



2013

annual report



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of the Chartered Tax Institute of Malaysia ("the Institute") will be held on Saturday, 14 June 2014 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 2013 and the Report of the Auditors thereon.
3. To elect four (4) Council Members for the 2014/2015 term.

Lim Thiam Kee and Chow Kee Kan @ Chow Tuck Kwan retire in accordance with Article 59 of the Institute Articles of Association and are not eligible for re-election.

3(a) Lai Shin Fah @ David Lai and Poon Yew Hoe retire pursuant to Article 59 and being eligible offers themselves for re-election.

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) Farah Rosley
- (ii) Goh Lee Hwa
- (iii) Datuk Harjit Singh Sidhu
- (iv) Lee Chong Leng

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. As Special Business:

To consider and, if thought fit, to pass the following motion, with or without modification as a Special Resolution to amend the Institute's Articles of Association, pursuant to a proposal received in accordance with Article 35(a) of the Articles of Association of the Institute:

"PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

THAT subject to the approval of the Minister of Domestic Trade, Cooperatives and Consumerism, a New Article 20A be inserted after Article 20 of the Institute's Articles of Association:-

Articles of Association	Proposed New Article 20A
Article 20A	"In accordance with Article 13, a student who has completed the required number of examination papers at an intermediate level shall be issued a prescribed certificate that denotes a qualification at the level of a tax technician."
Tax Technician Certificate	

6. 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

23 May 2014

NOTES

- (a) A Member may appoint a proxy who shall either be an Associate Member or Fellow Member of the Institute.
- (b) The proxy shall not be entitled to vote at a meeting of the Institute unless the instrument of appointment has been deposited into the 2014 AGM ballot box at the registered office of the Institute at Unit B-13-2, Block B, 13th Floor, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight hours before the time fixed for the meeting.
- (c) 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.

Explanatory Note on Special Business:

1. The motion was proposed and seconded in accordance with Article 35(a) of Institute's Articles of Association.
The motion allows for a Tax Technician Certificate to be issued to a student who has completed the required number of examination papers at an intermediate level. Refer page 9 Examination Committee report.

INSTITUTE'S 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 2013 / 2014

2013/2014 Attendance Report

PRESIDENT

Thanneermalai A/L SP SM Somasundaram 6

DEPUTY PRESIDENT

Lim Thiam Kee 5

COUNCIL MEMBERS

Poon Yew Hoe 4

Lew Nee Fook @ Liu Nee Choong 6

Chow Kee Kan @ Chow Tuck Kwan 5

Datuk Tan Leh Kiah 2

Lai Shin Fah @ David Lai 4

Prof Dr Jeyapalan A/L Kasipillai 6

Seah Siew Yun 5

K. Sandra Segaran A/L Karuppiah 5

Phan Wai Kuan 6

Ong Chong Chee 4

Aruljothi A/L Kanagaretnam 5

Nicholas Anthony Crist 5

Renuka Thuraisingham 4

Yeo Eng Ping 4

No of meetings: 6

*Appointed on 15 June 2013

Auditors

Messrs Morison Anuarul Azizan Chew

Registered Office and Address

Chartered Tax Institute of Malaysia

B-13-2, Megan Avenue II

No 12 Jalan Yap Kwan Seng

50450 Kuala Lumpur, Malaysia

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THE COUNCIL 2013 / 2014



Front row (from left)

Seah Siew Yun , Datuk Tan Leh Kiah, Lew Nee Fook @ Liu Nee Choong, Thanneermalai A/L SP SM Somasundaram,
Lim Thiam Kee, Prof Dr Jeyapalan A/L Kasipillai, Yeo Eng Ping

Back row (from left)

K. Sandra Segaran A/L Karuppiah, Aruljothi A/L Kanagaretnam, Phan Wai Kuan, Renuka Thuraisingham,
Nicholas Anthony Crist, Ong Chong Chee, Poon Yew Hoe



Lai Shin Fah @ David Lai



Chow Kee Kan @ Chow Tuck Kwan

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: Tan Lay Beng
Address: Tee & Partners
Room 335, 3rd Floor
Johor Tower, Jalan Gereja
80100 Johor Bahru

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: Alexandra Chin
Address: Alexandra FL Chin
P.O.Box 11867
88820 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

My dear fellow members,

It gives me great pleasure to report that in my final term as President of the Institute, I am comfortable in the knowledge that the Institute will be left in a much better shape than when I first took over in all core operating areas of the organisation. Firstly, let me state that the financial position of the Institute is solid with available cash of more than RM 3.66 million despite having invested in an adjacent office property costing over RM 1 million in the previous financial year. Profit before tax for the reporting financial year amounts to approximately RM 545,000, which is a slight increase over the previous year and the coming financial year will be even better with more CPD activities undertaken in the first half of this year and more CPD activities planned for the rest of the year.

