

# ANNUAL **REPORT** 2015





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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of the Chartered Tax Institute of Malaysia ("the Institute") will be held on Saturday, 18 June 2016 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 2015 and the Report of the Auditors thereon.
3. To elect four (4) Council Members for the 2016/2017 term.

Thanneermalai A/L SP SM Somasundaram retires in accordance with Article 59 of the Institute Articles of Association and is not eligible for re-election.

- 3(a) Phan Wai Kuan retires pursuant to Article 59 and being eligible offers herself for re-election.

Prof Dr Jeyapalan A/L Kasipillai and Ong Chong Chee 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) Chow Chee Yen
- (ii) Chow Tuck Him
- (iii) Lew Nee Fook @ Liu Nee Choong
- (iv) Mohd Noor Bin Abu Bakar
- (v) Sivaram A/L A Nagappan

4. To re-appoint Messrs Morison Anuarul Azizan Chew as the Auditors for the ensuing year at a remuneration to be determined by the Council Members.
5. Any other business for which due notice has been given to the Institute.

By Order of the Council

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

18 May 2016

### 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 2016 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 2015 / 2016

### 2015/2016 Attendance Report

#### PRESIDENT

Aruljothi A/L Kanagaretnam ..... 5

#### DEPUTY PRESIDENT

Seah Siew Yun ..... 5

#### COUNCIL MEMBERS

Thanneermalai A/L SP SM Somasundaram ..... 4

Poon Yew Hoe ..... 6

Prof Dr Jeyapalan A/L Kasipillai ..... 4

Phan Wai Kuan ..... 6

Ong Chong Chee ..... 4

Renuka Thuraisingham ..... 5

Nicholas Anthony Crist ..... 5

Yeo Eng Ping ..... 3

Farah Binti Rosley ..... 4

Goh Lee Hwa ..... 3

Datuk Harjit Singh Sidhu A/L Bhagwan Singh ..... 5

Koong Lin Loong ..... 5

K. Sandra Segaran A/L Karuppiah ..... 5

Lai Shin Fah @ David Lai ..... 4

No of meetings: 6

Auditors

**Messrs Morison Anuarul Azizan Chew**

Registered Office and Address

**Chartered Tax Institute of Malaysia**

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No 12, Jalan Yap Kwan Seng

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## THE COUNCIL 2015 / 2016



### Front row (from left)

Farah Binti Rosley, Renuka Thuraisingham, Poon Yew Hoe, Aruljothi A/L Kanagaretnam,  
Thanneermalai A/L SP SM Somasundaram, Seah Siew Yun, Prof Dr Jeyapalan A/L Kasipillai

### Back row (from left)

Ong Chong Chee, Khoong Lin Loong, Nicholas Anthony Crist, Goh Lee Hwa, Phan Wai Kuan,  
Datuk Harjit Singh Sidhu A/L Bhagwan Singh, K. Sandra Segaran A/L Karuppiah, Lai Shin Fah @ David Lai



Yeo Eng Ping

## 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: Chak Kong Keong  
Address: Syarikat Chak Sdn Bhd  
72, Jalan Market  
30000 Ipoh, Perak

### Sarawak Branch

Chairman: Kenny Chong Thian Poh  
Address: Crowe Horwath  
96, 1st Floor, Jalan Petanak  
93100 Kuching, Sarawak

### Sabah Branch

Chairman: Angeline Wong Yu Ching  
Address: A.W & Associates  
Lot 21-2F, 2nd Floor  
Beverly Hills Plaza  
Jalan Bundusan, Penampang  
P.O.Box 21576, Luyang Post Office  
88773 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,

Subsequent to the previous Annual General Meeting on 13 June 2015, I was re-elected as the CTIM President and I welcome Ms. Seah Siew Yun as CTIM Deputy President for the 2015-2016 term. In the ensuing period, our country faced plummeting crude oil prices, a weak Ringgit and global economic developments which were beyond our control. This led to several measures announced in the government's 2016 Budget Recalibration in January 2016 which include enhancing revenue collection and reducing tax leakage. At the time of writing this, the ringgit has strengthened to below MYR4.00 to the US Dollar and the Kuala Lumpur Stock Exchange has edged above 1,700 points.

In spite of the challenging economic environment, I am pleased to report that the financials of the Institute are in good health for the financial year ended 31 December 2015 in terms of profit before tax of RM0.97 million (2014: RM2.1 million) and revenue of RM5.16 million (2014: RM7.23 million). The Institute's financial statements are robust with available cash of RM6.1 million (2014: RM5.6 million). These are largely due to continuous efforts in increasing the profile and visibility of the Institute as a premier body for tax professionals and for enhancing services to members.

My sincere thanks and appreciation goes to my Deputy President and all the CTIM Council Members for their full support, giving their precious time and full commitment to lead the various Committees and Working Groups and participating in the activities of the Institute without any expectation of being remunerated. I am also thankful to the CTIM Secretariat for the work they have done in the smooth running of the Institute.

Most importantly, the Institute is representative and reflective of its membership. I would like to thank all members who have supported the Institute in their own way, participated in CTIM activities, responded to requests for comments/feedback and attended the various CPD events. It gives me great pleasure to be involved in this vibrant and esteemed premier body.

The various Committees and Working Groups have worked hard to prepare and submit various papers and memoranda to the authorities during the year (2015/2016 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 seen 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 several 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 budget proposals to MOF
- Submitted feedback on the postponement of the operation of the Thin Capitalisation Rules; and GST policy/technical implications arising from the 2016 Budget and Finance Bill 2015

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

- Submitted various memoranda on technical and operational issues during the year
- Submitted feedback on LHDNM Operational Guidelines, Tax Collection Framework, LHDNM Transfer Pricing Guidelines 2012, Income Tax (Transfer Pricing) Rules 2012, Transfer Pricing Audit Framework and BEPS Action Plan 13
- Commented on the various draft Public Rulings
- Dialogue on the 2016 Budget and Finance Bill 2015
- Roundtable session on BEPS Action Plan 13

### (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 improve the income tax system in Malaysia e.g. post-filing audit procedures, tax refund procedures, compensation for late refund and making tax case judgments available to the public
- The timely reporting of decided tax cases

### (E) Engagement with the Ministry of International Trade and Industry (MITI)

- Dialogue on the existing tax incentive framework both in relation to the PIA and in the context of incentives under the Income Tax Act, 1967

### (F) Engagement with the SC

- Submitted input on the development of the Capital Markets sector from a tax perspective

### (G) BEPS

- Responded to a survey on the implications of the BEPS Project Action Plan 1-15 from a Malaysian perspective which was conducted by the Asia-Oceania Tax Consultants' Association (AOTCA) of which the Institute is a member.



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

### Public Practice Development

The following activities took place during the year:-

- Meeting the Deputy Finance Minister I together with officers from MOF and the RMCD to discuss members' issues and concerns in relation to the requirements for renewal of Approved GST Tax Agent Licence
- Obtained the following:-
  - Information from LHDNM on the Section 153 Income Tax Agent licence application and interview process to assist members
  - Clarification on LHDNM's requirement for officers/employees of Subsection 153(3) approved tax agent who engage with LHDNM officers to register in the Tax Agent e-Filing (TAEF) system
- Members' dialogues were conducted at CTIM Branches in Penang, Johor Bahru and Ipoh on various operational, technical and public practice 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) 2015, 2016 Budget Seminars, LHDNM-CTIM Tax Forums 2016, Training Course for the GST Tax Agent (6 days), various seminars and workshops on direct taxes and GST.

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

The RMCD and the Institute are jointly organising the National GST Conference 2016 from 31 May 2016 to 1 June 2016 and this event is being held in Berjaya Times Square Hotel, Kuala Lumpur. I hope you have already registered as places are limited. Another major event to look out for is the NTC 2016 which will be held on 9 and 10 August 2016 at the Kuala Lumpur Convention Centre. Do mark this event in your diary.

### Education and Examination Committees

The Education Committee is looking into the essential support for CTIM students such as availability of examination study manuals, learning centres and comprehensive communication media. It obtained the Council's approval for developmental activities in preparing and publishing examination guides and making past year questions available to be given priority.

During the year, the Examination Committee approved subject exemptions for several qualifications and embarked on improving the examination process and procedures.

Currently, there are more than 400 CTIM students of which more than 260 are active; 30 students have completed the CTIM examinations during the year; and 19 students have obtained the CTIM Tax Technician Certificate.

### Election Committee

The Council has set-up the Election Committee in the 2015/2016 term to review the procedure and process involved in Council Member elections. The Committee deliberated in two meetings and approved the following changes:-

- Appointing Boardroom Corporate Services (KL) Sdn Bhd to be responsible for the entire election process;
- Introduction of postal balloting as per the Institute's Memorandum of Association; and
- Enhancing the secrecy of the secret ballot by separating the ballot paper from the proxy form.

The above-mentioned changes have been implemented for the forthcoming 2016 Annual General Meeting.

### Membership

CTIM membership continues to be well sought after with the current CTIM membership being approximately 3,400 members.

