and MAICSA.

2017 POST-BUDGET SEMINARS

The Institute organised nationwide Post-Budget Seminars to update its member and the public with a practical understanding on the key tax changes presented in the 2017 Budget Proposals. Record attendance was achieved with a total of 2001 attendees which is a 7% increase from the previous year. In addition, an additional venue in Petaling Jaya was added to this series of Post-Budget Seminars to meet demand in the Klang Valley.

GST EVENTS (HALF-DAY TALK ON GST UPDATES, GST TRAINING COURSE AND GST SEMINAR)

The recent 2017 Budget announcement and Finance Bill 2016 on changes to GST affects most GST registered organisations. Therefore, the Institute in collaboration with the Royal Malaysian Customs Department (RMCD) organised a series of half-day talks on the latest updates on GST in Kuala Lumpur and its 7 branches namely Johor Bahru, Penang, Kota Kinabalu, Kuching, Ipoh, and Malacca from 14 November to 15 December 2016. A total of 323 participants attended this half-day talk. In addition, there was only one session of the 6-day GST Training Course organised with the RMCD for the purpose of applying for the GST Tax Agent license under Section 170 of the GST Act 2014. For the first time, a series of seminars entitled "GST & Customs Health Check" was organised nationwide with the various tax lawyers and a speaker from RMCD.

16TH NATIONAL TAX CONFERENCE 2016

The Institute and the Lembaga Hasil Dalam Negeri Malaysia (LHDNM) organised the 16th National Tax Conference on 9 & 10 August 2016 at the Kuala Lumpur Convention Centre. The Conference with the theme "Broadening Perspective, Enhancing our Tax Base" was officiated by YB Datuk Johari Abdul Ghani, Minister of Finance II. The NTC 2016 was concluded on a successful basis in that participation by public paid participants was slightly higher than the previous year.

3RD NATIONAL GST CONFERENCE 2017

The Institute had successfully jointly organised the 3rd National GST Conference 2017 with the Royal Malaysian Customs Department (RMCD) on 28 February and 1 March 2017 at the Kuala Lumpur Convention Centre. The Conference with the theme "Managing the GST Ecosystem" was officiated by YB Dato' Wira Othman Aziz, Deputy Finance Minister I. More than 1,200 participants were registered for the Conference that includes invited guests, speakers, moderators, panel members and RMCD officers and their guests.

EDITORIAL COMMITTEE

The Tax Guardian, the quarterly official journal of the Chartered Tax Institute of Malaysia continues to receive rave reviews from various readers. The Tax Guardian carry a wide range of articles, contributed by practitioners and experts in their respective fields on tax issues touching both locally and internationally.

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

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

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

REPORT OF THE COUNCIL FOR 2016 / 2017 (cont'd)**EXAMINATIONS AND EDUCATION COMMITTEE**

The 2016 CTIM Professional Examinations in June was held in the week commencing 27th and the December examination was held in the week commencing 19th. The examinations were held in 9 centres throughout Malaysia.

The Examination and Education Committee embarked on reviewing the syllabus for all subjects for the CTIM Professional examinations following the implementation of the Companies Act 2017 and the various changes in Tax legislations.

The syllabus for all subjects had been reviewed and the necessary changes effected. The changes to the syllabus are currently being moderated and subsequently will be presented for approval.

The Secretariat conducted a review of student membership and embarked on a process of bringing the student membership up to date per the requirements stated in the Student Guidelines.

A career talk was conducted at UTAR Kampar Campus for their Information Day on 22 March 2017. This event was attended by the CTIM Branch members and CTIM Examinations and Education Committee representative who provided career guidance on Taxation and the requirements for CTIM student membership, membership information and shared their working experiences as tax professionals with students there.

MEMBERSHIP SERVICES COMMITTEE

As at 30 April 2017 there are 3,435 members comprising 628 Fellow members, 2,796 Associate members and 11 Provisional members (30 April 2016: 3,378 members).

The Council resolved that the membership fees shall be increased as follows in respect of the forthcoming year 2018.

| Membership Categories | Current Fee | Fee applicable from 2018 |
|-----------------------|-------------|--------------------------|
| Fellow | RM 250 | RM 300 |
| Associate | RM 200 | RM 250 |

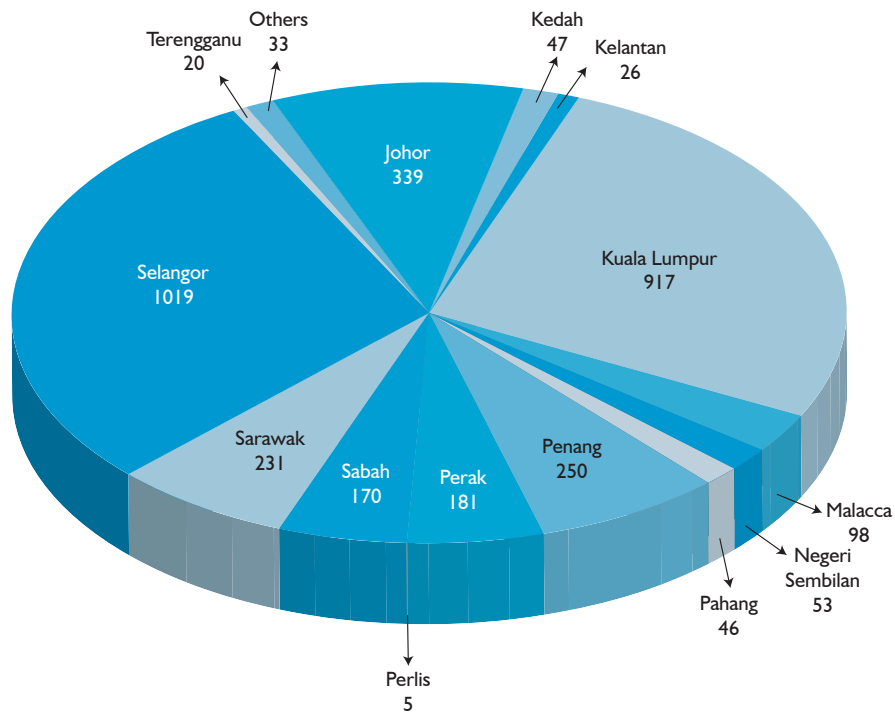
The Council has resolved to increase the membership fees due to the following reasons:-

- The previous increase in membership fees was in 2007. The increase in fees will enable the Institute to reduce the significant gap in funding of the yearly operational expenses of the Institute.
- Currently, the membership fees cover only approximately 30% of the operational cost and has been consistently so for the last 4 prior years to 2016.
- The funding gap has been mitigated by CPD income and surpluses from the Joint Venture Conferences with Lembaga Hasil Dalam Negeri Malaysia (National Tax Conference) and Royal Malaysian Customs Department (National GST Conference).
- If the National Tax Conference and the National GST Conference surpluses are excluded, the Institute will be running at a deficit.
- The Council is of the view that future surpluses from the Joint Venture Conferences will be under financial stress as increases in participation fees will be less than cost increases.

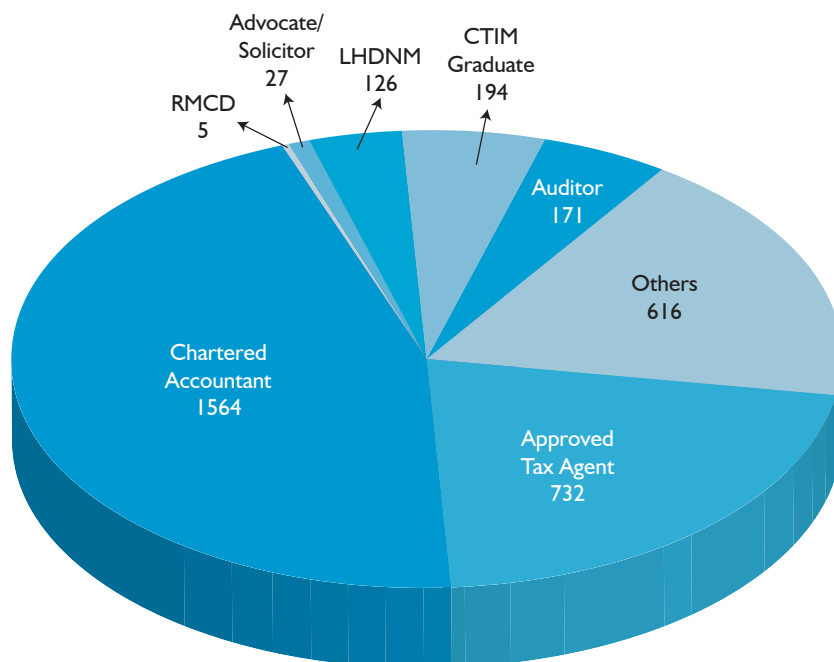
REPORT OF THE COUNCIL FOR 2016 / 2017 *(cont'd)*

Membership Profile

By States



By Employment



REPORT OF THE COUNCIL FOR 2016 / 2017 (cont'd)**TECHNICAL COMMITTEE - DIRECT TAX I (TC-DT I)**

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

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

- **2017 Budget & Finance Bill 2016**

Activities carried out by the TC-DT I in relation to the 2017 Budget include the following:-

- Preparation and submission of Memorandum of proposals for the 2017 Budget to MOF
- Participation in the 2017 Budget Consultation session chaired by the Prime Minister
- Preparation and submission of a memorandum on the issues arising from the 2017 Budget and Finance Bill 2016 to the MOF and LHDNM in November 2016. This was a joint submission with the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Chartered Secretaries and Administrators (MAICSA);
- Participation in the post-Budget 2017 dialogue with LHDNM, MOF and other professional bodies in January 2017.