Once again the accomplishments and developments that have taken place is in no small way attributed to the Council Members of the Chartered Tax Institute of Malaysia (CTIM) and they deserve a big thank you for their dedicated and untiring efforts in helping to lead all the various activities of the Institute without any expectation of remuneration for services rendered. Indeed, members should take note that passion for the tax profession is what drives our members to volunteer to be Council members and dedicate their precious time and efforts to the Institute. CTIM is the premier body for tax professionals because of the contributions by Council members and also members of the various appointed sub committees members. The secretariat of CTIM also has my appreciation for the work they have done in managing and supporting the work of the Institute. I also wish to place on record my thanks to all of you members without whom the Institute will not have existed. The Membership Committee deserves applause for the services rendered to all members and the effort they put in to increase the number of members.

Last year, I pointed out that we had a new training room that can also accommodate CPD workshops that are priced slightly lower than those workshops held in hotels. I hope that members will avail themselves with this facility and use all the other facilities available in the resource centre-cum-library, which provides access to several online (subscribed) facilities - the OECD iLibrary, CCH and LawNet.

The various Committees and Working Groups had worked hard throughout the year in the preparation of the various papers and memoranda that had been submitted to the authorities.

In summary, the following activities had been undertaken by the various Committees and Working Groups.

Technical Committees

The Technical Committee - Direct Tax has been split into two Technical Committees 1 and 2 due to the increasing work load whereas the Technical Committee-Indirect Tax has also a similar increase in workload due to the forthcoming implementation in the Goods and Services Tax (GST).

(A) Working with the Royal Malaysian Customs (RMC)

- The Committee worked on reviewing the various draft GST guides that were issued during the year
- Participate in the Customs-Private Sector Consultative Panel meetings
- Working with CPD in organising seminars and several GST training courses with RMC leading towards participants qualifying for the proposed GST license

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

- Reviewed the GST Bill 2014 and submitted preliminary response to the GST Implementation Office in MOF
- Communicated budget proposals and had a dialogue with the MOF Tax Analysis Division
- Commented and had dialogues on the 2014 Budget and Finance Bill (No 2) 2013 on CTIM's own initiatives and together with other professional bodies such as the MIA, MICPA and MAICSA
- Jointly participated with MICPA and responded to the review of the Stamp Act 1949

(C) Engagement with the Inland Revenue Board

- Submitted various memoranda on technical and operational issues during the year and participated in operation meetings
- Participated in dialogue on the Form CP58 Guidelines
- Commented on the various Public Rulings issued
- Dialogue on the 2014 Budget and Finance (No 2) Bill 2013
- Submitted a joint feedback on IRB's proposal on Self-Assessment of Real Property Gains Tax

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

The FGPT has initiated several steps to improve the tax administration of the country especially in the following areas

- Consolidation and synchronisation of MTD, EPF, SOCSO and HDRF payments
- Simplification of income tax return forms
- Implementation of e-filing for sales tax

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

- The Institute submitted a memorandum on research and development tax incentives in Singapore and Indonesia to assist MIDA to develop our own incentives.

Public Practice Committee

The PPC held a round table discussion for members on technical matters on 8 October 2013 which was well received by the participants. On 11 February 2014, a Public Practice Course for members was held that covered areas such as code of ethics, quality management and risk management.

PRESIDENT'S STATEMENT *(cont'd)*

Public Practice Committee *(cont'd)*

The PPC also participated with SME Corp to provide inputs on guidelines for tax incentives on mergers and acquisitions for service providers and also participated in the Technical Working Group on Professional Services under the Ministry of International Trade and Industry.

Research Committee

This Committee has been continuing to support the activities of the Malaysian Tax Research Foundation and participated in the award of a research project since the last report.

Continuing Professional Development

This committee had worked very hard to bring members numerous CPD events with a range of topics of which a number had been subsidised by grants received from PEMANDU and MOF. These events were held at all our branches. Again this year, we had the IRB/CTIM Tax Forums (formerly roadshows) which was successfully held in all the branches. A very successful IRB/CTIM Tax Forum was held in Kota Baru instead of Kuantan in the East Coast this year for the first time. These Forums could only have been successful with the strong support of the CEO of IRB. I must thank all the speakers who spoke at our seminars without any expectation of remuneration.

In addition, the National Tax Conference (NTC) 2013 was successful and attended by more than 2200 participants.

Examination and Education Committees

The Examination Committee had reviewed and recommended the change in the examination syllabus that was adopted by the Council during the year. The new syllabus has 8 subjects divided into intermediate and final levels of 4 subjects each. On completion of the intermediate level, students will be given a new qualification i.e. a tax technician certificate. The new syllabus is expected to be implemented in December 2014.