I would encourage eligible tax practitioners who are not CTIM members to take up membership with the Institute. I would also encourage eligible CTIM members who are engaged in public practice and possess a valid tax licence issued by the Ministry of Finance under Section 153 of the Income Tax Act 1967 to apply for the CTIM Practising Certificate, if you have not already done so. The eligibility criteria and application procedure for CTIM membership and the CTIM Practising Certificate are available in the membership section of the Institute's website at [www.ctim.org.my](http://www.ctim.org.my).

### Tax Guardian

The Tax Guardian is the only journal in Malaysia which is wholly specialised in tax with the latest tax articles contributed by local tax experts from the private sector and LHDNM. I am sure you will agree with me that the Tax Guardian and our e-circulars keep members technically knowledgeable and updated which is essential for the tax practice.

In closing, I would like to inform members that the Institute has grown to service its members by providing informative technical information, increasing the number of beneficial CPD events and speaking up for all members.

Thank you.

**Aruljothi A/L Kanagaretnam**

President

Chartered Tax Institute of Malaysia

## REPORT OF THE COUNCIL FOR 2015 / 2016

### COMMITTEE REPORTS

#### CONTINUING PROFESSIONAL DEVELOPMENT (CPD) COMMITTEE

The Continuing Professional Development (CPD) Committee successfully conducted 81 tax programmes/events nationwide including direct and indirect tax events. To keep abreast with the latest tax developments, programme contents were enhanced to ensure that the programmes continued to be relevant and provide value. The number of CPD events organised outside the Klang Valley increased by 50% compared to the previous year to meet demand for CPD events.

##### 2016 Post-Budget Seminars

Following the Budget announcement on 23 October 2015, by YAB Dato' Sri Mohd Najib Tun Hj Abdul Razak, the Prime Minister and Minister of Finance, the Institute organised a nationwide Post-Budget Seminar series to update its members and the public, on the key tax issues highlighted in the Budget. Record attendance was achieved with a total of 1,872 attendees which is a 15% increase from the previous year.

##### Enhancing Goods & Services Tax (GST) Knowledge

Following the implementation of the GST on 1 April 2015, the Institute worked with various GST experts and speakers to organise GST events nationwide. During the year under review, the number of GST events organised by the Institute increased by 44% compared to the previous year. In addition, there were three sessions of the 6-day GST Training Course organised with the Royal Malaysian Customs Department for the purpose of applying for the GST Tax Agent license under Section 170 of the GST Act 2014.

##### Collaboration Events with the Lembaga Hasil Dalam Negeri Malaysia (LHDNM)

For the 15th consecutive year, the Institute and the LHDNM organised the National Tax Conference on 25 & 26 August 2015 at the Kuala Lumpur Convention Centre. The Conference with the theme "Partnering Stakeholders in a Challenging Environment" was officiated by YAB Dato' Sri Mohd Najib Tun Hj Abdul Razak and was attended by over 2,300 participants. Attendance increased by 18% compared to the previous year.

The annual LHDNM-CTIM Tax Forum 2015, was held in major towns namely Kuala Lumpur, Penang, Johor Bahru, Kota Kinabalu and Kuching.

#### Collaboration Events with Professional Bodies

The Institute continued to organise events in collaboration with the other professional bodies, namely MAICSA and ACCA. Four basic tax workshops for beginners and intermediate level tax professionals were jointly organised with MAICSA in October and November 2015. Apart from the above, a workshop on "Tax Planning for Individuals and Companies" was also organised by both organisations. ACCA promotes and markets all events organised by the Institute.

In summary, the number of CPD events conducted by the Institute in the year 2015 increased by 17% compared to the previous year. There has also been a significant increase in the number of CPD events held outside the Klang Valley.

#### EDITORIAL COMMITTEE

The Editorial Committee continues to publish the Tax Guardian, the quarterly official journal of the Chartered Tax Institute of Malaysia. The Tax Guardian carries a wide range of articles primarily focussing on recent developments in Taxation both locally and internationally on areas of interest to practitioners and policy makers, in addition to highlighting the activities and events of CTIM. It also provides an avenue for members and research students to publish well researched articles of good technical content in this sole tax journal of the country.

The Institute encourages 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.

The Editorial members play a vital 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 improvement.

#### EDUCATION COMMITTEE

In 2015/2016 the Education Committee focused on various issues affecting CTIM students that was conveyed to the secretariat staff and individual committee members. The key issues affecting students are as follows:

- Availability of examination study materials
- Availability of learning centres that were focused on CTIM examinations
- Comprehensive communication media to disseminate information relevant to students.

The Education Committee recommended to the council and obtained approval for the following developmental activities to be implemented immediately:

- Approval for the preparation and publishing of examination guide for all 8 CTIM examination subjects
- The Council agreed with the recommendation to upload past year questions and other relevant student information in CTIM website.

## REPORT OF THE COUNCIL FOR 2015 / 2016 *(cont'd)*

### EXAMINATION COMMITTEE

The examination committee would like to report that there are currently 440 students of which 267 are active. The Institute admitted 79 students since the date of the last report. The Institute conducted examinations in June 2015 and December 2015 and 30 students have completed the CTIM examinations and become graduates who are eligible to apply for provisional/associate members. In addition, 19 students obtained the CTIM Tax Technician Certificate on completion of the intermediate level.

The examination committee approved subject exemptions to the following: Mahsa University for their Bachelor of Accounting and Diploma in Accounting programs, ACCA – Advance Diploma in Accounting and Business and Binary College for the Diploma in Accounting program.

The examination committee has embarked on improving the examination process and procedures. Among the areas scrutinised are examiners', chief examiners' and moderators' roles, question setting and marking, enhancing the pool of examiners for subject papers and improving question development for CTIM Professional examinations.

### ELECTION COMMITTEE

Based on recommendation of the Election Committee (EC), the Council has approved the following changes to the election process for the forthcoming 2016 Annual General Meeting, to be in line with the Memorandum and Articles of Association:-

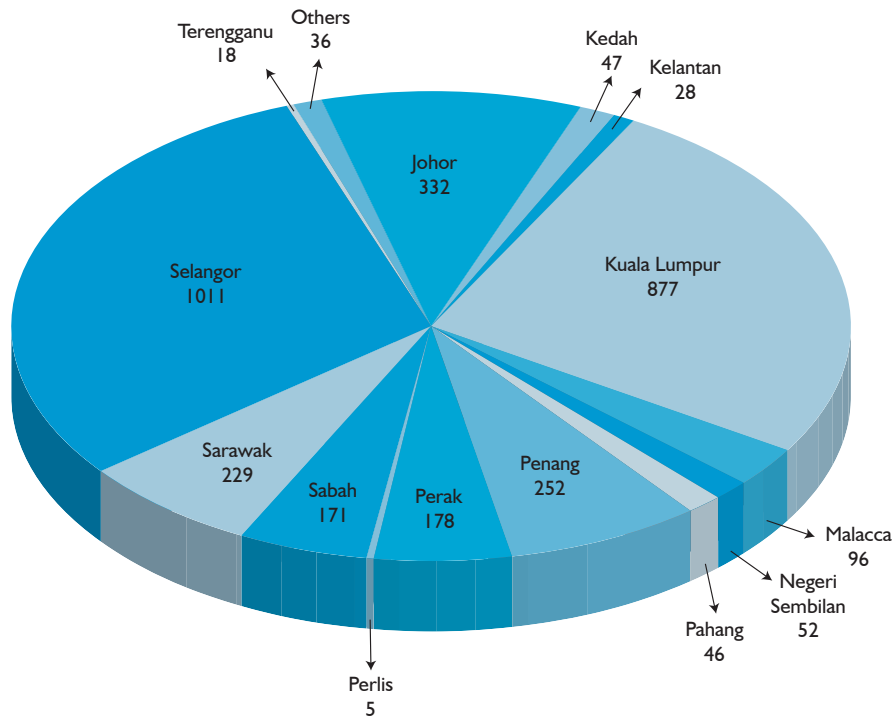
- (i) To allow members to request for postal ballot and vote using the postal ballot.
- (ii) The form of proxy has been amended to exclude the balloting process to ensure that a secret ballot is conducted during the AGM.
- (iii) The Council has appointed Boardroom Corporate Services (KL) Sdn Bhd to undertake and be responsible for the entire election process.