- **Technical and Compliance/Operational issues**

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

- Income tax treatment of software expenditure as set out in the Public Ruling 2/2014 on Qualifying Plant & Machinery for Claiming Capital Allowances
 - Engaging the LHDNM and MOF on the tax treatment of software expenditure as set out in the above public ruling
 - Preparation and submission of a paper setting out the committee's proposed treatment of software expenditure to MOF, LHDNM and Malaysian Digital Economy Corporation Sdn Bhd (MDEC) in March 2017.
- Submission of issues arising from the LHDNM Guidelines on Deduction for Expenses in Relation to Secretarial Fee and Tax Filing Fee to LHDNM in March 2017.

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

- 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. Thirteen (13) draft Public Rulings have been reviewed by the JPRWG in the period from May 2016 to April 2017.
- Non-technical compliance and operational issues
 - Submission of compliance and operational issues to LHDNM and participation in LHDNM's Bengkel 1/2016 and 2/2016, and DESIRE meeting 1/2016. LHDNM's responses to the issues raised have been circulated to members via e-Circular.
 - Provided feedback/comments on LHDNM's draft *Guidelines on Estimate of Tax Payable under S.107C of the Income Tax Act 1967* to LHDNM.
 - Requested LHDNM to rectify its system to allow SMEs to submit the Form e-CP204 for the first two years of assessment (YA) without furnishing the estimate of tax payable, in view of the compulsory requirement to submit the CP204 via e-filing from YA 2018 onwards.
 - Obtained clarification from LHDNM on various matters including: new disclosure requirements in the Form C for YA 2016, setting off of tax credits against tax instalments, e-filing of the Form CP204 for a tax estimate which is lower than the amount stated in the Income Tax Act, and new requirement for the completion of the Form C.P8D for year of remuneration 2016.

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

The Joint Tax Working Group on Financial Reporting Standards (JTWG-FRS) is a committee jointly formed by CTIM, MIA and MICPA.

The JTWG-FRS met with MOF and LHDNM in September 2016 to discuss the practical issues arising from the implementation of the LHDNM's Guidelines on the Tax Treatment Related to the Implementation of MFRS 121 (Or Other Similar Standards) and presented its proposal for their consideration.

- **Participation in Focus Group on Paying Taxes**

The Institute participates in the Focus Group on Paying Taxes (FGPT), a sub-committee of the PEMUDAH, and provides inputs to proposals to simplify the tax system. Among matters discussed by the FGPT during the financial year are: improving post-tax filing audits, LHDNM's Client Charter, and improvement to the Form C.

REPORT OF THE COUNCIL FOR 2016 / 2017 (cont'd)

• Other activities

The Institute participated in the Malaysian Accounting Standards Board - Convergence Task Force (MASB-CTF) meeting in July 2016.

• Technical Circulars

In keeping members up-to-date with tax developments and announcements from LHDNM, the Institute issued 114 e-CTIMs on direct tax matters from mid-April 2016 to mid-April 2017.

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

The Technical Committee - Direct Tax II (TC-DT II) continues to focus on tax issues under its purview relating to stamp duty, real property gains tax (RPGT), tax incentives, capital market transactions, etc. The TC-DT II has also started to look into the specific area of the digital economy. Additionally, it was also involved in preparing the Institute's 2017 Budget Proposals to the Ministry of Finance (MOF) with the other Technical Committees.

2017 Budget Proposals

The MOF invited the Institute to submit proposals for inclusion into 2017 Budget via its letter dated 11 May 2016. The Institute formed a working group to study and deliberate on the important tax issues faced by the country which need to be addressed. The Institute made 12 recommendations covering the following broad areas:

- Reducing the Costs of Doing Business in Malaysia
- The Digital Economy
- Improving the Tax System for Better Compliance
- Relief for Support for the Elder Generation

The Memorandum on the 2017 Budget Proposals was submitted to the MOF on 26 May 2016.

Developments in relation to Real Property Gains Tax

The Committee followed up with the Inland Revenue Board (LHDNM) on the proposed Self-Assessment for Real Property Gains Tax, for which the Institute had previously provided comments and feedback. The LHDNM has informed the Institute that the proposed RPGT Self-Assessment System would be put on hold for the time-being. According to the LHDNM, this is due to the low level of awareness of RPGT issues amongst taxpayers and hence it was felt that taxpayers are not ready for a RPGT self-assessment system at present.

The Committee also took the initiative to study issues faced by members in complying with certain RPGT provisions. It was thought that the issues surrounding the determination of RPC companies requires a review by the authorities along with the valuation of RPC shares in certain circumstances. A memorandum was prepared and submitted to the authorities on 6 April 2017.

The Digital Economy

With the rapid development of the digital economy, taxation issues are becoming more complicated and present a new challenge, particularly in view of the recent changes to the definition of the term 'royalty' in the Income Tax Act, 1967. The Committee has studied some digitised transactions and deliberated on some pertinent tax issues which need to be addressed or reviewed by the authorities to provide certainty to taxpayers and to improve tax compliance, while ensuring that Malaysia remains competitive and operates a 'business-friendly' environment. A Memorandum on the Digital Economy has been prepared to provide our feedback and to seek clarification from the LHDNM. The Memorandum was sent to the authorities on 6 April 2017.

Memorandum on the Stamp (Amendment) Bill 2016

Following the two briefing sessions with major stakeholders in previous years, the authorities have finalised the Stamp (Amendment) Bill 2016 (the Bill) and tabled it in Parliament on 23 November 2016. However, the Bill did not proceed after the first reading.

The full text of the Bill was released prior to the proposed second reading in Parliament and the Committee set up a special Stamp Duty Task Force to study the proposed amendments. The Committee deliberated on the proposed amendments and it was found that some of the amendments could have a significant impact on businesses and the national economy as a whole and hence the Task Force put together a memorandum on Comments on the Stamp (Amendment) Bill 2016 to highlight the Institute's concerns and recommendations. This was submitted to the MOF on 8 February 2017 with a copy to the LHDNM. The intention was to ensure that our comments were received by the authorities before the second reading in Parliament. We have recently been advised by the MOF that the Bill has been withdrawn at present and that certain provisions are being reviewed. It is hoped that the MOF will take into account the feedback from the Institute and consider making the necessary changes to the Bill before it is tabled in Parliament again.

TECHNICAL COMMITTEE - INDIRECT TAX (TC-IT)

It has been a busy year for the Technical Committee for Indirect Tax with close interaction with the Royal Malaysian Customs Department (RMCD). The Committee held three (3) meetings during the term 2016-2017 and a total of 25 e-CTIMs on indirect tax have been issued since April 2016 to end of April 2017. Below is the summary of some of the key activities.

REPORT OF THE COUNCIL FOR 2016 / 2017 (cont'd)**CTIM 2017 Budget Proposals**

The Committee contributed to the Institute's proposals for the 2017 Budget submitted to the MOF on 26 May 2016. It made 5 proposals relating to Goods and Services Tax (GST) and highlighted its concerns relating to the amendments to the penalty provisions in the GST Act 2014. The authorities have considered the Institute's proposals and have addressed some of the issues in the 2017 Budget Speech and the Finance Bill 2016.

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

The Committee analysed and deliberated on the 2017 Budget Speech and Finance Bill 2016 and submitted a Memorandum on Indirect Tax Issues Arising therefrom, to the MOF on 6 December 2016. There were 13 issues raised in respect of 2017 Budget Speech and Finance Bill 2016.

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

The TC-IT participated in four (4) TC-GST Imp Meetings during the year, chaired by the Director of GST Division, RMCD and participated by the representatives of major stakeholders. The policy and technical issues raised for deliberation by the Committee covered a wide range of GST technical issues relating to insolvency administration, property development, GST Relief Orders, imported services, input tax credit claim, disbursements and reimbursements, voluntary registration, employee benefits, imposition of penalty, cross border supply, claim of refunds, bad debts relief, GST return, designated areas transactions, etc. The minutes of the above TC-GST Imp meetings and written replies by RMCD on issues raised by the Committee were uploaded on the Institute's website for reference and guidance to members.

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

During the period from April 2016 to April 2017, the Customs and Excise Working Group (CEWG) of TC-IT has attended two (2) CPSCP meetings. The issues deliberated include self-certification regime, valuation for excise duties, Customs' agents' licensing and demerit point system, GST Guides and DG's Decisions, GST refunds, discrepancy in practices between Customs stations and Headquarters, foreign exchange rates, uCustoms, consolidated K9 submission, Customs Information System SOP (SMK), movement of critical cargo, Customs appeal process, detention of containers by Customs, etc. The minutes of the meeting were uploaded on the Institute's website.