These changes are expected to increase the attractiveness of the CTIM professional examinations and also provide an avenue for employment opportunities in the tax profession which will benefit members and the firms they work for.

The Education Committee (and branches) had carried on the good work of career talks in Universities and Colleges to promote the CTIM examinations.

Improved services to members

Since I became the President of CTIM, my focus had been to ensure that CTIM members will benefit from the services provided to all members.

In doing so, I had been keen to ensure that the level of transparency to members is increased so that no information is kept privy to the Council and the secretariat. Therefore I had focused my attention on strengthening the resources available and empowering the Technical Department to ensure that all technical information on issues pertaining to tax is disseminated to all members via the e-ctims. Information on tax updates, memoranda issued to authorities, minutes of meetings with the various bodies, budget proposals, tax cases updates, IRB communications etc are immediately put out in e-ctims to members. I have been told that members especially those from small and medium enterprises find this information very useful to them in their professional work.

This information has also been on the CTIM website and is available to CTIM members only.

Tax Guardian

The Tax Guardian is the only specialised tax journal in Malaysia and tax professionals find this journal very useful in keeping them technically knowledgeable and updated. The journal has been refocused towards increasing the technical content. Please do read the Tax Guardian as it contains the latest tax articles of relevance to members.

The Future

My tenure as President of the Institute will be over in the forthcoming AGM and I am sure that the next President will carry on bringing forward the Institute to one of greater strength that members will proud of. I wish my successor all the best and that he will have the same passion I had for the Institute.

Thanneermalai A/L SP SM Somasundaram

President
Chartered Tax Institute of Malaysia

REPORT OF THE COUNCIL FOR 2013 / 2014

COMMITTEE REPORTS

CONTINUING PROFESSIONAL DEVELOPMENT (CPD) COMMITTEE

The National Tax Conference (NTC), the annual conference jointly organised by the Inland Revenue Board of Malaysia (IRBM) and Chartered Tax Institute of Malaysia (CTIM) has always been the highlight in the calendar of tax practitioners, accountants, finance professionals, corporate executives and business leaders. With more than 2,200 participants last year, the 13th NTC with a theme "Managing the Ecosystem" held on 24 & 25 June 2013 at the Kuala Lumpur Convention Centre, Kuala Lumpur is regarded the most successful event of the year. Besides that, the IRBM-CTIM Tax Forum has been successfully staged at 6 locations namely Kuala Lumpur, Johor Bahru, Penang, Kota Bharu, Kota Kinabalu and Kuching. The 2014 Post-Budget seminars were organised in major cities and towns which provided participants with the updates on the 2014 Budget Proposals. Seminars and workshops on transfer pricings, common tax issues faced by the taxpayers, withholding tax and many more were specially designed for members. CTIM continues its effort in jointly organising events with the other professional bodies such as MAICSA and ACCA. In addition, in conjunction with the announcement of goods & services tax (GST) implementation in April 2015, CTIM in collaboration with the Royal Malaysian Customs Department has successfully organised four series of the GST training course in Kuala Lumpur.

EDITORIAL COMMITTEE

The primary responsibility of the Editorial Committee is in the timely publication of the quarterly official journal of the Chartered Tax Institute of Malaysia. The Tax Guardian carries a wide range of articles primarily focusing on recent developments in taxation both locally and internationally to meet the increasing demands of tax practitioners.

The members of the Editorial Committee continue to enhance and improve technical articles in taxation as well as the layout and quality of the journal in line with the Institute's vision of being the prime technical body in the field of taxation. To this effect in Q2 2014 edition of the journal, articles are categorised into Current Issues, Domestic Issues and International Issues to enhance easy reading to readers. Some cosmetic changes were also done to improve the aesthetic aspects of the journal by introducing a new mast head and coloured page separation for articles.

The editorial committee is committed to improve the contents of the Tax Guardian. Tax professionals including from various industries and organisations had been approached to contribute articles of interest. This year, a dedicated column will be set aside with the agreement of YB Tan Sri Dr Mohd Sukor Hj Mahfar, CEO of IRB, for the IRB to submit articles for the forthcoming issues.

EDUCATION COMMITTEE

The Committee's main focus is to promote taxation as an exciting career and a valuable professional qualification to potential students. In the year 2013/2014 the education committee was actively promoting the CTIM qualification to Institutes of higher learning.

EDUCATION COMMITTEE (cont'd)

Members of the Education Committee attended a number of career talks to create awareness in taxation as a career option for graduates. Visits were made to UTAR in Sg Long and Kampar, secondary schools and community colleges in Perak, Malacca and Klang and other institutions of higher learning.