### MEMBERSHIP SERVICES COMMITTEE

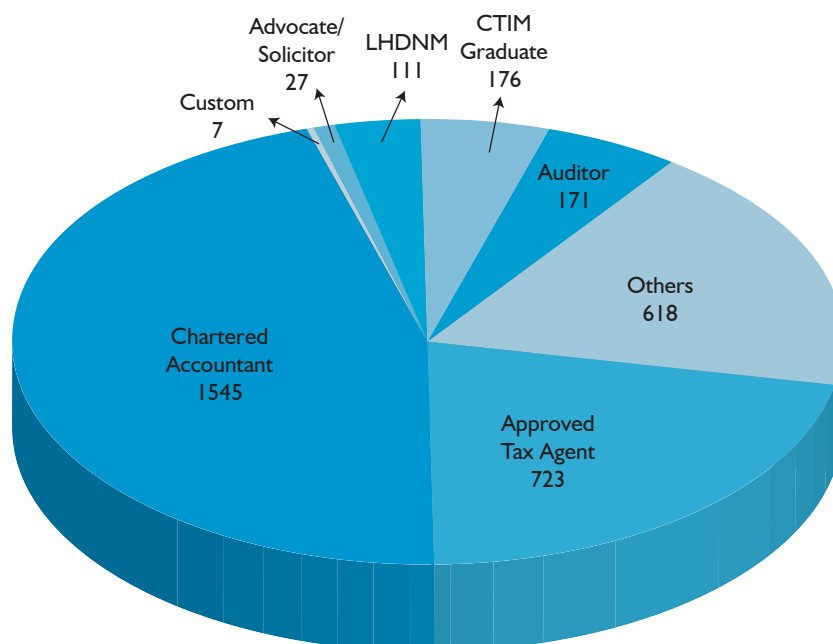
As at 30 April 2016 there are 3,378 members comprising 642 Fellow members, 2,729 Associate members and 7 Provisional members (30 April 2015: 3,263 members).

## Membership Profile

### By States



### By Employment



**REPORT OF THE COUNCIL FOR 2015 / 2016** (cont'd)**TECHNICAL COMMITTEE - INDIRECT TAX**

Following the effective date for the imposition of the goods and services tax on 1 April 2015, the Technical Committee – Indirect Tax (TC-IT) has gone through a busy period in the last term. Three (3) meetings were held during the term 2015-2016 and a total of 43 e-CTIMs on indirect tax have been issued since June 2015 to end of March 2016. Below is the summary of the activities.

**Engagement with the Royal Malaysian Customs Department (RMCD)**

The Institute has attended four (4) Technical Committee on GST Implementation (TC-GST Imp) Meetings of the Royal Malaysian Customs Department (RMCD), chaired by the Director of GST Division, RMCD. Various GST policy and technical issues were analysed and raised by TC-IT to the RMCD, and the minutes and written reply by RMCD were uploaded on the Institute's website.

The Institute also issued an e-CTIM encouraging the members to participate in a survey to assist in promoting participation in the RMCD online survey on GST-03 Return. The objective of the Survey is to identify the problems faced by GST registrants and tax agents in implementing GST and the ease of completing the GST Return 03. The outcome will form the basis for the RMCD to improve compliance amongst registered persons.

The RMCD also responded positively to the Institute's letter on whether the National GST Conference 2015 conducted by the Institute is an eligible training programme for claiming double deduction under Income Tax (Deduction for Cost Relating to Training for Employees for the Implementation of GST) Rules 2014 [P.U.(A)334/2014].

The Customs and Excise Working Group (CEWG) of TC-IT has also participated in both the meetings of the Customs-Private Sector Consultative Panel (CPSCP) which were held on 4 June 2015 and 2 November 2015. Issues related to the implementation of u-Customs were raised and the CEWG is arranging with the RMCD for a briefing for members on the effects and implications of implementation of u-Customs.

In addition, the Institute attended the events organised by the RMCD Majlis Hari Bertemu Pelanggan GST, officiated by YB. Datuk Chua Tee Yong (Deputy Finance Minister I) on 16 June 2015 and the launching of Incentive for Consumer to Request for Tax Invoice - competition on 31 March 2016.

The Institute also attended two (2) briefings on U-Customs, namely "Bengkel External Stakeholder Engagement Projek u-Customs – (Customs Consultative Panel 22)" on 29-30 June 2015 and "Go Live - Registration and Broker Affairs" modules on 16 December 2015. The Institute was invited by the RMCD to the Time Release Study Exist Conference on 13 October 2015.

**Interaction with other Government Authorities**

Subsequent to the announcement of the 2016 Budget, a focus group comprised of TC-IT members analysed the GST policy and technical implications and provided feedback and recommendations via a Memorandum on GST issues arising from 2016 Budget & Finance Bill 2015 to the Ministry of Finance (MOF) on 4 December 2015.

Following the conclusion of the Trans-Pacific Partnership Agreement (TPPA), TC-IT has also requested the Ministry of International Trade and Industry (MITI) to provide TC-IT with the proposed changes to the legislation to analyse and provide feedback on the practical and technical implications from a taxation perspective.

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

The Transfer Pricing Sub-Committee (TPSC) which was previously under the Technical Committee – Direct Tax I, has been upgraded to the Technical Committee – Transfer Pricing (TC-TP) by the Council at the beginning of the 2015/2016 term. Its area of focus is in relation to transfer pricing, advance pricing arrangement and mutual agreement procedure.

**AOTCA Survey on BEPS Project**

In December 2015, the Institute received a Survey on the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Project in respect of Malaysia from the Asia-Oceania Tax Consultants Association (AOTCA) of which the Institute is a member. The TC-TP prepared and submitted responses to the questions listed in the survey on the BEPS actions plans related to transfer pricing. The responses were submitted to the AOTCA Technical Committee in January 2016.

**Interaction with Inland Revenue Board of Malaysia (LHDNM)****• Roundtable session on BEPS Action Plan 13**

The Institute (represented by the TC-TP) together with representatives of Malaysian multinational enterprise (MNE) groups attended a roundtable session with Inland Revenue Board of Malaysia (LHDNM) in March 2016 to discuss on the OECD's BEPS Action Plan 13 (Transfer Pricing Documentation and Country-by-Country Reporting) which will be implemented in Malaysia in the near future. The Country-by-Country Reporting (CbCR) component of BEPS Action 13 will impact MNE groups which have met the consolidated group turnover threshold in the preceeding fiscal year (which may be the equivalent of Euro 750 million). The Institute (via the TC-TP) assisted in extending the invitation to representatives of Malaysian MNE groups to attend the roundtable session. Representatives from more than 20 MNE groups attended. The TC-TP Chairman presented a brief introduction of the BEPS Project and an overview of BEPS Action Plan 13. This was followed by LHDNM's presentation on implementation of CbCR. The roundtable session concluded



## REPORT OF THE COUNCIL FOR 2015 / 2016 (cont'd)

### • Roundtable session on BEPS Action Plan 13 (cont'd)

with a discussion-cum-question and answer session where the Institute and representatives of Malaysian MNE groups raised concerns as well as sought clarification on a multitude of issues pertaining to the implementation of CbCR. Following the roundtable session, the Institute and Malaysian MNE groups provided comments, feedback and questions on BEPS Action Plan 13 which was submitted by the Institute to LHDNM for their deliberation and consideration. At the same time, the Institute also requested for future dialogues with LHDNM on transfer pricing matters.

### • IRBM Transfer Pricing Guidelines 2012, Income Tax (Transfer Pricing) Rules 2012 and Transfer Pricing Audit Framework

Comments, feedbacks and proposals by the TC-TP (and previously by the TPSC) on the IRBM Transfer Pricing Guidelines 2012, Income Tax (Transfer Pricing) Rules 2012 and Transfer Pricing Audit Framework were finalised and included in the above-mentioned submission to LHDNM on BEPS Action Plan 13 for their consideration when reviewing the legislation/rules in light of BEPS.

### Other activities

The TC-TP will be conducting several transfer pricing (TP) workshops in June 2016 on arm's length principles, TP documentation and methodology, TP audit and appeals, advance pricing arrangement, mutual agreement procedure, cost contribution arrangement etc. Details on the TP workshops will be posted on the Institute's website.

### E-Circulars

E-Circulars to members included reporting on the following matters:-

- LHDNM's views on the BEPS Action Plan at the Commonwealth Association of Tax Administrators Conference in November 2015; and
- Effective date of 1 January 2018 for implementation of Income Tax (Thin Capitalisation) Rules.

### 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). During the year, the committee and its working groups have been actively involved in reviewing various technical and operational/compliance issues and engaging with MOF and LHDNM in discussions on those issues.

### TECHNICAL COMMITTEE - DIRECT TAX I (TC-DT I) (cont'd)

The following is a brief description of key activities undertaken during the year:-

#### • 2016 Budget & Finance Bill 2015

The Institute submitted a Memorandum for the 2016 Budget to MOF and participated in the 2016 Budget Consultation session chaired by the Prime Minister in June 2015.

Subsequent to the 2016 Budget announcement, the Direct Tax and Indirect Tax Committees reviewed the Budget proposals and Finance Bill 2015, and submitted a Joint Memorandum on 2016 Budget together with the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The Institute also attended a meeting with the Deputy Finance Minister I to discuss issues arising from the Finance Bill 2015 in November 2015 and provided feedback on several issues for consideration.

The Institute participated in a discussion with LHDNM and MOF on the issues submitted at a dialogue with LHDNM and the professional bodies on 29 February 2016. The minutes of the dialogue will be circulated to members when it is made available by LHDNM.