GST Audit Framework

In response to the Institute's recommendation, the RMCD issued a GST Audit Framework, which provides guidance and procedures for a GST audit. The Committee has studied the Framework and has prepared feedback which will be sent to the RMCD.

UCustoms

Based on the RMCD's letter to stakeholders dated 23 November 2015, DagangNet Sdn. Bhd. and Edaran Tradenetwork Sdn Bhd were appointed as National Single Window Service Providers (NSW SP). Subsequently, the RMCD informed that the implementation of uCustoms is deferred to a later date to be notified.

Engagement with Focus Group of Paying Taxes (FGPT)

The Institute has participated in the FGPT, a sub-committee of PEMUDAH, which focuses on the improvement of tax system of our country to improve the World Bank ranking on Doing Business. In respect of indirect tax, efforts have been focused on simplifying GST returns, reducing the frequency of GST filing, improving refund procedures, publishing of GST Appeal Tribunal Cases, etc.

Engagement with Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) on Price Control and Anti-Profiteering

The Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) has invited the Institute to a briefing on the proposed new price control mechanism under the Price Control and Anti-Profiteering Act 2011 on 25 July 2016. Subsequently, the Enforcement Division of MDTCC has invited the Institute for the second-round consultation on the proposed mechanism for determining profiteering pursuant to Anti-Profiteering and Price Control Act 2011 on 7 October 2016. The MDTCC has also invited the Institute to attend a briefing on the "Penguatkuasaan Peraturan-Peraturan Kawalan Harga Dan Antipencatutan (Mekanisme Untuk Menentukan Keuntungan Tinggi Yang Tidak Munasabah Bagi Barangan) 2016 Di Bawah Akta Kawalan Harga Dan Antipencatutan 2011" on 13 January 2017.

Interactions with RMCD

During the period, the Institute maintained a close rapport with the RMCD. The following are some of the RMCD events in which representatives from the Committee have participated:

- The launching of "Jom Minta Resit GST" (Majlis Pelancaran Program Pemberian Insentif Kepada Pengguna Meminta Invois Bercukai) on 31 March 2016. This is a competition organised by the RMCD whereby consumers can send images of their tax invoices to RMCD to win prizes.
- The Deputy DG of the RMCD, Customs and GST, held a Briefing on the Latest Updates on GST in Ipoh on 30 April 2016. The Institute was invited and Perak Branch Chairman and members had attended the event.
- The Appreciation Night for GST Implementation organized by the RMCD on 13 March 2017.
- The Integrity Convention organized by the RMCD on 23 February 2017.

REPORT OF THE COUNCIL FOR 2016 / 2017 *(cont'd)*

TECHNICAL COMMITTEE – TRANSFER PRICING (TC-TP)

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

Interaction with Inland Revenue Board of Malaysia (LHDNM)

• Memorandum on Transfer Pricing Issues

The TC-TP submitted a memorandum on transfer pricing (TP) issues to the LHDNM in September 2016 for discussion at a dialogue. The dialogue has not been held to date.

• Introduction of Country-by-Country Reporting

In preparation for the introduction of Country-by-Country Reporting (CbCR) in Malaysia, the tax authorities have included new income tax provisions in the Income Tax Act 1967, on penalties for failure to furnish the CbCR, furnishing incorrect CbCR and failure to comply with mutual administrative assistance rules in relation to CbCR. CbCR would be applicable to ultimate parent entities which are tax resident in Malaysia with total consolidated group revenue of at least RM3 Billion in the financial year preceding the reporting financial year.

The TC-TP together with representatives of local Multi-National Enterprises (MNE) attended a dialogue hosted by LHDNM in December 2016 to discuss the draft CbCR Rules. The LHDNM also informed the attendees that the CbCR Rules will be gazetted shortly after the dialogue (Note: The CbCR Rules were gazetted on 23 December 2016); and CbCR Guidelines and revised Transfer Pricing Rules and Guidelines will follow in 2017.

• Time Bar for Transfer Pricing Audits

The time bar for Transfer Pricing (TP) Audits is 7 years whereas the time bar for non-TP Audits is 5 years. The Focus Group on Paying Taxes (FGPT), a sub-committee of PEMUDAH, invited the Institute to comment on LHDNM's justifications which it received for not being able to reduce the time bar for TP Audits. The TC-TP submitted feedback/comments on behalf of the Institute which was discussed at FGPT meetings in the first quarter of 2017. Following the meetings, the FGPT requested LHDNM to plan for a gradual reduction in the time bar for TP Audits.

Other activities

In June 2016, the TC-TP conducted three Transfer Pricing (TP) Seminars at the CTIM Training Room to promote awareness on TP matters as follows:

- TP - Introductory level (arm's length principles, TP documentation and methodology).
- TP - Intermediate level (TP audit and appeals, advance pricing arrangement and mutual agreement procedure).
- TP - Advance level (intangibles, intra-group services, financing and cost contribution arrangement).

The seminar speakers comprised of members of the TC-TP. Each seminar was fully attended and well received by the participants.

E-Circulars

3 e-CTIMs were issued in 2016 in relation to the above-mentioned TP Seminars and 6 e-CTIMs were issued in the first quarter of 2017 in relation to the gazette orders on CbCR, Common Reporting Standard and other related matters.

PUBLIC PRACTICE COMMITTEE (PPC)

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

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

The Institute (represented by the PPC) together with other professional bodies submitted a joint letter and memorandum of issues arising from conditions for renewal of GST tax agent licence to MOF in August 2016. The joint letter and memorandum sets out the issues and recommendations to address the first time and subsequent renewal of GST tax agent licence.

The MOF responded positively via their letter dated 29 September 2016, to grant a special automatic approval for all applications for first time renewal of GST tax agent licence in the transition period up to 31 March 2020. However, applicants must still submit a completed application for renewal online, before an automatic approval can be given, even though the conditions for the licence renewal have not been met.

REPORT OF THE COUNCIL FOR 2016 / 2017 *(cont'd)***Members' Dialogue at CTIM Branches**

Several Members' Dialogues were initiated by the PPC and organised by the respective CTIM Branches as follows:

| CTIM Branch | Venue | Date |
|--------------------|--------------|------------------|
| Perak | Ipoh | 16 February 2017 |
| Northern | Penang | 9 March 2017 |
| East Coast | Kuantan | 23 March 2017 |
| Southern | Johor Bahru | 10 April 2017 |

The Members' Dialogues provide a platform to understand members' issues and gather feedback from the members. Each Dialogue was well attended and received. Various operational and technical issues were discussed. The Institute was represented by the President, the PPC Chairman, and several members of the Council (Mr. Chow Chee Yen, Mr. David Lai, Ms. Goh Lee Hwa, Mr. K. Sandra Segaran, Mr. Nicholas Anthony Crist, and Ms. Yeo Eng Ping) who were among the panellists at the various venues. The President took the opportunity to speak to members on the Institute's procedures on raising issues to the tax authorities.

Public Practice Circulars

3 e-CTIMs were issued in the second half of 2016 in respect of the renewal of GST tax agent licence.

COMMITTEES 2016 / 2017

EXECUTIVE COMMITTEE

Council Members:

Aruljothi A/L Kanagaretnam (Chairman)

Seah Siew Yun

Poon Yew Hoe

Nicholas Anthony Crist

Total number of meetings held: 4

Terms of Reference

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

CONTINUING PROFESSIONAL DEVELOPMENT COMMITTEE

Council Members:

Nicholas Anthony Crist (Chairman)

Farah Binti Rosley

Others:

Lim Kah Fan

Saravana Kumar Segaran

Terms of Reference

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

OTHER CONFERENCE JOINT COMMITTEES

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

- Poon Yew Hoe (Co-Organising Chairman)
- Aruljothi A/L Kanagaretnam
- Datuk Harjit Singh Sidhu A/L Bhagwan Singh
- Mohd Noor Bin Abu Bakar

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

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

EDITORIAL COMMITTEE

Council Members:

Yeo Eng Ping (Chairman)

K. Sandra Segaran A/L Karupiah

Others:

Prof Dr Jeyapalan A/L Kasipillai

Saravana Kumar Segaran

M. Silverranie

Dr Nakha Ratnam

Venkataraman Ganesan

Thenesh Kannaa

Kenneth Yong Voon Ken

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 2016 / 2017 (cont'd)

EXAMINATIONS AND EDUCATION COMMITTEE

Council Members:

K. Sandra Segaran A/L Karuppiah (Chairman)

Chow Chee Yen

Chow Tuck Him

Others:

Prof Dr Jeyapalan A/L Kasipillai

Ong Hing Huat

Assoc Prof Dr Loo Ern Chen

Ravi Balakrishnan

Dr Nakha Ratnam

Total number of meetings held: 2

Terms of Reference - (Examinations)

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

Terms of Reference - (Education)