EXAMINATION COMMITTEE

During the year, the Council has agreed with the recommendation of the Examination Committee to change the syllabus and structure of the CTIM examinations for the purpose of increasing the attractiveness of the CTIM professional qualification and enable the offering of a new tax technician certification to students who pass the required number of subjects. The new syllabus is proposed to be implemented in the forthcoming December 2014 examination. In summary, the examination incorporated the following changes:

1. The number of examination papers offered will be reduced to 8 papers from 10 papers and restructured from a 3 level (Foundation, Intermediate and Final) to a 2 level (Intermediate and Final Level) structure.
2. The syllabus content of each paper underwent a comprehensive review and the following changes are proposed
 - a. The Business and Financial Management paper will be discontinued
 - b. The 2 Financial Accounting papers will be merged as one paper called the Financial Accounting paper and is offered at the Intermediate Level.
 - c. The business statistic section in the Economics and Business Statistics paper has been discontinued. The new paper called the Economics paper is offered at the Intermediate Level
 - d. The Specialised Industries paper is renamed Advance Taxation I offered at the Final Level
 - e. The Advance Taxation paper is renamed as Advance Taxation II offered at the Final Level
3. Students who successfully complete the intermediate level of the new syllabus will be awarded with a new tax technician qualification but subject to prescribed conditions

The biannual CTIM Professional Examinations for 2013 was held in June (3rd to 7th) and December (16 – 20th) at all centres viz, in Georgetown, Ipoh, Kota Bharu, Kuala Lumpur, Malacca, Johore Bahru, Kota Kinabalu and Kuching

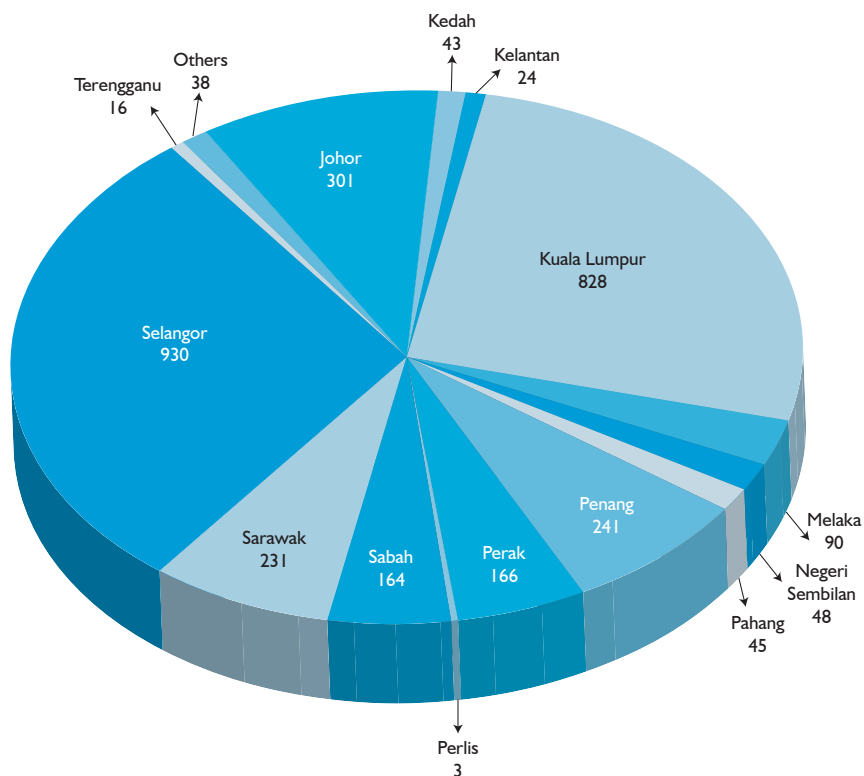
Since the date of the last report, there were 36 new registered students increasing the total number of registered students to 607 of which only 261 are actively sitting for the examinations. A total of 69 students registered for the June examinations and 125 for the December examinations, of which 26 students graduated during the year.