#### • Income Tax (Thin Capitalisation) Rules

The Institute provided feedback to MOF on the postponement of the operation of the Thin Capitalisation Rules. MOF subsequently notified the Institute that the implementation of Income Tax (Thin Capitalisation) Rules will be deferred to 31 December 2017 and will only take effect on 1 January 2018. The Institute has requested for a copy of the updated draft Income Tax (Thin Capitalisation) Rules for feedback purposes.

#### • 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 [professional bodies].

During the year, the JTWG-FRS continued to follow up with MOF and LHDNM on the authorities' feedback on the Discussion Papers on the outstanding MFRSs prepared by the JTWG-FRS.

The JTWG-FRS also deliberated on members' concerns on practical issues arising from LHDNM's Guidelines on Tax Treatment Related to the Implementation of MFRS 121 (or other similar standards) and possible alternatives to address the practical issues. The JTWG-FRS has requested for a meeting with MOF and LHDNM to present these matters for discussion.

## REPORT OF THE COUNCIL FOR 2015 / 2016 (cont'd)

### • Technical and compliance/operational issues

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

- Follow-up with MOF and LHDNM to expedite the amendment of the non-application rules in Income Tax (Accelerated Capital Allowances) (Information and Communication Technology Equipment) Rules 2014 [P.U. (A) 217/2014]. The amended order [P.U. (A) 284/2015] was subsequently gazetted on 2 December 2015.
- Review of tax treatment of computer software and withholding tax as set out in Public Rulings 1/2014 and 12/2014 respectively for discussion with LHDNM.
- Submission to LHDNM on compliance and operational issues for deliberation in a proposed workshop with LHDNM
- Feedback on the Tax Collection Framework (Amendment 1/2015), LHDNM Operational Guidelines No.1/2016 on Reduction of Penalties & Waiver of Tax Increase and LHDNM Operational Guidelines No.2/2016 on Application Procedure for Individual Tax Settlement Letter.
- Memorandum on non-technical compliance/operational issues for DESIRE meeting.
- Clarification sought on various issues e.g. Form C disclosure, revised Form CP204 and CP204A, winding up of company, amendment to Section 25(1), reduction in withholding tax for distribution from REITs to non-resident companies, 2016 filing programme, LHDNM practices in relation to the utilisation of tax credits to set-off against future tax installments.
- Attending a LHDNM briefing in March 2016 on the reduction of penalty for voluntary disclosure and waiver of tax increase for the settlement of tax arrears which is in support of the 2016 Budget Recalibration. The Institute took the opportunity to raise issues and seek clarification from LHDNM and subsequently submitted a letter to LHDNM to follow up on matters arising from the briefing.

### • Participation in Focus Group on Paying Taxes

The Institute participated in the Focus Group on Paying Taxes (FGPT), a sub-Committee of the PEMUDAH. Several FGPT meetings were held during the year to discuss on various matters which included the following:-

- Proposals to improve the income tax system in Malaysia e.g. post-filing audit procedures, tax refund procedures, compensation for late refund and making tax case judgments available to the public; and
- CTIM's recommendations on the timely reporting of decided tax cases.

The Institute also submitted a Summary of Survey on Compensation or Interest on Late Refund of Tax Withheld to the FGPT for consideration.

### • Joint Public Rulings Working Group (JPRWG)

The JPRWG has been actively involved in reviewing, providing feedback and engaging LHDNM on draft Public Rulings issued by LHDNM to the JPRWG for comments. Nine (9) draft Public Rulings have been circulated by LHDNM to the JPRWG since June 2015.

### • BEPS

In January 2016, the Direct Tax I, Direct Tax II, Indirect Tax and Transfer Pricing Committees responded to a survey on the implications of the BEPS Project Action Plan 1-15 from a Malaysian perspective which was conducted by the Asia-Oceania Tax Consultants' Association (AOTCA) of which the Institute is a member.

### • Other activities

The Institute attended the following:-

- Malaysian Accounting Standards Board - Convergence Task Force (MASB-CTF) meeting in September 2015.
- World Bank workshop in January 2016. The purpose of the workshop is to equip participants with the technical knowledge of World Bank's new ranking criteria for the ease of doing business.

### • Technical Circulars

In keeping members up-to-date with announcements from LHDNM and tax developments, the Institute issued 37 e-CTIMs and 28 e-CTIMs on direct tax in the second half of 2015 and first quarter of 2016 respectively.

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

The Technical Committee - Direct Tax II (TC-DT II) focuses on specialised areas of income tax such as incentives, tax issues related to capital market transactions, and other taxes such as stamp duty, real property gains tax (RPGT), etc.

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

Following the Institute's submission of Joint Comments/Feedback on the LHDNM's Presentation Slides on the Proposed Stamp Bill 2015, the Institute has followed up with the MOF requesting for the draft Stamp Bill so that appropriate feedback may be made.

There are several National Budget tax proposals from earlier years which have not been enacted as yet. Further, the Malaysian Investment Development Authority (MIDA) has issued several Guidelines on tax incentives which have been announced in the 2015 National Budget, for which legislation has not been gazetted. The Institute has compiled a list of prior years' Budget tax proposals which have not been gazetted to date and submitted this to the MOF. In support of the Government's efforts, the Institute has offered its assistance to review the draft legislation.

## REPORT OF THE COUNCIL FOR 2015 / 2016 (cont'd)

### Engagement with Lembaga Hasil Dalam Negeri Malaysia (LHDNM)

The Institute has liaised with the LHDNM regarding the proposed introduction of the RPGT self-assessment regime and on other RPGT matters. On 6 October 2015, the Institute wrote to LHDNM requesting for a dialogue to discuss various issues relating to RPGT and in particular to understand the progress of the proposed self-assessment regime for RPGT. A response was received from the Director of Duties, RPGT and Petroleum Division of LHDNM which indicated that the self-assessment regime for RPGT has been deferred until further notice. With regard to the other RPGT issues raised, the LHDNM has indicated that it will provide a written response to the Institute.

### Engagement with the Ministry of International Trade and Industry (MITI)

Following from the Institute's submission of its Feedback on the Review of the Promotion of Investments Act (PIA) 1986, MITI invited the Institute to a dialogue on 3 November 2015. The Institute presented its view on the existing tax incentive framework both in relation to the PIA and in the context of incentives under the Income Tax Act 1967, and expressed the view that the incentive framework needs to be reviewed holistically against the economic needs of the country as well as from the perspective of the need for transparency, etc. for investors. The Institute has identified flaws in the administration of the incentive regime and offered its support to the Ministry, including providing feedback on the draft legislation, when this is ready.

### Engagement with the Malaysian Investment Development Authority (MIDA)

Following from the Institute's submission of its Feedback on Issues Relating to Incentives Administered by MIDA, the Institute has requested for a dialogue with the authorities on issues raised. The Institute is in the midst of compiling issues for a new submission to MIDA to highlight tax incentives issues.

### Engagement with the Securities Commission Malaysia (SC)

The Institute responded to the SC's invitation to provide input on the development of the Capital Markets sector from a tax perspective on 4 June 2015. In addition, the Institute is in the midst of compiling a memorandum to the SC to highlight tax matters impacting areas under the purview of the SC.

### 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

#### • Matters relating to renewal of Approved GST Tax Agent Licence

The PPC shares the concerns of members on meeting the requirements for CPD points and number of clients as stipulated in MOF's guidelines for renewal of Approved GST Tax Agent Licence. The PPC wrote to MOF and the office of the Deputy Finance Minister I and obtained a meeting in April 2016 to discuss these issues and concerns. The meeting was chaired by the Deputy Finance Minister I with officers from MOF, the RMCD and the representatives of the Institute (represented by the President, Deputy President, and PPC Chairman) in attendance. Members have been informed on this via e-circular.

### Interaction with LHDNM

#### • Matters relating to Section 153 Income Tax Agent Licence application

An invitation was extended by the Institute to LHDNM for their officer to speak at a CTIM Member's Dialogue on matters relating to how the Section 153 Income Tax Agent Licence interview is conducted, what to expect during the interview including the types of questions which would be asked and what LHDNM looks for in recommending applicants to MOF for approval. LHDNM subsequently responded that no officers were available and provided information on the Section 153 Income Tax Agent licence application and interview process which the Institute circulated to members.

#### • Requirement for staff of approved tax agents who engage with LHDNM officers to register in the TAeF system

The Institute obtained clarification on LHDNM's requirement for officers/employees of Subsection 153(3) approved tax agents who engage with LHDNM officers to register in the Tax Agent e-Filing (TAeF) system and circulated it to members.

### Members' Dialogue at CTIM Branches

Members' dialogues at CTIM Branches are intended to provide a platform to understand members' issues and gather feedback from the members in the respective states.

In November 2015, a Member's Dialogue was held for CTIM Northern Branch members in Penang with the presence of the CTIM President and the PPC Chairman. In addition, the CTIM Southern Branch and CTIM Perak Branch organised and hosted dialogues for members in January 2016. Several CTIM Council and PPC members were also present at the dialogues. Various operational, technical and public practice issues were discussed and the dialogues were well received by the members.