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

MEMBERSHIP SERVICES COMMITTEE

Council Members:

Koong Lin Loong (Chairman)

Aruljothi A/L Kanagaretnam

Phan Wai Kuan

Total number of meetings held: 1

Terms of Reference

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

COMMITTEES 2016 / 2017 (cont'd)

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

Council Members:

Phan Wai Kuan (Chairman)
Chow Chee Yen
Datuk Harjit Singh Sidhu A/L Bhagwan Singh
Farah Binti Rosley
K. Sandra Segaran A/L Karupiah
Lai Shin Fah @ David Lai
Mohd Noor Bin Abu Bakar
Nicholas Anthony Crist
Renuka Thuraisingham
Seah Siew Yun
Others:
Beh Tok Koay
Carol Eng Hooi Ling
Ng Say Guat

Total number of meetings held: 4

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

Terms of Reference

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

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

Council Members:

Renuka Thuraisingham (Chairman)
Goh Lee Hwa
K. Sandra Segaran A/L Karupiah
Phan Wai Kuan
Others:
Daniel Woo
Koo Kian Ming
Sharon Yong
Thanneermalai A/L SP SM Somasundaram
Stefanie Low Geok Ping

Total number of meetings held: 3

Terms of Reference

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

COMMITTEES 2016 / 2017 (cont'd)**TECHNICAL COMMITTEE - INDIRECT TAXATION (TC-IT)**

Council Members:

Lai Shin Fah @ David Lai (Chairman)

Koong Lin Loong

Others:

Alan Chung

Brynnar Chiam

Christian Schroeder

Huang Shi Yang

Joanne Hooi

Koh Siok Kiat

Larry James Sta Maria

Ng Sue Lynn

Saravana Kumar Segaran

Sitartha Raja Kumaran

Thanneermalai A/L SP SM Somasundaram

Tan Eng Yew

Thenesh Kannaa

Vijey R. Mohana Krishnan

Total number of meetings held: 3

Terms of Reference

1. To provide effective representation at dialogues with Government authorities on tax issues faced by members, the business community and the public at large.
2. 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.
3. To issue 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 tax practitioners.

TECHNICAL COMMITTEE – TRANSFER PRICING (TC-TP)

Council Members:

Goh Lee Hwa (Chairman)

K. Sandra Segaran A/L Karupiah

Others:

Anushia Joan Soosaipillai

Bob Kee Lin Jen

Philip Yeoh

Sokalingam Murugesan

Venkataraman Ganesan

Terms of Reference

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

COMMITTEES 2016 / 2017 *(cont'd)*

PUBLIC PRACTICE COMMITTEE

Council Members:

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

Koong Lin Loong

Lai Shin Fah @ David Lai

Others:

Bernard Wong Kok Keng

Chak Kong Keong

Choo Ah Kow

Kenny Chong Thian Poh

Ong Hing Huat

Dr Paul Ang Siew Chuan

Wong Seng Chong

Total number of meetings held: 1

Terms of Reference

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

CALENDAR OF CPD EVENTS 2016 / 2017

| Date | Training Programme | Venue |
|-----------------|--|------------------------------------|
| 6-Jun-16 | Reinvestment Allowances - Understanding Schedule 7A ITA 1967 | Kuala Lumpur |
| 9-Jun-16 | Transfer Pricing Seminar - Introductory Level | CTIM Training Room, Kuala Lumpur |
| 16-Jun-16 | GST: Practical Issues & Recent Developments | Malacca |
| 16-Jun-16 | Transfer Pricing Seminar - Intermediate Level | CTIM Training Room, Kuala Lumpur |
| 20-Jun-16 | Latest Updates on Withholding Tax and Double Taxation Agreements in 2016 | Kuala Lumpur |
| 23-Jun-16 | Transfer Pricing Seminar - Advance Level | CTIM Training Room, Kuala Lumpur |
| 24-Jun-16 | GST: Practical Issues & Recent Developments | Penang |
| 25-Jun-16 | GST: Practical Issues & Recent Developments (Re-run session) | Penang |
| 29-Jun-16 | Latest Updates on Withholding Tax and Double Taxation Agreements in 2016 | Johor Bahru |
| 30-Jun-16 | Reinvestment Allowances - Understanding Schedule 7A ITA 1967 | Ipoh |
| 13-Jul-16 | Transfer Pricing Documentation | Kuala Lumpur |
| 14-Jul-16 | GST: Practical Issues & Recent Developments | Kuala Lumpur |
| 19-Jul-16 | GST: Practical Issues & Recent Developments | Johor Bahru |
| 20-Jul-16 | Managing Tax Audits | Kuala Lumpur |
| 9 - 10 Aug 2016 | National Tax Conference 2016 | Kuala Lumpur |
| 19-Aug-16 | GST: Practical Issues & Recent Developments | Kuala Lumpur |
| 24-Aug-16 | Managing Tax Audits | Penang |
| 24-Aug-16 | Capital Allowances for Plant & Machinery | Kuala Lumpur |
| 24-Aug-16 | Transfer Pricing Documentation | Kuching |
| 25-Aug-16 | Transfer Pricing Documentation | Kota Kinabalu |
| 1-Sep-16 | Cross Border Taxation and Withholding Tax: Key Considerations | Kuala Lumpur |
| 2-Sep-16 | Transfer Pricing Documentation | Malacca |
| 8-Sep-16 | Transfer Pricing Documentation | Johor Bahru |
| 21-Sep-16 | Capital Allowances for Plant & Machinery | Ipoh |
| 28-Sep-16 | Transfer Pricing Documentation | Penang |
| 29-Sep-16 | GST: Practical Issues & Recent Developments | Kuala Lumpur |
| 10-Oct-16 | Tax Planning and Issues for Property Developers and Property Investors | Malacca |
| 17-Oct-16 | GST on Cross-Borders Transactions; Practical Implications | Kuala Lumpur |
| 17-Oct-16 | Tax Planning and Issues for Property Developers and Property Investors | Ipoh |
| 17-Oct-16 | CTIM - MAICSA: Module I (in collaboration with MAICSA) | MAICSA Training Room, Kuala Lumpur |

CALENDAR OF CPD EVENTS 2016 / 2017 (cont'd)

| Date | Training Programme | Venue |
|-----------|--|------------------------------------|
| 1-Nov-16 | CTIM - MAICSA: Module 2 (in collaboration with MAICSA) | MAICSA Training Room, Kuala Lumpur |
| 3-Nov-16 | 2017 BUDGET SEMINAR | Kuala Lumpur |
| 14-Nov-16 | Half Day Talk: Updates on GST | Kuala Lumpur |
| 14-Nov-16 | Half Day Talk: Updates on GST | Johor Bahru |
| 16-Nov-16 | Half Day Talk: Updates on GST | Penang |
| 21-Nov-16 | CTIM - MAICSA: Module 3 (in collaboration with MAICSA) | MAICSA Training Room, Kuala Lumpur |
| 22-Nov-16 | 2017 Budget Seminar | Subang |
| 23-Nov-16 | Property Developers; GST Latest Developments & Practical Issues | Kuala Lumpur |
| 23-Nov-16 | 2017 Budget Seminar | Malacca |
| 23-Nov-16 | 2017 Budget Seminar | Ipoh |
| 24-Nov-16 | 2017 Budget Seminar | Penang |
| 24-Nov-16 | 2017 Budget Seminar | Johor Bahru |
| 28-Nov-16 | 2017 Budget Seminar | Kota Kinabalu |
| 29-Nov-16 | 2017 Budget Seminar | Kuching |
| 29-Nov-16 | 2017 Budget Seminar | Petaling Jaya |
| 30-Nov-16 | CTIM - MAICSA: Module 4 (in collaboration with MAICSA) | MAICSA Training Room, Kuala Lumpur |
| <hr/> | | |
| 1-Dec-16 | Tax Planning and Issues for Property Developers and Property Investors | Penang |
| 5-Dec-16 | Tax Planning and Issues for Property Developers and Property Investors | Kuala Lumpur |
| 5-Dec-16 | Half Day Talk: Updates on GST | Kota Kinabalu |
| 6-Dec-16 | Tax Planning and Issues for Property Developers and Property Investors | Kuala Lumpur |
| 6-Dec-16 | Half Day Talk: Updates on GST | Kuching |
| 8-Dec-16 | 2017 Budget Seminar | Kuala Lumpur |
| 15-Dec-16 | Half Day Talk: Updates on GST | Ipoh |
| 15-Dec-16 | Half Day Talk: Updates on GST | Malacca |
| 19-Dec-16 | Tax Incentives for Exporters | Kuala Lumpur |
| 19-Dec-16 | Tax Planning and Issues for Property Developers and Property Investors | Johor Bahru |

CALENDAR OF CPD EVENTS 2016 / 2017 (cont'd)