MEMBERSHIP SERVICES COMMITTEE

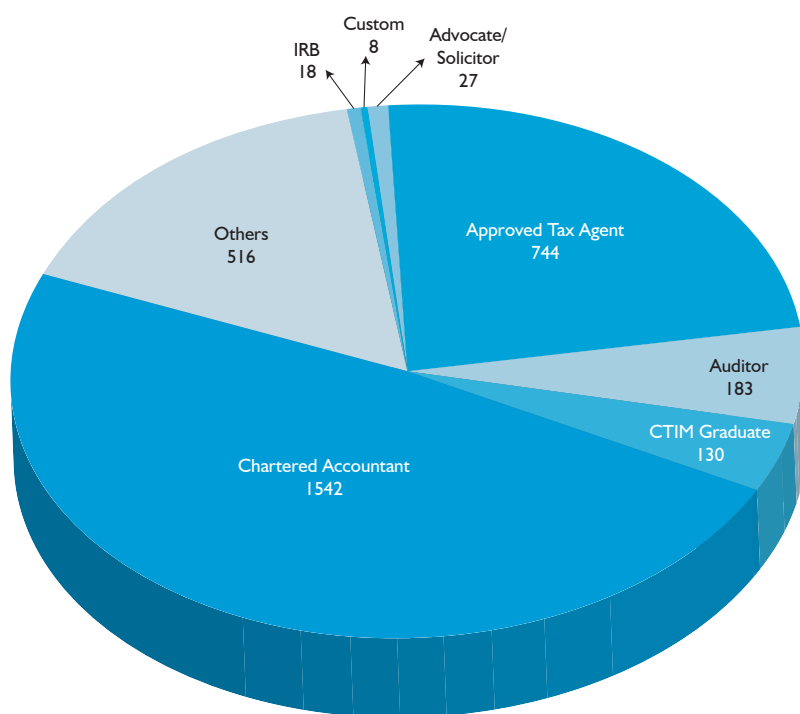
As at 8 May 2014 there are 3,168 members comprising 649 Fellow members, 2,515 Associate members and 4 Provisional members (30 April 2013: 3,035 members).

Membership Profile

By States



By Employment



REPORT OF THE COUNCIL FOR 2013 / 2014 (cont'd)

TECHNICAL COMMITTEE - INDIRECT TAX

The Technical Committee – Indirect Tax has been very active in the past year, particularly after the announcement of Budget 2014. 5 meetings have been held.

Interaction with the Royal Malaysian Customs (RMC)

The Institute has conducted 4 Goods and Services Tax (GST) Training courses to date which will lead participants who pass the examination to qualify for the proposed GST license. This training course has been organized with RMC speakers and RMC set examinations. The Institute is planning for more such training courses with RMC in the near future to assist members in obtaining comprehensive training on GST.

In addition, the TC-IT has planned to organise a series of seminars/workshops on GST Guides to assist members. The first of the series of seminars will be conducted in early June. The Institute continued its participation in the Customs-Private Sector Consultative Panel Meetings which were held on 10 June 2013 and 29 November 2013 respectively.

In response to the Institute's submission on the revised list of taxable and nontaxable items under Second Schedule, Service Tax Regulations, 1975, the RMC has invited CTIM for a dialogue on 15 August 2013 to discuss and clarify the issues raised and the position taken by RMC. Subsequently the RMC uploaded a revised list of taxable and nontaxable items under Second Schedule, Service Tax Regulations, 1975, on their website in December 2013

The Institute was invited to the Royal Malaysian Customs Time Release Study Exit Conference, which was held on 29 April 2014 which gave an overview of Custom processes and procedures.

The TC-IT has been requested to evaluate and provide feedback on the various draft GST Guides issued by the RMC. As at April 2013, comments on the following 9 GST Guides have been prepared and will be submitted to the RMC in due course:

- General Guide
- Relief on Second-Hand Goods (Margin Scheme)
- Transfer of Going Concern
- Approved Jeweller Scheme
- Partial Exemption
- Leasing
- Hire-purchase and Credit Sale
- Freight Transportation
- Insurance and Takaful

Interaction with MOF

In addition to the above, the Institute had also reviewed the Goods and Services Tax Bill 2014 and submitted our preliminary response to the GST Implementation Office on 10 April 2014.

e-CTIM

With the increase activities of TC-IT, beginning from 2014, a new category of e-CTIM has been created for indirect tax, i.e. e-CTIM TECH-IT. In the 2nd half of 2013, 26 e-CTIMs on indirect tax have been issued. 17 e-CTIMs on indirect tax have been sent out for the first quarter of 2014.

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

To realign the increasing workload and improve efficiency, the Technical Committee – Direct Tax was split into Technical Committees – Direct Tax I & II.

The TC-DT I focuses on general income tax matters that are within the purview of the Income Tax Act.

Interactions with the Ministry of Finance (MOF)

• Memorandum on 2014 Budget Proposal

The Institute presented a Memorandum on proposals for the 2014 Budget to the MOF for consideration. CTIM was invited to participate in the 2014 Budget Consultation session on 18 June 2013. A letter setting out CTIM budget proposals was written to the Finance Minister on 19 June 2013 which subsequently led to a dialogue called by the MOF Tax Analysis division

• Financial Reporting Standards (FRS).