## REPORT OF THE COUNCIL FOR 2015 / 2016 *(cont'd)*

### Public Practice Circulars

3 e-CTIMs in the second half of 2015 and 7 e-CTIMs in the first four months of 2016 have been issued to keep members informed on public practice matters.

### RESEARCH COMMITTEE

The report on the research project of Qualitative and Quantitative Analyses of Tax Evasion and Tax Avoidance in Malaysia was completed and received on 18 March 2016 by the Malaysian Tax Research Foundation (MTRF). The report gives an overview of tax evasion and tax avoidance in Malaysia. It adopts both quantitative and qualitative approaches to investigate the extent of tax evasion and tax avoidance. Members may view the report from the Institute website.

## COMMITTEES 2015 / 2016

### 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  
Zen Chow Tuck Him

Total number of meetings held: 2

#### Terms of Reference

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

### OTHER CONFERENCE JOINT COMMITTEES

The National Tax Conference is jointly organised with the Lembaga Hasil Dalam Negeri Malaysia (LHDNM) and is managed by a separate joint committee. The following 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

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)
- Thanneermalai A/L SP SM Somasundaram

### EDITORIAL COMMITTEE

Council Members:  
K. Sandra Segaran A/L Karuppiah (Chairman)  
Phan Wai Kuan  
Prof Dr Jeyapalan A/L Kasipillai  
Others:  
S. Saravana Kumar  
Dr Nakha Ratnam  
Kenneth Yong Voon Ken  
M. Silverranie  
Thenesh Kannaa  
Venkataraman Ganesan  
Soo Mei Jun

Total number of meetings held: 0

The Editorial Committee conducted its work by teleconversations and e-mail amongst its members.

#### 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.

### EDUCATION COMMITTEE

Council Members:  
Ong Chong Chee (Chairman)  
Seah Siew Yun  
Prof Dr Jeyapalan A/L Kasipillai  
Others:  
Ong Hing Huat  
Assoc Prof Dr Loo Ern Chen  
Ong Gim Yan  
Peter Thoo Boon Huat

Total number of meetings held: 1

#### Terms of Reference

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



## COMMITTEES 2015 / 2016 (cont'd)

### EXAMINATIONS COMMITTEE

Council Members:  
Prof Dr Jeyapalan A/L Kasipillai (Chairman)  
Nicholas Anthony Crist  
Ong Chong Chee  
Other:  
Ravi Balakrishnan

Total number of meetings held: 1

#### Terms of Reference

1. To establish and review (from time to time) the examination syllabus of the Institute's Examination to ensure that it remains relevant in meeting the challenges and demands of the changing tax regime and tax laws so that graduates will be able to meet the current and future market expectations.
2. To establish and review rules and regulations of the Institute's 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.

### ELECTION COMMITTEE

Council Members:  
Seah Siew Yun (Chairman)  
Aruljothi A/L Kanagarettnam  
Nicholas Anthony Crist  
Goh Lee Hwa  
Datuk Harjit Singh Sidhu A/L Bhagwan Singh  
Koong Lin Loong

Total number of meetings held: 2

#### Terms of Reference

1. To review processes, procedures and documents in relation to the election of CTIM Council Members of the forthcoming 24th AGM election in 2016.
2. To review the Memorandum and Articles of Association of the Institute in relation to the above matters.
3. To recommend to the Council for approval in respect of any changes to the processes, procedures and documents in relation to the election of CTIM Council Members.

### MEMBERSHIP SERVICES COMMITTEE

Council Members:  
Aruljothi A/L Kanagarettnam (Chairman)  
Farah Binti Rosley  
Others:  
Lim Thiam Kee, Peter  
Yeo Eng Hui, Adrian

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.

### DISCIPLINARY COMMITTEE

Council Members: Nil

Total number of meetings held: 0

#### Terms of Reference

1. To recommend to the Council the procedures, rules and regulations pertaining to disciplinary matters, including any subsequent improvements thereto.
2. To conduct hearings on all cases referred to the Committee by the Investigation Committee.
3. To determine the appropriate action to be taken upon completion of a hearing.

## COMMITTEES 2015 / 2016 (cont'd)

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

**Council Members:**

Phan Wai Kuan (Chairman)  
Seah Siew Yun  
Thanneermalai A/L SP SM Somasundaram  
Renuka Thuraisingham  
Nicholas Anthony Crist  
Yeo Eng Ping  
Goh Lee Hwa  
Datuk Harjit Singh Sidhu A/L Bhagwan Singh  
K. Sandra Segaran A/L Karupiah  
Lai Shin Fah @ David Lai  
Others:  
Beh Tok Koay  
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)  
Thanneermalai A/L SP SM Somasundaram  
Phan Wai Kuan  
Goh Lee Hwa  
K. Sandra Segaran A/L Karupiah  
Others:  
Lem Kooi Kee  
Stefanie Low Geok Ping  
Sharon Yong

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 2015 / 2016 (cont'd)

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

**Council Members:**

Lai Shin Fah @ David Lai (Chairman)  
Thanneermalai A/L SP SM Somasundaram

Farah Binti Rosley

Koong Lin Loong

**Others:**

Alan Chung

Beh Tok Koay

Brynnar Chiam

Christian Schroeder

Fan Kah Seong

Huang Shi Yang

Koh Siok Kiat

Larry James Sta Maria

Lau Chin Chin

Fennie Lim Phaik Hui

Ng Sue Lynn

S. Saravana Kumar

Sitartha Raja Kumaran

Ser Kian Ching

Tan Eng Yew

Thenesh Kannaa

Vijey R. Mohana Krishnan

Wan Heng Choon

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 Karuppiah

Thanneermalai A/L SP SM Somasundaram

**Others:**

Anushia Joan Soosaipillai

Bob Kee Lin Jen

Chan Tuck Keong

Goh Ka Im

Philip Yeoh

Sockalingam Murugesan

Venkataraman Ganesan

Wan Chee Khei

Total number of meetings held: 2

**Terms of Reference**

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

## COMMITTEES 2015 / 2016 (cont'd)

### PUBLIC PRACTICE COMMITTEE

Council Members:

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

Koong Lin Loong

Others:

Bernard Wong Kok Keng

Chak Kong Keong

Kenny Chong ThianPoh

Dr Paul Ang Siew Chuan

Wong Seng Chong

Total number of meetings held: 3

*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.

### RESEARCH COMMITTEE

Council Members:

Yeo Eng Ping (Chairman)

Ong Chong Chee

Total number of meetings held: 0

*Terms of Reference*

1. To establish and amend guidelines and criteria for the review and evaluation of research projects/proposals.
2. To recommend, for the approval of the Board of Trustees of The Malaysian Tax Research Foundation (MTRF) relevant research projects and the quantum of financial assistance to be given.
3. To monitor and evaluate the progress of the approved research project and, where necessary, recommend to the Board of Trustees of the MTRF for appropriate action to be taken.
4. To evaluate completed research reports and recommend to the Board of Trustees of the Malaysian Tax Research Foundation how the findings should be disseminated, i.e. whether via publication in the Journal of the Institute, in a seminar, etc.

## CALENDAR OF CPD EVENTS 2015 / 2016

Date	Training Programme	Venue
3-Jun-15	Half-day event - Your Questions on GST Answered	Kota Kinabalu
8-Jun-15	Submitting Your GST Return Correctly (re-run session)	Kuala Lumpur
11-Jun-15	Tax Audit in Present Taxation Regime	Ipoh
22-Jun-15	Getting Ready for GST Audits	Kuala Lumpur
2-Jul-15	Capital Allowance Maximisation	Kuala Lumpur
7-Jul-15	Capital Allowance Maximisation	Johor Bahru
7-Jul-15	Understanding Malaysia Property & Tax Planning Strategy	Kuala Lumpur
29-Jul-15	Capital Allowance Maximisation	Malacca
5-Aug-15	Capital Allowance Maximisation	Penang
7-Aug-15	Capital Allowance Maximisation	Kuching
12-Aug-15	Capital Allowance Maximisation	Ipoh
25-26 Aug-15	National Tax Conference 2015	Kuala Lumpur Convention Centre, Kuala Lumpur
8-Sep-15	Managing Income Tax Audits	Johor Bahru
14-Sep-15	Accounting Issues for GST	Kota Kinabalu
17-Sep-15	Managing Income Tax Audits	Penang
21-Sep-15	Managing Income Tax Audits	Malacca
21-Sep-15	Accounting Issues for GST	Kuching
22-Sep-15	GST & Customs Cases	Penang
28-Sep-15	GST & Customs Cases	Johor Bahru
1-Oct-15	Accounting Issues for GST	Johor Bahru
6-Oct-15	CTIM - MAICSA: Module 1 (in collaboration with MAICSA)	MAICSA Training Room, Kuala Lumpur
5-Oct-15	GST & Customs Cases	Kuala Lumpur
15-Oct-15	Accounting Issues for GST	Penang
21-Oct-15	Understanding the Legal & Practical Aspects of Withholding Tax	Malacca
20-Oct-15	CTIM - MAICSA: Module 2 (in collaboration with MAICSA)	MAICSA Training Room, Kuala Lumpur
2-Nov-15	Accounting Issues for GST	Ipoh
12-Nov-15	Accounting Issues for GST	Malacca
16-Nov-15	Understanding the Legal & Practical Aspects of Withholding Tax	Penang
17-Nov-15	Understanding the Legal & Practical Aspects of Withholding Tax	Ipoh
19-Nov-15	CTIM - MAICSA: Module 3 (in collaboration with MAICSA)	MAICSA Training Room, Kuala Lumpur