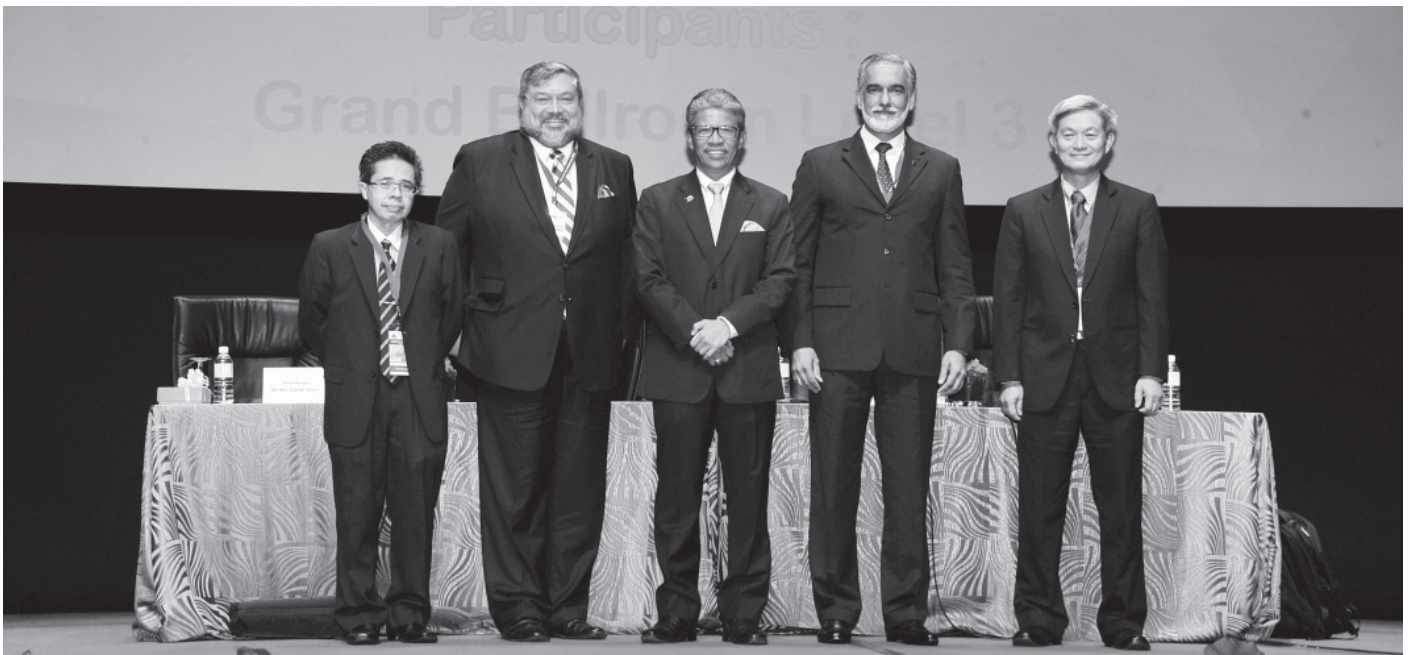
| Date | Training Programme | Venue |
|---------------------|--|------------------------------------|
| 5-Jan-17 | Employer's Statutory Requirement in 2017 | Kuala Lumpur |
| 9-Jan-17 | Tax Planning and Issues for Property Developers & Property Investors | Kuching |
| 11 - 12 Jan 2017 | International Taxation: Malaysian Perspective | Kuala Lumpur |
| 16-Jan-17 | Tax Planning and Issues for Property Developers & Property Investors | Kota Kinabalu |
| 15-Feb-17 | Tax Planning for Individuals (in collaboration with MAICSA) | MAICSA Training Room, Kuala Lumpur |
| 16-Feb-17 | GST Practical Issues on Import & Export of Goods and Cross-Border Services | Kuala Lumpur |
| 16-Feb-17 | Evening Talk: Group Relief for Companies | Ipoh |
| 16-Feb-17 | Member's Dialogue | Ipoh |
| 20-Feb-17 | GST & Customs Health Check | Penang |
| 28 Feb - 1 Mar 2017 | National GST Conference 2017 | Kuala Lumpur |
| 7-Mar-17 | GST & Customs Health Check | Kota Kinabalu |
| 9-Mar-17 | GST & Customs Health Check | Kuching |
| 9-Mar-17 | Tax Connect - Get Together | Penang |
| 9-Mar-17 | Member's Dialogue | Penang |
| 14-Mar-17 | Employer's Statutory Requirement in 2017 | Penang |
| 14-Mar-17 | Tax Planning for Companies (in collaboration with MAICSA) | MAICSA Training Room, Kuala Lumpur |
| 16-Mar-17 | GST & Customs Health Check | Johor Bahru |
| 21-Mar-17 | Stamp Duty Legislation Updates | Kuala Lumpur |
| 23-Mar-17 | GST & Customs Health Check | Malacca |
| 23-Mar-17 | Member's Dialogue | Kuantan |
| 28-Mar-17 | Tax Planning for Companies (in collaboration with MAICSA) - 2nd Session | MAICSA Training Room, Kuala Lumpur |
| 30-Mar-17 | GST & Customs Health Check | Ipoh |
| 3-Apr-17 | New Tax Implications on Cross Border Transaction in 2017 | Kuala Lumpur |
| 10-Apr-17 | Member's Dialogue | Johor Bahru |
| 12-Apr-17 | Employer's Statutory Requirement in 2017 | Johor Bahru |
| 12-Apr-17 | GST & Customs Health Check | Kuala Lumpur |
| 17-Apr-17 | GST Impact on Accounting and Tax Issues for Property Developers, JMB/MC & Property Investors | Malacca |
| 20-Apr-17 | GST Impact on Accounting and Tax Issues for Property Developers, JMB/MC & Property Investors | Ipoh |
| 27-Apr-17 | Transfer Pricing Documentation & BEPS | Penang |

CALENDAR OF CPD EVENTS 2016 / 2017 *(cont'd)*

| Date | Training Programme | Venue |
|-----------|--|---------------|
| 4-May-17 | Tax Audit & Investigations | Ipoh |
| 8-May-17 | GST Impact on Accounting and Tax Issues for Property Developers, JMB/MC & Property Investors | Kota Kinabalu |
| 8-May-17 | Transfer Pricing Documentation & BEPS | Kuala Lumpur |
| 18-May-17 | Tax Audit & Investigations | Johor Bahru |
| 22-May-17 | GST Impact on Accounting and Tax Issues for Property Developers, JMB/MC & Property Investors | Kuching |
| 24-May-17 | New Tax Implications on Cross Border Transaction in 2017 | Penang |
| 25-May-17 | Tax Audit & Investigations | Kuala Lumpur |
| 30-May-17 | Transfer Pricing Documentation & BEPS | Malacca |

| Date | Training Programme | Venue |
|-----------------|--------------------------------|--------------|
| 7 - 16 Oct 2016 | GST Training Course No. 2/2016 | Kuala Lumpur |





Pictorial

HIGHLIGHTS







CHARTERED TAX INSTITUTE OF MALAYSIA (225750-T)

(Incorporated in Malaysia as a Company Limited by Guarantee)

FINANCIAL STATEMENTS

31 DECEMBER 2016

| | |
|---|----------------|
| Council Members' Report | 30 - 32 |
| Statement by Council Members | 33 |
| Statutory Declaration | 34 |
| Independent Auditors' Report to the Members | 35 - 36 |
| Statement of Financial Position | 37 |
| Statement of Income and Expenditure | 38 - 39 |
| Statement of Changes in Accumulated Funds | 40 |
| Statement of Cash Flows | 41 |
| Notes to the Financial Statements | 42 - 55 |

COUNCIL MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Council members hereby present their report together with the audited financial statements of the Institute for the year ended 31 December 2016.

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 principal objectives during the year.

Financial Results

| | |
|----------------------|------------|
| Surplus for the year | RM 317,379 |
|----------------------|------------|

Reserves and Provisions

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

Council Members

The members who have served in the Council since the date of the last report and the date of this report are as follows:

| | |
|--------------------------------------|---|
| Aruljothi A/L Kanagaretnam | |
| Seah Siew Yun | |
| Poon Yew Hoe | |
| Phan Wai Kuan | (retired on 18.06.2016, re-elected on 18.06.2016) |
| Renuka Thuraisingham | |
| Nicholas Anthony Crist | |
| Yeo Eng Ping | |
| Farah Binti Rosley | |
| Goh Lee Hwa | |
| Harjit Singh Sidhu A/L Bhagwan Singh | |
| Koong Lin Loong | |
| K. Sandra Segaran A/L Karuppiyah | |
| Lai Shin Fah @ David Lai | |
| Chow Chee Yen | (elected on 18.06.2016) |
| Mohd Noor Bin Abu Bakar | (elected on 18.06.2016) |
| Chow Tuck Him | (elected on 18.06.2016) |
| Thanneermalai A/L SP SM Somasundaram | (retired on 18.06.2016) |
| Jeyapalan A/L Kasipillai | (retired on 18.06.2016) |
| Ong Chong Chee | (retired on 18.06.2016) |

In accordance with Article 59 of the Institute's Articles of Association, Aruljothi A/L Kanagaretnam, Nicholas Anthony Crist, Renuka Thuraisingham and Yeo Eng Ping shall retire at the forthcoming Annual General Meeting. Aruljothi A/L Kanagaretnam, Nicholas Anthony Crist, Renuka Thuraisingham and Yeo Eng Ping shall be eligible for re-election.