The Joint Tax Working Group (a committee jointly formed by CTIM, MIA and MICPA), the Malaysian Accounting Standards Board (MASB) and the IRB have attended the following meetings organised by the MOF

FRS 102: Inventories	13 June 2013
FRS 111: Construction Contracts	4 July 2013
MFRS 119: Employee Benefits	22 January 2014
IC 12: Service Concession Arrangement	22 January 2014
FRS 6: Exploration for and Evaluation of Mineral Resources	26 February 2014
FRS 138: Intangible Assets	26 February 2014

2014 Budget and Finance Bill (No.2) 2013.

This year the proposed amendments to the Income Tax Act 1967 as stipulated by Finance Bill (No.2) 2013, was received by the professional bodies on 29 October 2013. CTIM submitted its written comments to the authorities and requested that several of the amendments be reconsidered or repealed. A dialogue chaired by MOF was held on 19 November in which CTIM was able to express concern on the effect of these amendments to taxpayers and subsequently led to a follow up meeting on 5 March 2014.

REPORT OF THE COUNCIL FOR 2013 / 2014 (cont'd)**2014 Budget and Finance Bill (No.2) 2013.** (cont'd)

Meanwhile, a joint meeting of the professional bodies, including Malaysian Institute of Accountants (MIA), the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), was held on 18 November 2013 to discuss issues arising from 2014 Budget and Finance (No.2) Bill 2013. Two separate Joint Memoranda were prepared and submitted to the MOF and the Inland Revenue Board (IRB) respectively on 25 November 2013. On 17 February 2014, the IRB called a dialogue with the professional bodies to discuss the technical and operational Issues raised, including issues arising from 2014 Budget and Finance (No.2) Bill 2013. The minutes of the meeting on 5 March 2014 received by the professional bodies has been uploaded to the CTIM website.

Engagement with the Inland Revenue Board (IRB)

In response to the feedback from CTIM, the IRB invited the Institute to a Dialogue on Guidelines for Form CP58 on 11 July 2013.

During the year, CTIM had submitted 2 memoranda on technical issues (on 11 September 2013 and 19 February 2014 respectively) and 2 Memoranda on Operations issues (on 30 January 2014 and 12 February 2014 respectively). On 17 February 2014, the IRB held an operations meeting with the professional bodies.

In addition, the TC-DT has discussed the newly issued Public Ruling No. 1/2014 - Withholding Tax on Special Classes of Income and submitted comments to the IRB on 10 April 2014.

Review of the Income Tax Legislation

The Self-Assessment System Working Group is currently finalising its review on the Income Tax Act 1967 and will submit its recommendations to simplify compliance and enhance efficiency.

Participation in Focus Group on Paying Taxes

The Institute has also participated in the Focus Group on Paying Taxes (FGPT), a sub-Committee of the PEMUDAH. Meetings were held on 13 January 2014 and 25 April 2014 to update members on Malaysia's ranking in the World Bank Doing Business Report and the progress of initiatives to improve the tax system in Malaysia. Among the initiatives proposed are:

- Consolidation and Synchronisation of MTD, EPF, SOCSO and HRDF payments;
- Simplification of Income Tax Return Forms
- Implementation of e-Filing for Sales Tax

Other engagements

The Institute had also attended the Malaysian Accounting Standards Board - Convergence Task Force (MASB-CTF) meeting on 15 November 2013.

The Institute was also invited for the MASB outreach sessions on IFRS on Revenue and revised Exposure Draft on Leases held on 3 October 2013

On 15 July 2013, the Institute was invited to the Launching of National Policy on the Development and Implementation of Regulations by the Malaysia Productivity Centre (MPC) and the Seminar on Enhancing Regulatory Quality

On 10 December 2013, the Institute was invited by the MOF to participate in the Seminar titled "Fiscal Monitor October 2013 : Taxing Time" organised by International Monetary Fund (IMF).

Technical Circulars

In the 2nd half of 2013, 57 e-CTIMs were issued on direct tax. 23 e-CTIMs on direct tax have been sent out for the first quarter of 2014.

Joint Public Rulings Working Group (JPRWG)

From July 2013 till today, the JPRWG has submitted comments on the following draft Public Rulings:

- Exemption of Income from Employment on Board of a Ship (submission made on 12 August 2013);
- Rescuing Contractors (submission made on 25 July 2013);
- Foreign Fund Management Company (submission made on 23 September 2013);
- Taxation of Investors on Income from Foreign Fund Management Company (submission made on 23 September 2013);
- Qualifying Plant and Machinery for Claiming Capital Allowances (submission made on 2 April 2014);
- Private Retirement Scheme (to be submitted in May 2014).