## CALENDAR OF CPD EVENTS 2015 / 2016 *(cont'd)*

Date	Training Programme	Venue
19-Nov-15	Understanding GST-Post Implementation Issues	Kuala Lumpur
26-Nov-15	Understanding the Legal & Practical Aspects of Withholding Tax	Johor Bahru
26-Nov-15	CTIM - MAICSA: Module 4 (in collaboration with MAICSA)	MAICSA Training Room, Kuala Lumpur
5-Nov-15	2015 Budget Seminar	Kuala Lumpur
23-Nov-15	2015 Budget Seminar	Petaling Jaya
24-Nov-15	2015 Budget Seminar	Kota Kinabalu
25-Nov-15	2015 Budget Seminar	Kuching
25-Nov-15	2015 Budget Seminar	Malacca
1-Dec-15	2015 Budget Seminar	Penang
2-Dec-15	2015 Budget Seminar	Ipoh
3-Dec-15	2015 Budget Seminar	Johor Bahru
8-Dec-15	2015 Budget Seminar	Kuala Lumpur
11-Jan-16	RPGT-The Basics & The Advanced	Kuala Lumpur
11-Jan-16	GST Accounting for Property Developers & Contractors	Penang
12-Jan-16	Latest Tax Developments on Employers' Statutory Requirements in 2016, including the Implications of Employee Related Payments	Johor Bahru
25-Jan-16	GST Accounting for Property Developers & Contractors	Kuching
1-Feb-16	GST Accounting for Property Developers & Contractors	Johor Bahru
2-Feb-16	Tax Planning for Individuals (in collaboration with MAICSA)	MAICSA Training Room, Kuala Lumpur
3-Feb-16	Latest Tax Developments on Employers' Statutory Requirements in 2016, including the Implications of Employee Related Payments	Kuala Lumpur
18-Feb-16	Common Tax Issues – recent updates & what you need to know	Kuala Lumpur
25-Feb-16	GST-Recent Developments and Its Implications	Kuala Lumpur
24-Feb-16	Latest Tax Developments on Employers' Statutory Requirements in 2016, including the Implications of Employee Related Payments	Kota Kinabalu
29-Feb-16	Latest Tax Developments on Employers' Statutory Requirements in 2016, including the Implications of Employee Related Payments	Ipoh
2-Mar-16	Latest Tax Developments on Employers' Statutory Requirements in 2016, including the Implications of Employee Related Payments	Penang
7-Mar-16	GST Accounting for Property Developers & Contractors	Kota Kinabalu
10-Mar-16	Withholding Tax; Theory & Practice	Kuala Lumpur
10-Mar-16	Latest Tax Developments on Employers' Statutory Requirements in 2016, including the Implications of Employee Related Payments	Kuching
14-Mar-16	GST Accounting for Property Developers & Contractors	Malacca

## CALENDAR OF CPD EVENTS 2015 / 2016 *(cont'd)*

Date	Training Programme	Venue
22-Mar-16	Latest Tax Developments on Employers' Statutory Requirements in 2016, including the Implications of Employee Related Payments	Malacca
24-Mar-16	GST Accounting for Property Developers & Contractors	Kuala Lumpur
28-Mar-16	GST Accounting for Property Developers & Contractors	Ipoh
29-Mar-16	Tax Planning for Companies (in collaboration with MAICSA)	MAICSA Training Room, Kuala Lumpur
8-Mar-16	LHDNM-CTIM Tax Forum 2016	Kuala Lumpur
15-Mar-16	LHDNM-CTIM Tax Forum 2016	Johor Bahru
16-Mar-16	LHDNM-CTIM Tax Forum 2016	Penang
22-Mar-16	LHDNM-CTIM Tax Forum 2016	Kota Kinabalu
23-Mar-16	LHDNM-CTIM Tax Forum 2016	Kuching
6-Apr-16	GST: Practical Issues & Recent Developments	Kuala Lumpur
7-Apr-16	Latest Updates on Withholding Tax and Double Taxation Agreement in 2016	Penang
12-Apr-16	GST: Practical Issues & Recent Developments	Kota Kinabalu
13-Apr-16	GST: Practical Issues & Recent Developments	Kuching
14-Apr-16	Reinvestment Allowances - Understanding Schedule 7A ITA 1967	Johor Bahru
19-Apr-16	Tax Incentives – an overview of incentives available & eligibility criteria and conditions	Kuala Lumpur
21-Apr-16	GST: Practical Issues & Recent Developments	Ipoh
4-May-16	Managing Tax Audits	Johor Bahru
5-May-16	Reinvestment Allowances - Understanding Schedule 7A ITA 1967	Penang
10-May-16	Reinvestment Allowances - Understanding Schedule 7A ITA 1967	Malacca
31 May - 1 Jun 2016	National GST Conference 2016	Kuala Lumpur

## CALENDAR OF CPD EVENTS 2015 / 2016 *(cont'd)*

Date	GST Training Course	Venue
4-13 Sept 2015	GST Training Course No.7/2015	Petaling Jaya
4-19 Oct 2015	GST Training Course No.8/2015	Kuala Lumpur
7-16 May 2016	GST Training Course No. 1/2016	Kuala Lumpur



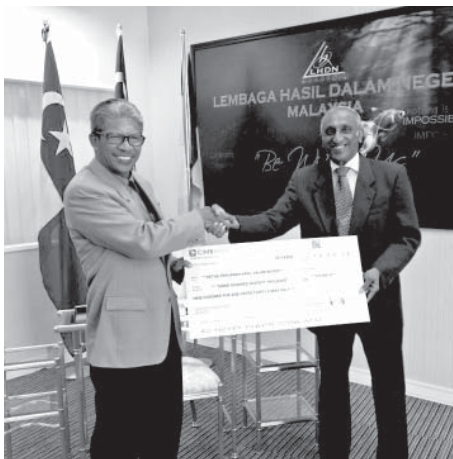




# Pictorial HIGHLIGHTS









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

(Incorporated in Malaysia as a Company Limited by Guarantee)

# **FINANCIAL STATEMENTS**

**31 DECEMBER 2015**

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## COUNCIL MEMBERS' REPORT

The Council members have pleasure in submitting their report together with the audited financial statements of the Institute for the year ended 31 December 2015.

### 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 800,477
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### 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	(retired on 13.06.2015, re-elected on 13.06.2015)
Thanneermalai A/L SP SM Somasundaram	
Poon Yew Hoe	
Jeyapalan A/L Kasipillai	
Phan Wai Kuan	
Ong Chong Chee	
Renuka Thuraisingham	
Nicholas Anthony Crist	
Yeo Eng Ping	
Farah Binti Rosley	
Goh Lee Hwa	
Harjit Singh Sidhu A/L Bhagwan Singh	
Koong Lin Loong	(elected on 13.06.2015)
K.Sandra Segaran A/L Karuppiah	(retired on 13.06.2015, re-elected on 13.06.2015)
Lai Shin Fah @ David Lai	(elected on 13.06.2015)
Lew Nee Fook @ Liu Nee Choong	(retired on 13.06.2015)
Tan Leh Kiah	(retired on 13.06.2015)

In accordance with Article 59 of the Institute's Articles of Association, Mr. Thanneermalai A/L SP SM Somasundaram, Mr. Jeyapalan A/L Kasipillai, Ms. Phan Wai Kuan and Mr. Ong Chong Chee shall retire at the forthcoming Annual General Meeting. Mr. Jeyapalan A/L Kasipillai, Ms. Phan Wai Kuan and Mr. Ong Chong Chee shall be eligible for re-election. In accordance with Article 58B Mr.Thanneermalai A/L SP SM Somasundaram is not eligible to seek re-election.

### Council Members' Interest

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

### Benefits of Council Members

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 Institute in which the Council member has a substantial financial interest.

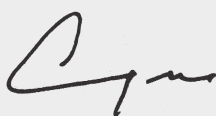
Neither during nor at the end of the year, was the Institute a party to any arrangement the object of which is to enable the Council members to acquire benefits by means of the acquisition of shares in or debentures of the Institute or any other body corporate.

**COUNCIL MEMBERS' REPORT** (cont'd)**Other Statutory Information**

- (a) Before the statement of income and expenditure and statement of financial position of the Institute were made out, 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 realise their book value in the ordinary course of business were written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Council members are not aware of any circumstances:
- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Institute inadequate to any substantial extent; or
  - (ii) that 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) No contingent or other liabilities of the Institute have become enforceable or are 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 affect the ability of the Institute to meet its obligations as and when they fall due.
- (d) At the date of this report:
- (i) there are no charges on the assets of the Institute which have arisen since the end of the year to secure the liabilities of any other person; and
  - (ii) there are no contingent liabilities in respect of the Institute which have arisen since the end of the year.
- (e) In the opinion of the Council members:
- (i) the results of the operations of the Institute for the year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Institute for the year in which this report is made.