Council Members' Benefits

Since the end of the previous year, no Council member has received or become entitled to receive any benefit by reason of a contract made by the Institute with the Council member or with a firm of which the Council member is a member, or with a company in which the Council member has a substantial financial interest.

Neither during nor at the end of the year, was the Institute a party to any arrangement the object of which is to enable the Council members to acquire benefits by means of the acquisition of shares in or debentures of the Institute or any other body corporate.

Council Members' Interest

None of the Council members in office at the end of the year had any interest in the Institute during the year.

COUNCIL MEMBERS' REPORT **FOR THE YEAR ENDED 31 DECEMBER 2016** (CONT'D)

Council Members' Remuneration

None of the Council members or past Council members of the Institute have received any remuneration from the Institute during the year, except for examiners fee paid amounting to RM6,877 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 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 year.

Indemnifying 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.

Other Statutory Information

- (a) Before the financial statements of the Institute were prepared, the Council members took reasonable steps:
 - (i) 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 satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) At the date of this report, the Council members are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Institute; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Institute misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Institute misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Institute misleading.
- (c) As of 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 year and secures the liability of any other person; or
 - (ii) any contingent liability of the Institute which has arisen since the end of the year.
- (d) No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the 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.
- (e) In the opinion of the Council members:
 - (i) the results of the operations of the Institute during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of the Institute for the year in which this report is made.

COUNCIL MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

Auditors' Remuneration

Total amounts paid to or receivable by the auditors as remuneration for their services as auditors are as follows:

| | 2016 RM |
|-----------------|------------|
| Statutory audit | 12,000 |

Auditors

The retiring auditors, Messrs. Morison Anuarul Azizan Chew, do not wish to seek re-appointment.

On behalf of the Council
The Council



ARULJOTHI A/L KANAGARETNAM
COUNCIL MEMBER



SEAH SIEW YUN
COUNCIL MEMBER

KUALA LUMPUR

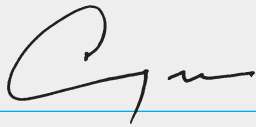
23 March 2017

STATEMENT BY COUNCIL MEMBERS


Pursuant to Section 251(2) of The Companies Act, 2016

The Council members of CHARTERED TAX INSTITUTE OF MALAYSIA state that, in their opinion, the financial statements of the Institute set out on pages 37 to 55 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position and financial performance of the Institute.

On behalf of the Council
The Council



ARULJOTHI A/L KANAGARETNAM
COUNCIL MEMBER



SEAH SIEW YUN
COUNCIL MEMBER

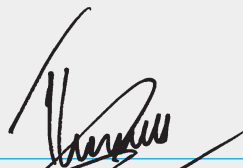
KUALA LUMPUR

23 March 2017

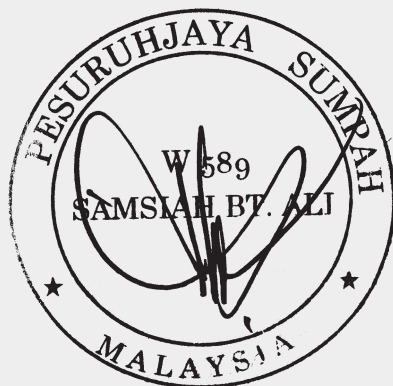
STATUTORY DECLARATION**Pursuant to Section 251(1)(b) of the Companies Act, 2016**

I, P THOMAS SIMON, being the Executive Director primarily responsible for the financial management of CHARTERED TAX INSTITUTE OF MALAYSIA, do solemnly and sincerely declare that the financial statements set out on pages 37 to 55 are, in my opinion, correct and I make this solemn declaration conscientiously believing to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed P THOMAS SIMON at Kuala Lumpur, Wilayah Persekutuan on this date of 23 March 2017.


P THOMAS SIMON

Before me,



SAMSIAH BINTI ALI (No. W 589)
PESURUHJAYA SUMPAH
NO. 142B, TKT BAWAH,
BGN. UMNO SELANGOR
JALAN IPOH, 51200
KUALA LUMPUR W.P.

COMMISSIONER FOR OATHS

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

Report on 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 2016, 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 37 to 55.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 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, 1965 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 of the Institute that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Institute, the 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 the Council members either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Report on the Financial Statements (Cont'd)

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

- 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 the 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Institute have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

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 any responsibility to any other person for the content of this report.



MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants



SATHIEA SEELEAN A/L MANICKAM
No: 1729/05/18 (J/PH)
Chartered Accountant

KUALA LUMPUR

23 March 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

| | Note | 2016 RM | 2015 RM |
|------------------------------------|------|------------|------------|
| Non-Current Asset | | | |
| Property, plant and equipment | 3 | 1,835,525 | 1,919,484 |
| Current Assets | | | |
| Other receivables | 4 | 557,033 | 433,211 |
| Fixed deposits with licensed banks | 5 | 5,511,182 | 5,471,182 |
| Cash and bank balances | | 876,800 | 621,566 |
| Tax recoverable | | 189,996 | - |
| | | 7,135,011 | 6,525,959 |
| Current Liabilities | | | |
| Other payables | 6 | 883,404 | 640,490 |
| Government grant | 7 | 47,763 | 47,763 |
| Provision for taxation | | - | 25,140 |
| | | 931,167 | 713,393 |
| Net current assets | | 6,203,844 | 5,812,566 |
| | | 8,039,369 | 7,732,050 |
| Financed By: | | | |
| Accumulated funds | | 8,027,283 | 7,709,904 |
| Non-Current Liability | | | |
| Deferred tax liability | 8 | 12,086 | 22,146 |
| | | 8,039,369 | 7,732,050 |

The accompanying notes form an integral part of the financial statements.

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Note | 2016 RM | 2015 RM |
|---|------|------------|------------|
| Operating income | | | |
| Courses and seminars | | 2,249,137 | 4,173,147 |
| Examinations | | 219,673 | 208,116 |
| Publications | | 97,516 | 122,342 |
| Membership services | | 740,785 | 658,843 |
| | | 3,307,111 | 5,162,448 |
| Less: Operating expenditure | | | |
| Courses and seminars | | 1,336,888 | 2,473,714 |
| Examinations | | 84,904 | 74,975 |
| Publications | | 100,559 | 120,500 |
| | | 1,522,351 | 2,669,189 |
| Gross income over operating expenditure | | 1,784,760 | 2,493,259 |
| Other income | | | |
| Utilisation of grant received | 7 | - | 6,375 |
| Interest on fixed deposits | | 151,919 | 132,811 |
| National Tax Conference | 9 | 457,512 | 596,366 |
| National GST Conference | 10 | 398,959 | - |
| LHDNM-CTIM Roadshows | 11 | 9,242 | 11,790 |
| Sundry income | | 4,070 | 5,766 |
| | | 1,021,702 | 753,108 |
| Less: Administrative expenditure | | | |
| Advertisement | | 520 | - |
| Annual General Meeting | | 53,343 | 52,418 |
| Audit fee | | 12,000 | 6,000 |
| Bank charges | | 2,234 | 2,106 |
| Building service charges and sinking fund | | 15,044 | 14,628 |
| Depreciation of property, plant and equipment | | 93,166 | 103,284 |
| Equipment rental | | 11,616 | 11,616 |
| Legal and secretarial fees | | 2,466 | 2,850 |
| Insurance | | 2,614 | 6,906 |
| I.T. maintenance | | 31,167 | 26,222 |
| Balance carried forward | | 224,170 | 226,030 |

The accompanying notes form an integral part of the financial statements.