In respect of JPRWG comments on Business Trust, submitted on 16 Apr 2013, the IRB has reverted with the final of the draft Public Ruling on 27 May 2013 and the position taken by the IRB on the issues raised. The JPRWG has subsequently responded on 18 September 2013.

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.

Labuan International Business and Financial Centre

Several representatives of the Institute made a courtesy visit to the Labuan International Business and Financial Centre (LIBFC) on 21 January 2014. The potential of collaboration between the two bodies in respect of training was explored.

REPORT OF THE COUNCIL FOR 2013 / 2014 (cont'd)**Proposed Self-Assessment System of Real Property Gains Tax**

The IRB has invited the professional bodies for a briefing on RPGT-Self Assessment System on 11 September 2013. On 1 October 2013, CTIM, together with the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants, submitted to the IRB a Joint Feedback to the IRB's Proposal on Self-Assessment System of Real Property Gains Tax and review of Stamp Act 1949.

Following the submission of the Joint Review of The Stamp Act 1949 by CTIM and the Malaysian Institute of Certified Public Accountants (MICPA) on 30 December 2011, the MOF called a meeting on 5 July 2013 to discuss the IRB's proposals on the review of Stamp Act 1949.

CTIM, together with MICPA, provided two responses on 16 August 2013 and 28 October 2013 respectively. Subsequently, the IRB invited the stakeholders, including CTIM, to a 2nd briefing on the Review of Stamp Act 1949 on 3 March 2014.

Engagement with the Malaysian Investment Development Authority (MIDA).

The Institute initiated a meeting with MIDA on 10 October 2013. A submission on Research and Development Tax Incentives in Singapore and Indonesia was made to MIDA on 28 November 2013.

PUBLIC PRACTICE COMMITTEE (PPC)

On 8 October, 2013, the PPC initiated a Round Table Discussion for members on technical matters. It was well received by the participants.

On 11 February 2014, the PPC conducted a Public Practice Course for members who have applied for the Practising Certificate. The topics covered CTIM's mission, codes of ethics, quality management and risk management.

The PPC was invited by the SME Corp on 10 July 2013 to provide input on the Guidelines on Tax Incentives on Merger and Acquisitions to encourage small Malaysian service providers to merge into larger entities in order to equip them to withstand the challenges of liberalisation.

The Institute was invited by the Ministry of International and Industry to participate in the Technical Working Group on Professional Services (TWGPS) for the 11th Malaysian Plan. The TWGPS was requested to look into the obstacles that hinder the growth of respective sectors, particularly the export of the professional services and recommend solutions to facilitate the growth of the service industry. The Institute attended the meetings on 17 April 2014 and 9 May 2014 and has made a submission on measures to facilitate the development of the industry.

RESEARCH COMMITTEE

On behalf of the Malaysian Tax Research Foundation (MTRF), the Committee reviewed and recommended one research proposal to the Trustees of MTRF 23 September 2013. A subsequent meeting was held between MTRF and RC on 9 October 2013. The final report has been received and is being reviewed by the research Committee.

COMMITTEES 2013 / 2014

EXECUTIVE COMMITTEE

Thanneermalai A/L SP SM Somasundaram (Chairman)
Lim Thiam Kee
Chow Kee Kan @ Chow Tuck Kwan
Poon Yew Hoe
Lew Nee Fook @ Liu Nee Choong

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

Seah Siew Yun (Chairman)
Aruljothi A/L Kanagaretnam
Chow Kee Kan @ Chow Tuck Kwan
Lew Nee Fook @ Liu Nee Choong
Nicholas Anthony Crist
Christopher Low Hon Peng
Dr Nakha Ratnam A/L Somasundaram
Lim Kah Fan
Mohd Noor bin Abu Bakar
Zen Chow Tuck Him

Total number of meetings held: 3

Terms of Reference

1. To profile the Institute through regional and international conferences.
2. 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.

EDITORIAL COMMITTEE

K. Sandra Segaran A/L Karuppiyah (Chairman)
Prof Dr Jeyapalan A/L Kasipillai
Chow Kee Kan @ Chow Tuck Kwan
Phan Wai Kuan
Yeo Eng Ping
Renuka Thuraisingham
Aurobindo Ponniah
Silverranie Muthusamy
Saravana Kumar A/L Segaran
Dr Nakha Ratnam A/L Somasundaram
Venkataraman Ganesan

Total number of meetings held: 4

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.