**Auditors**

The auditors, Messrs. Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment. Signed on behalf of the Council members in accordance with a resolution of the members of the Council.



ARULJOTHI A/L KANAGARETNAM

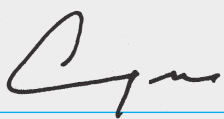


SEAH SIEW YUN

**STATEMENT BY COUNCIL MEMBERS****Pursuant to Section 169(15) of the Companies Act, 1965**

We, ARULJOTHI A/L KANAGARETNAM and SEAH SIEW YUN, being two of the Council members of CHARTERED TAX INSTITUTE OF MALAYSIA, do hereby state that, in the opinion of the Council, the financial statements set out on pages 35 to 54 are drawn up in accordance with 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 state of affairs of the Institute as at 31 December 2015 and of its results and the cash flows of the Institute for the year ended on that date.

Signed on behalf of the Council members in accordance with a resolution of the members of the Council.



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ARULJOTHI A/L KANAGARETNAM

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SEAH SIEW YUN

KUALA LUMPUR

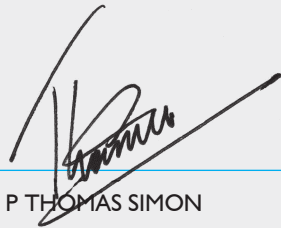
17 March 2016

## STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

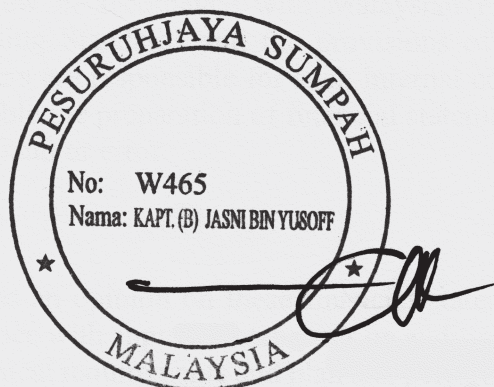
I, P THOMAS SIMON, being the Executive Director primarily responsible for the financial management of CHARTERED TAX INSTITUTE OF MALAYSIA, do solemnly and sincerely declare that the financial statements set out on pages 35 to 54 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed P THOMAS SIMON at Kuala Lumpur Wilayah Persekutuan on this date of 17 March 2016.



P THOMAS SIMON

Before me,



Lot 1.08, Tingkat 1,  
Bangunan KWSP, Jln Raja Laut,  
50350 Kuala Lumpur.  
Tel: 019-6680745

COMMISSIONER FOR OATHS



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

### Report on the Financial Statements

We have audited the accompanying financial statements of Chartered Tax Institute of Malaysia, which comprise the statement of financial position as at 31 December 2015 of the Institute, and the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flows of the Institute for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 35 to 54.

#### *Council Members' Responsibility for the Financial Statements*

The Council members of the Institute are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia. The Council members are responsible for such internal control as the Council members determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Institute's preparation of financial statements that give a true and fair view 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. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Institute as of 31 December 2015 and of its financial performance and 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.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report in our opinion that 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 solely made to the members of the Institute, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume any responsibility to any other person for the content of this report.


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MORISON ANUARUL AZIZAN CHEW  
Firm Number: AF 001977  
Chartered Accountants


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SATHIEA SEELEAN A/L MANICKAM  
No: 1729/05/16 (J/PH)  
Chartered Accountant

KUALA LUMPUR

17 March 2016

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	Note	2015 RM	2014 RM
<b>Non-Current Assets</b>			
Property, plant and equipment	3	1,919,484	1,986,032
<b>Current Assets</b>			
Other receivables	4	433,211	500,630
Fixed deposits with licensed banks	5	5,471,182	4,232,355
Cash and bank balances		621,566	1,431,181
		6,525,959	6,164,166
<b>Current Liabilities</b>			
Other payables	6	640,490	1,161,729
Government grant	7	47,763	54,138
Tax payable		25,140	2,758
		713,393	1,218,625
Net current assets		5,812,566	4,945,541
		7,732,050	6,931,573
<b>Financed by:</b>			
Accumulated funds		7,709,904	6,909,427
<b>Non-Current Liability</b>			
Deferred tax liability	8	22,146	22,146
		7,732,050	6,931,573

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

## STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
<b>Operating income</b>			
Courses and seminars		4,173,147	6,251,111
Examinations		208,116	160,744
Publications		122,342	102,516
Membership services		658,843	715,747
		5,162,448	7,230,118
<b>Less: Operating expenditure</b>			
Courses and seminars		2,473,714	3,480,216
Examinations		74,975	81,936
Publications		120,500	113,604
		2,669,189	3,675,756
Gross income over operating expenditure		2,493,259	3,554,362
<b>Other income</b>			
Utilisation of grant received	7	6,375	40,665
Interest on fixed deposits		132,811	132,385
National Tax Conference	9	596,366	513,434
LHDNM-CTIM Roadshows	10	11,790	15,991
Sundry income		5,766	24,360
		753,108	726,835
<b>Less: Administrative expenditure</b>			
Advertisement		-	12,328
Annual General Meeting		52,418	44,230
Audit fee		6,000	6,000
Bank charges		2,106	2,212
Building service charges and sinking fund		14,628	14,412
Depreciation of property, plant and equipment		103,284	116,914
Equipment rental		11,616	11,214
Legal and secretarial fees		2,850	3,151
Insurance		6,906	6,906
I.T. maintenance		26,222	24,100
Balance carried forward		226,030	241,467

## STATEMENT OF INCOME AND EXPENDITURE

### FOR THE YEAR ENDED 31 DECEMBER 2015 (cont'd)

	Note	2015 RM	2014 RM
<b>Less: Administrative expenditure (Cont'd)</b>			
Balance brought forward		226,030	241,467
Medical expenses		3,082	1,830
Meeting expenses		2,194	4,016
Newspaper and periodicals		35,211	9,211
Printing, postage and stationery		89,109	77,584
Professional fee		27,550	31,300
Property, plant and equipment written off		1,992	-
Quit rent and assessment		14,460	14,460
Staff costs			
- Employees Provident Fund and SOCSO		200,610	189,716
- Staff remuneration		1,535,291	1,460,423
- Staff welfare and insurance		32,095	18,307
Telecommunication expenses		24,796	27,905
Travelling, parking and toll		35,334	37,937
Office expenses		17,984	26,124
Upkeep of office equipment		7,231	6,160
Utilities		22,070	25,671
		<b>2,275,039</b>	<b>2,172,111</b>
Surplus before taxation		971,328	2,109,086
Less: Taxation	11	(170,851)	(437,284)
Surplus for the year		<b>800,477</b>	<b>1,671,802</b>

## STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 31 DECEMBER 2015

	Accumulated Funds RM
At 1 January 2014	5,237,625
Surplus for the year	1,671,802
At 31 December 2014	6,909,427
At 1 January 2015	6,909,427
Surplus for the year	800,477
At 31 December 2015	7,709,904

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 RM	2014 RM
<b>Cash Flows From Operating Activities</b>		
Surplus before taxation	971,328	2,109,086
Adjustments for:		
Depreciation of property, plant and equipment	103,284	116,914
Property, plant and equipment written off	1,992	-
Interest income	(132,811)	(132,385)
Government grant utilised	(6,375)	(40,665)
Operating surplus before working capital changes	937,418	2,052,950
Changes in working capital:		
Other receivables	67,419	(185,110)
Other payables	(521,239)	531,481
	(453,820)	346,371
Cash generated from operations	483,598	2,399,321
Tax paid	(148,469)	(465,929)
Net cash generated from operating activities	335,129	1,933,392
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(38,728)	(63,496)
Interest received	132,811	132,385
Net cash generated from investing activities	94,083	68,889
<b>Net increase in cash and cash equivalents</b>	429,212	2,002,281
<b>Cash and cash equivalents at the beginning of the year</b>	5,663,536	3,661,255
<b>Cash and cash equivalents at the end of the year</b>	6,092,748	5,663,536
<b>Cash and cash equivalents at the end of the year</b>		
Fixed deposits with licensed banks	5,471,182	4,232,355
Cash and bank balances	621,566	1,431,181
	6,092,748	5,663,536



## 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 Directors to exercise their judgment in the process of applying the Institute's accounting policies. Although these estimates and judgment are based on the Directors' 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).