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd)

| | Note | 2016 RM | 2015 RM |
|--|------|------------------|------------------|
| Less: Administrative expenditure (Cont'd) | | | |
| Balance brought forward | | 224,170 | 226,030 |
| Medical expenses | | 876 | 3,082 |
| Meeting expenses | | 2,331 | 2,194 |
| Newspaper and periodicals | | 38,962 | 35,211 |
| Printing, postage and stationery | | 81,949 | 89,109 |
| Professional fees | | 29,500 | 27,550 |
| Property, plant and equipment written off | | - | 1,992 |
| Quit rent and assessment | | 14,460 | 14,460 |
| Staff costs | | | |
| - Employees Provident Fund and SOCSO | | 223,563 | 200,610 |
| - Staff remuneration | | 1,696,183 | 1,535,291 |
| - Staff welfare and insurance | | 27,859 | 32,095 |
| Telecommunication expenses | | 22,402 | 24,796 |
| Travelling, parking and toll | | 27,418 | 35,334 |
| Office expenses | | 21,755 | 17,984 |
| Upkeep of office equipment | | 3,496 | 7,231 |
| Utilities | | 25,017 | 22,070 |
| | | 2,439,941 | 2,275,039 |
| Surplus before taxation | | 366,521 | 971,328 |
| Less: Taxation | 12 | (49,142) | (170,851) |
| Surplus for the year | | 317,379 | 800,477 |

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 31 DECEMBER 2016

| | Accumulated Funds RM |
|----------------------|----------------------------|
| At 1 January 2015 | 6,909,427 |
| Surplus for the year | 800,477 |
| At 31 December 2015 | 7,709,904 |
| At 1 January 2016 | 7,709,904 |
| Surplus for the year | 317,379 |
| At 31 December 2016 | 8,027,283 |

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

| | 2016 RM | 2015 RM |
|--|------------|------------|
| Cash Flows From Operating Activities | | |
| Surplus before taxation | 366,521 | 971,328 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 93,166 | 103,284 |
| Property, plant and equipment written off | - | 1,992 |
| Interest income | (151,919) | (132,811) |
| Government grant utilised | - | (6,375) |
| Operating surplus before changes in working capital | 307,768 | 937,418 |
| Changes in working capital: | | |
| Other receivables | (123,822) | 67,419 |
| Other payables | 242,914 | (521,239) |
| | 119,092 | (453,820) |
| Cash generated from operations | 426,860 | 483,598 |
| Tax paid | (274,338) | (148,469) |
| Net cash generated from operating activities | 152,522 | 335,129 |
| Cash Flows From Investing Activities | | |
| Purchase of property, plant and equipment | (9,207) | (38,728) |
| Interest received | 151,919 | 132,811 |
| Net cash generated from investing activities | 142,712 | 94,083 |
| Net increase in cash and cash equivalents | 295,234 | 429,212 |
| Cash and cash equivalents at the beginning of the year | 6,092,748 | 5,663,536 |
| Cash and cash equivalents at the end of the year | 6,387,982 | 6,092,748 |
| Cash and cash equivalents at the end of the year comprises: | | |
| Fixed deposits with licensed banks | 5,511,182 | 5,471,182 |
| Cash and bank balances | 876,800 | 621,566 |
| | 6,387,982 | 6,092,748 |

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 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.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Institute have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires Council members to exercise their judgment in the process of applying the Institute's accounting policies. Although these estimates and judgment are based on the Council members' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(b) to the financial statements.

Accounting standards and amendments to accounting standards that are effective for the Institute's financial year beginning on or after 1 January 2016 are as follows:

- MFRS 14, "Regulatory Deferral Accounts"
- Amendment to MFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations" (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, "Financial Instruments: Disclosures" (Annual-Improvements 2012-2014 Cycle)
- Amendments to MFRS 10, MFRS 12 and MFRS 128, "Investment Entities: Applying the Consolidation Exception"
- Amendments to MFRS 11, "Accounting for Acquisitions of Interests in Joint Operations"
- Amendments to MFRS 101, "Disclosure Initiative"
- Amendments to MFRS 116 and MFRS 138, "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to MFRS 116 and MFRS 141, "Agriculture: Bearer Plants"
- Amendment to MFRS 119, "Employee Benefits" (Annual-Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, "Equity Method in Separate Financial Statements"
- Amendment to MFRS 134, "Interim Financial Reporting" (Annual Improvements 2012-2014 Cycle)

The above accounting standards and amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Institute.

Accounting standards and amendments to accounting standards that are applicable for the Institute in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2017

Amendments to MFRS 107 Disclosure Initiative

The Amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Annual periods beginning on/after 1 January 2017 (cont'd)

Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

The Amendments clarify that decreases in value of a debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this. An example is when an entity holds a fixed-rate debt instrument (measured at fair value) and expects to collect all the contractual cash flows.

The Amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 2 Classification and Measurement of Share-Based Payment Transactions

The Amendments provides specific guidance on how to account for the following situations:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Annual periods beginning on/after 1 January 2018

MFRS 9 Financial Instruments

This Standard addresses the classification, measurement and recognition of financial assets and financial liabilities.

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The Standard introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements. If a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the balance sheet, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the balance sheet.

The Standard introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, it requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model is forward-looking and it eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

In addition, the Standard introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. As a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**2. Summary of Significant Accounting Policies** (cont'd)**Annual periods beginning on/after 1 January 2018** (cont'd)MFRS 15 Revenue from Contracts with Customers

The Standard provides clarity on revenue recognition especially on areas where existing requirements unintentionally created diversity in practice. Under MFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Extensive disclosures are required to provide greater insight into both revenue that has been recognised, and revenue that is expected to be recognised in the future from existing contracts.

Annual periods beginning on/after 1 January 2019MFRS 16 Leases

The Standard eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its balance sheet as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions.

Effective date yet to be determined by the Malaysian Accounting Standards BoardAmendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

The Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Institute is in the process of assessing the impact of MFRS 9 and MFRS 15 in the year of initial application. Aside from the above mentioned, the adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Institute.

(b) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Institute's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumption concerning the future and other key sources of estimation or uncertainty at the reporting date, that has a significant risk of causing a material adjustment within the next year relates to depreciation of property, plant and equipment.

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment to be between 2.5 to 50 years as stated in Note 2(c) to the financial statements. These are common life expectancies applied in the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**2. Summary of Significant Accounting Policies** (cont'd)**(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(d) to the financial statements.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of property, plant and equipment. The estimated useful lives for the current period are as follows:

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

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, amount and method of depreciation are the expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

Gain or losses on disposals are determined by comparing net disposal proceed with carrying amount and are recognised in the statement of income and expenditure.

(d) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 to sell. 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 profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. 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 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 year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**2. Summary of Significant Accounting Policies** (cont'd)**(e) Financial assets****(i) Classification**

The Institute classifies its financial assets based on the purpose for which the financial assets were acquired at initial recognition in the following categories:

Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise, they are classified as non-current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Institute's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Institute commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Gains and losses

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. Impairment losses and exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

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

2. Summary of Significant Accounting Policies *(cont'd)*

(e) Financial assets *(cont'd)*

(ii) Recognition and initial measurement *(cont'd)*

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividend income on available-for-sale equity instruments are recognised in profit or loss when the Institute's right to receive payments is established.

(iii) Subsequent measurement

Impairment of financial assets

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

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

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

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

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

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with banks and highly liquid investments that are readily convertible to cash and subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalent are presented net of bank overdrafts and pledged deposits, if any.

(g) Financial liabilities

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

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in the statement of income and expenditure.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

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

2. Summary of Significant Accounting Policies *(cont'd)*

(h) Government grant

Government grants are recognised at its fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

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.

(i) Income recognition

Revenue is measured at the fair value of the consideration received or receivable net to discount and rebate on an accrual basis. Revenue is recognised to the extent that it is probable that economic benefits associated with the transaction will flow to the Institute.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Institute has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contribution are recognised as an expense in the statement of income and expenditure in the period to which they relate.

(k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an assets or liabilities in the statement of financial position and its tax base at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the statement of income and expenditure, except when it arises from a transaction which is recognised directly in accumulated fund, in which case the deferred tax is also charged or credited directly in accumulated fund.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Property, Plant and Equipment

| | Freehold building | Office equipment | Furniture and fittings | Computer equipment and software | Renovation | Total |
|---------------------------------|----------------------|---------------------|---------------------------|--|------------|-----------|
| | RM | RM | RM | RM | RM | RM |
| Cost | | | | | | |
| At 1.1.2016 | 1,967,425 | 181,642 | 207,401 | 399,262 | 74,426 | 2,830,156 |
| Addition | - | 1,015 | 1,389 | 6,803 | - | 9,207 |
| At 31.12.2016 | 1,967,425 | 182,657 | 208,790 | 406,065 | 74,426 | 2,839,363 |
| Accumulated depreciation | | | | | | |
| At 1.1.2016 | 262,078 | 109,623 | 126,194 | 361,324 | 51,453 | 910,672 |
| Charge for the year | 39,349 | 10,240 | 12,362 | 27,879 | 3,336 | 93,166 |
| At 31.12.2016 | 301,427 | 119,863 | 138,556 | 389,203 | 54,789 | 1,003,838 |
| Carrying amount | | | | | | |
| At 31.12.2016 | 1,665,998 | 62,794 | 70,234 | 16,862 | 19,637 | 1,835,525 |
| Cost | | | | | | |
| At 1.1.2015 | 1,967,425 | 175,746 | 206,720 | 370,099 | 74,426 | 2,794,416 |
| Addition | - | 5,896 | 681 | 32,151 | - | 38,728 |
| Written off | - | - | - | (2,988) | - | (2,988) |
| At 31.12.2015 | 1,967,425 | 181,642 | 207,401 | 399,262 | 74,426 | 2,830,156 |
| Accumulated depreciation | | | | | | |
| At 1.1.2015 | 222,729 | 99,630 | 113,904 | 325,365 | 46,756 | 808,384 |
| Charge for the year | 39,349 | 9,993 | 12,290 | 36,955 | 4,697 | 103,284 |
| Written off | - | - | - | (996) | - | (996) |
| At 31.12.2015 | 262,078 | 109,623 | 126,194 | 361,324 | 51,453 | 910,672 |
| Carrying amount | | | | | | |
| At 31.12.2015 | 1,705,347 | 72,019 | 81,207 | 37,938 | 22,973 | 1,919,484 |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**4. Other Receivables**

| | 2016 RM | 2015 RM |
|-------------------------|------------|------------|
| Other receivables | 350,088 | 221,466 |
| Deposits and prepayment | 206,945 | 211,745 |
| | 557,033 | 433,211 |

5. Fixed Deposits With Licensed Banks

The effective interest rate of deposits at the reporting date ranged from 3.05% to 3.35% (2015: 3.05% to 3.35%) per annum and 30 days to 365 days respectively (2015: 30 days to 365 days respectively).

6. Other Payables

| | 2016 RM | 2015 RM |
|----------------|------------|------------|
| Other payables | 817,765 | 574,242 |
| Accruals | 65,639 | 66,248 |
| | 883,404 | 640,490 |

Included in other payables is an amount of RM381,564 (2015: RM344,105) owing to Lembaga Hasil Dalam Negeri ("LHDNM") being its share of profit from the National Tax Conference.

7. Government Grant

| | 2016 RM | 2015 RM |
|---|------------|------------|
| At 1 January | 47,763 | 54,138 |
| Recognised in the statement of income and expenditure | - | (6,375) |
| At 31 December | 47,763 | 47,763 |

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

8. Deferred Tax Liability

| | 2016 RM | 2015 RM |
|---|------------|------------|
| At 1 January | 22,146 | 22,146 |
| Recognised in statement of income and expenditure | (4,156) | - |
| Over provision in prior years | (5,904) | - |
| At 31 December | 12,086 | 22,146 |

The components of deferred tax liability of the Institute are as follows:

| | 2016 RM | 2015 RM |
|---------------------------------|------------|------------|
| Deferred tax liability: | | |
| - Property, plant and equipment | 12,086 | 22,146 |

9. 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.

10. National GST Conference

The National GST Conference ("NGC") is jointly organised by the Institute and Royal Malaysian Customs Department ("RMCD") on a yearly basis. The income from NGC represents the Institute's share of net income after deducting expenditure and RMCD's share of profits.

11. LHDNM-CTIM Roadshows

The LHDNM-CTIM Roadshows ("Roadshows") is jointly organised by the Institute and LHDNM. The income from Roadshows represents the Institute's share of net income after deducting expenditure and LHDNM's share of profits.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**12. Taxation**

| | 2016 RM | 2015 RM |
|---|------------|------------|
| Income tax: | | |
| - Current year | 58,892 | 172,184 |
| - Under/(Over) provision in prior years | 310 | (1,333) |
| | 59,202 | 170,851 |
| Deferred tax (Note 8): | | |
| - Current year | (4,156) | - |
| - Over provision in prior years | (5,904) | - |
| | (10,060) | - |
| | 49,142 | 170,851 |

Income tax is calculated at the average tax rate of 19.16% (2015: 21.16%) of the first RM250,000 (2015: RM400,000) and at the statutory tax rate of 24.5% (2015: 25%) on the balance of the chargeable income for the year. A reconciliation of income tax expense applicable to surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Institute is as follows:

| | 2016 RM | 2015 RM |
|--|------------|------------|
| Surplus before taxation | 366,521 | 971,328 |
| Tax at statutory tax rate of:- | | |
| - 19.16% (2015: 21.16%) on the first RM250,000 (2015: RM400,000) | 47,900 | 84,650 |
| Tax at statutory tax rate of | | |
| - 24.5% (2015: 25%) on the balance of chargeable income | 28,548 | 158,930 |
| Non-taxable surplus from members | (73,444) | (98,595) |
| Expenses not deductible for tax purposes | 51,732 | 27,199 |
| Over provision of deferred tax in respect of prior years | (5,904) | - |
| Under/(Over) provision of income tax in respect of prior years | 310 | (1,333) |
| | 49,142 | 170,851 |

13. Operating Lease Arrangements

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

| | 2016 RM | 2015 RM |
|----------------------------|------------|------------|
| Within one year | 11,616 | 11,616 |
| Between one and two years | 11,616 | 11,616 |
| Between two and five years | 10,648 | 22,264 |
| | 33,880 | 45,496 |

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

14. Capital Commitments

| | 2016 RM | 2015 RM |
|---------------------------------|------------|------------|
| Property, plant and equipment:- | | |
| Authorised and contracted for | 16,000 | 28,000 |

15. Financial Instruments

The table below provides an analysis of financial instruments and their categories:

| | Loans and receivables/ other financial liabilities | |
|----------------------------|---|------------|
| | 2016 RM | 2015 RM |
| Financial assets | | |
| Other receivables | 350,088 | 221,466 |
| Cash and cash equivalents | 6,387,982 | 6,092,748 |
| | 6,738,070 | 6,314,214 |
| Financial liability | | |
| Other payables | 817,765 | 574,242 |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**15. Financial Instruments** (cont'd)**Financial risk management**

The Institute's financial risk management policy is to ensure that adequate financial resources are available for the development of the Institute's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk.

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 concentrations 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.

Interest rate risk

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

The Institute constantly monitor their interest risk and do 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 carrying amounts of the Institute's financial instruments that are exposed to interest rate risk are as follows:

| | 2016 RM | 2015 RM |
|---|------------|------------|
| Financial asset | | |
| Short term deposits with licensed banks | 5,511,182 | 5,471,182 |

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**15. Financial Instruments** (cont'd)Liquidity risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institute's exposure to liquidity risk arises principally from other payables.

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 table below summarises the maturity profile of the Institute's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

| | Carrying amount RM | Contractual interest rate RM | Contractual cash flows RM | Below 1 year RM |
|----------------|--------------------------|------------------------------------|---------------------------------|-----------------------|
| 2016 | | | | |
| Other payables | 817,765 | - | 817,765 | 817,765 |
| 2015 | | | | |
| Other payables | 574,242 | - | 574,242 | 574,242 |

Fair values

The carrying amounts of cash and cash equivalents, other receivables and other payables and short term bank borrowing approximate their fair value due to the relatively short term nature of these financial instruments.

16. 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.

17. Date of Authorisation for Issue

The financial statements of the Institute for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Council Members on 23 March 2017.

NOTES



ADMINISTRATIVE DETAILS OF THE ANNUAL GENERAL MEETING

Date : **Saturday, 17 June 2017**
Time : **9.30 a.m. (Refreshments will be provided from 8.30 a.m. to 9.30 a.m.)**
Venue : **Ballroom, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia**

Registration

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

Eligibility

Please note that in accordance with the Chartered Tax Institute of Malaysia's Memorandum and Articles of Association, a member whose subscription is overdue as at 1 May 2017 shall not be entitled to vote on any question either personally or by proxy at any General meeting of the Institute or at a poll.

Important Notice

1. Please bring your Identity Card (IC).
2. Please quote your membership number during registration.
3. Please bring the 2016 Annual Report with you.

Quorum

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

Form of Proxy

The duly completed form of proxy with the original signatures of the member and the witness must be deposited at **Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor not later than 9.30 a.m. on Thursday, 15 June 2017.**

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

Ballot Papers

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

Note:

The 24th Annual General Meeting (AGM) Minutes will not be tabled for discussion at the forthcoming AGM. Members are advised to review the minutes of the 24th Annual General Meeting held on 18 June 2016 on the Institute's Website and issues may be raised provided due notice is given to the Secretariat in accordance with item 5 of the Notice of Meeting.

FORM OF PROXY

I, CTIM Membership No.:
hereby appoint CTIM Membership No.:
or the Chairman* of the Meeting, as my proxy to vote on my behalf at the Twenty-Fifth Annual General Meeting of the Institute to be held on Saturday, 17 June 2017 at 9.30 a.m. (or at any adjournment thereof).

* *Strike out whichever is not desired*

| No. | Resolution | For | Against |
|-----|---|-----|---------|
| 1. | To elect not more than four (4) Council Members for the 2017/2021 term by secret ballot. (Ballot papers for secret ballot will be provided to each proxy holder on registration of the proxy holder on 17 June 2017 before the commencement of the AGM at 9.30 a.m.) | N/A | |
| 2. | To appoint Messrs Sekhar & Tan as the Auditors in place of the retiring Auditors, Messrs Morison Anuarul Azizan Chew. (Note) | | |

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

Signed this day of 2017

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 2017 shall not be entitled to vote on any question either personally or by proxy at any General meeting of the Institute or at a poll.
- Appointment of proxy.
The following conditions shall apply to the appointment of a proxy:
 - (a) the instrument appointing a proxy shall be in the form specified above and can be downloaded from the Institute's Website under 'Members Only';
 - (b) the instrument of appointment shall be signed in the presence of another member of the Institute entitled to vote at a meeting of the Institute; and
 - (c) the proxy may be appointed for a specified meeting and for any adjournment of such meeting.
- To be effective for the purpose of the Annual General Meeting to be held on Saturday, 17 June 2017, the instrument appointing a proxy must be deposited at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor not later than 9.30 a.m. on Thursday, 15 June 2017.