Amendments to accounting standards that are effective for Institute's year beginning on or after 1 January 2015 are as follows:

- Amendments to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards" (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 2, "Share-based Payment" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 3, "Business Combinations" (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, "Operating Segments" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, "Fair Value Measurement" (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, "Property, Plant and Equipment" and MFRS 138, "Intangible Assets" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, "Defined Benefit Plans Employee Contribution"
- Amendments to MFRS 124, "Related Party Disclosures" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 140, "Investment Property" (Annual Improvements 2011-2013 Cycle)

The above amendments to accounting standards effective during the 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 2016*

##### Amendments to MFRS 5 Non Current Assets Held for Sale and Discontinued Operations

The Amendments introduce specific guidance in MFRS 5 for when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

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

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

#### *Annual periods beginning on/after 1 January 2016 (cont'd)*

##### Amendments to MFRS 7 Financial Instruments: Disclosures

The Amendments provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7. The Amendments also clarify the applicability of Amendments to MFRS 7, Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

##### Amendments to MFRS 11 Joint Arrangements

These Amendments clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses.

##### Amendments to MFRS 101 Presentation of Financial Statements

The Amendments aim to improve the effectiveness of disclosures and are designed to encourage companies to apply professional judgement in determining the information (including where and in what order) to be disclosed in the financial statements.

##### Amendments to MFRS 116 Property, plant and equipment

These Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not, as a matter of principle, reflect the way in which an item of property, plant and equipment is used or consumed.

##### Amendments to MFRS 119 Employee Benefits

The Amendment clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. The Amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level.

##### Amendments to MFRS 127 Separate Financial Statements

The Amendments allow a parent and investors to use the equity method in its separate financial statement to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

##### Amendments to MFRS 134 Interim Financial Reporting

The Amendment clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' as used in MFRS 134. The Amendment requires such disclosures to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

##### Amendments to MFRS 138 Intangible assets

These Amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate. This presumption can be overcome only in the limited circumstances:

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**2. Summary of Significant Accounting Policies** (cont'd)***Annual periods beginning on/after 1 January 2016 (cont'd)*****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.

**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.

***Effective date yet to be determined by the Malaysian Accounting Standards Board*****Amendments 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.

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

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

#### *Effective date yet to be determined by the Malaysian Accounting Standards Board (cont'd)*

##### Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures (continued)

Accounting standards and amendments to accounting standards that are not relevant and not yet effective for Institute are as follows:

- Amendments to MFRS 10, MFRS 12 and MFRS 128, "Investment Entities: Applying the Consolidation Exception"
- MFRS 14, "Regulatory Deferral Accounts"
- Amendments to MFRS 116 and MFRS 141, "Agriculture: Bearer Plants"

#### (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 2.5 to 50 years as stated in Note 2(c). 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. The carrying amount of the Institute's property, plant and equipment as at 31 December 2015 are stated in Note 3 to the financial statements.

#### (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).

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of property, plant and equipment. Work-in-progress is not depreciated until they have been completed and ready for commercial operation. 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 depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period, and adjusted as appropriate.

Gain or losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in administrative expenditure.

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

### 2. Basis of Preparation and Significant Accounting Policies (cont'd)

#### (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.

#### (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.

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

### 2. Basis of Preparation and Significant Accounting Policies *(cont'd)*

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

##### (i) Classification *(cont'd)*

###### 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.

##### (iii) Subsequent measurement

###### 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 values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

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.

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.

###### 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.



**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**2. Basis of Preparation and Significant Accounting Policies** (cont'd)

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

## (iii) Subsequent measurement (cont'd)

Impairment of financial assets (cont'd)

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 which have an 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 profit or loss.

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.

## (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.

## 2. Basis of Preparation and Significant Accounting Policies *(cont'd)*

### (k) Income taxes

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
<b>Cost</b>						
At 1.1.2015	1,967,425	175,746	206,720	370,099	74,426	2,794,416
Additions	-	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
<b>Accumulated depreciation</b>						
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
<b>Carrying amount</b>						
At 31.12.2015	1,705,347	72,019	81,207	37,938	22,973	1,919,484
<b>Cost</b>						
At 1.1.2014	1,967,425	156,086	206,720	326,263	74,426	2,730,920
Additions	-	19,660	-	43,836	-	63,496
At 31.12.2014	1,967,425	175,746	206,720	370,099	74,426	2,794,416
<b>Accumulated depreciation</b>						
At 1.1.2014	183,380	90,731	96,029	282,017	39,313	691,470
Charge for the year	39,349	8,899	17,875	43,348	7,443	116,914
At 31.12.2014	222,729	99,630	113,904	325,365	46,756	808,384
<b>Carrying amount</b>						
At 31.12.2014	1,744,696	76,116	92,816	44,734	27,670	1,986,032

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

	2015 RM	2014 RM
Other receivables	221,466	127,855
Deposits and prepayment	211,745	372,775
	433,211	500,630

**5. Fixed Deposits With Licensed Banks**

The effective interest rate of deposits at the reporting date ranged from 3.05% to 3.35% (2014: 2.95% to 3.15%) per annum and 30 days to 365 days respectively (2014: 30 days to 365 days respectively).

**6. Other Payables**

	2015 RM	2014 RM
Other payables	574,242	787,430
Accruals	66,248	374,299
	640,490	1,161,729

Included in other payables is an amount of RM344,105 (2014: RM282,434) owing to Lembaga Hasil Dalam Negeri ("LHDNM") being its share of profit from the National Tax Conference.

**7. Government Grant**

	2015 RM	2014 RM
At 1 January	54,138	94,803
Recognised in the statement of income and expenditure	(6,375)	(40,665)
At 31 December	47,763	54,138

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

### 8. Deferred Tax Liabilities

	2015 RM	2014 RM
At 1 January	22,146	52,116
Recognised in profit or loss	-	(2,191)
Over provision in prior years	-	(27,779)
At 31 December	22,146	22,146

The components of deferred tax liability of the Company as follows:

	2015 RM	2014 RM
Deferred tax liabilities:		
- Property, plant and equipment	22,146	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. 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)

### 11. Taxation

	2015 RM	2014 RM
Income tax:		
Current year	172,184	451,249
(Over)/Under provision in prior years	(1,333)	16,005
	170,851	467,254
Deferred tax expense:		
Current year	-	(2,191)
Over provision in prior years	-	(27,779)
	-	(29,970)
	170,851	437,284

Income tax is calculated at the average tax rate of 21.16% (2014: 18.21%) of the first RM400,000 (2014: RM150,000) and at the statutory tax rate of 25% (2014: 26%) 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:

	2015 RM	2014 RM
Surplus before taxation	971,328	2,109,086
Tax at statutory tax rate of:-		
- 21.16% (2014: 18.21%) on the first RM400,000 (2014: RM150,000)	84,650	27,325
Tax at statutory tax rate of		
- 25% (2014: 26%) on the balance of chargeable income	158,930	509,362
Non-taxable surplus from members	(98,595)	(120,556)
Expenses not deductible for tax purposes	27,199	32,927
Over provision of deferred taxation in respect of prior years	-	(27,779)
(Over)/Under provision of income taxation in respect of prior years	(1,333)	16,005
Tax expense for the year	170,851	437,284

### 12. 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.

	2015 RM	2014 RM
Within one year	11,616	11,616
Between one and two years	11,616	11,616
Between two and five years	22,264	33,880
	45,496	57,112



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

### 13. Capital Commitments

	2015 RM	2014 RM
Property, plant and equipment:-		
Authorised and contracted for	28,000	28,000

### 14. Financial Instruments

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

	Loans and receivables/ other financial liabilities	
	2015 RM	2014 RM
<b>Financial assets</b>		
Other receivables	221,466	127,855
Cash and cash equivalents	6,092,748	5,663,536
	6,314,214	5,791,391
<b>Financial liability</b>		
Trade and other payables	574,242	787,430

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**14. 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 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.

Market risk

## (i) Interest- rate risk

The Institute obtain financing through other financial liabilities. The Group's and the Company's policy are 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:

	2015 RM	2014 RM
<b>Financial assets</b>		
Short term deposits with licensed banks	5,471,182	4,232,355

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**14. 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 trade and 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
2015				
Other payables	574,242	-	574,242	574,242
2014				
Other payables	787,430	-	787,430	787,430

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.

**15. 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.

**16. Date of Authorisation for Issue**

The financial statements of the Institute for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Council Members on 17 March 2016.

## NOTES

## NOTES



## ADMINISTRATIVE DETAILS OF THE ANNUAL GENERAL MEETING

Date : **Saturday, 18 June 2016**  
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 2016 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 2015 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, 16 June 2016.**

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 23rd Annual General Meeting (AGM) Minutes will not be tabled for discussion at the forthcoming AGM. Members are advised to review the minutes of the 23rd Annual General Meeting held on 13 June 2015 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-Fourth Annual General Meeting of the Institute to be held on Saturday, 18 June 2016 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 2016/2017 term by secret ballot. (Ballot papers for secret ballot will be provided to each proxy holder on registration of the proxy holder on 18 June 2016 before the commencement of the AGM at 9.30 a.m.)	N/A	
2.	To re-appoint the Auditors for the ensuing year. (Note)		

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

Signed this ..... day of ..... 2016

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 2016 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, 18 June 2016, 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, 16 June 2016.**