EDUCATION COMMITTEE

Lew Nee Fook @ Liu Nee Choong (Chairman)
Lai Shin Fah @ David Lai
Lim Thiam Kee
Prof Dr Jeyapalan A/L Kasipillai
Datuk Harjit Singh Sidhu
Ong Hing Huat
Assoc Prof Dr Loo Ern Chen
Yeo Eng Hui
Tan Lay Beng

Total number of meetings held: 6

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 2013 / 2014 (cont'd)

EXAMINATIONS COMMITTEE

Prof Dr Jeyapalan A/L Kasipillai (Chairman)
Ong Chong Chee
Nicholas Anthony Crist
Renuka Thuraisingham
Seah Siew Yun

Total number of meetings held: 3

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.

MEMBERSHIP SERVICES COMMITTEE

Aruljothi A/L Kanagaretnam (Chairman)
Lew Nee Fook @ Liu Nee Choong
Datuk Tan Leh Kiah
Prof Dr Jeyapalan A/L Kasipillai
Ong Chong Chee
Yeo Eng Hui
Datuk Harjit Singh Sidhu

Total number of meetings held: 2

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

Nicholas Anthony Crist (Chairman)

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.

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

Phan Wai Kuan (Chairman)
Chow Kee Kan @ Chow Tuck Kwan
Poon Yew Hoe
Aruljothi A/L Kanagaretnam
Lai Shin Fah @ David Lai
Nicholas Anthony Crist
Ong Chong Chee
Renuka Thuraisingham
K. Sandra Segaran A/L Karupiah
Seah Siew Yun
Datuk Tan Leh Kiah
Yeo Eng Ping
Beh Tok Koay
Lim Kah Fan
Ng Say Guat
Theresa Goh Lee Hwa

Total number of meetings held: 3

The Technical Committee-Direct Taxation (I) is one of the key committees of CTIM

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

Terms of Reference

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

COMMITTEES 2013 / 2014 (cont'd)

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

Renuka Thuraisingham (Chairman)
Prof Dr Jeyapalan A/L Kasipillai
Lai Shin Fah @ David Lai
Nicholas Anthony Crist
Phan Wai Kuan
Poon Yew Hoe
K Sandra Segaran A/L Karuppiyah
Seah Siew Yun
Datuk Tan Leh Kiah
Yeo Eng Ping
Theresa Goh Lee Hwa

Total number of meetings held: 3

The Technical Committee-Direct Taxation (II) is another key committee of CTIM

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.

TECHNICAL COMMITTEE - INDIRECT TAXATION (TC-IT)

Lai Shin Fah @ David Lai (Chairman)
Lew Nee Fook @ Liu Nee Choong
Poon Yew Hoe
Ong Chong Chee
Phan Wai Kuan
Renuka Thuraisingham
K. Sandra Segaran A/L Karuppiyah
Seah Siew Yun
Beh Tok Koay
Chan Chow Pong
Fan Kah Seong
Hanita Ahmad
Koh Siok Kiat
Larry James Sta Maria
Sitārtha Raja Kumaran
Siti Fatimah Mohd Shahrom
Tan Eng Yew
Vijey R. Mohana Krishnan
Wan Heng Choon

Total number of meetings held: 4

The TC-IT is one of the key committees of CTIM

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

COMMITTEES 2013 / 2014 *(cont'd)*

PUBLIC PRACTICE COMMITTEE

Poon Yew Hoe (Chairman)
Lim Thiam Kee
Chow Kee Kan @ Chow Tuck Kwan
Lew Nee Fook @ Liu Nee Choong
Lai Shin Fah @ David Lai
Ong Chong Chee
Yeo Eng Ping
Chuah Sze Tong
Dr Fam Seng Choy
Tan Teng Chai

Total number of meetings held: 3

The Chartered Tax Institute of Malaysia (CTIM) plays a significant role as the premier professional body responsible for matters concerning taxation in this country. It is obliged to ensure that its members are well informed in the conduct of their tax practices. Towards this end, the Public Practice Committee (PPC) of CTIM has been formed to carry out specific tasks.

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 set and determine 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

Ong Chong Chee (Chairman)
Phan Wai Kuan
K. Sandra Segaran A/L Karuppiyah
Ong Gim Yan

Total number of meetings held: 2

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 maintain a Research Register stating the research topic, the name of the researchers, the status of the research project, date an application was received, date of approval, milestones set, date of delivery of the research report, mode of dissemination of the findings and the date(s) of disbursing the grants as well as the research progress.
5. 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 2013 / 2014

Date	Training Programme	Venue
JULY 2013		
16 - 17	Understanding Public Rulings on Tax Deductibility of Expenses	CTIM Training Room
29	Employment Tax Issues – Impact on Employers & Employees	CTIM Training Room
AUGUST 2013		
29	Tax Savings Opportunities for Exporters; exemptions & double deductions	Penang
21 Aug - 21 Sep	GST Training Course	Kuala Lumpur
SEPTEMBER 2013		
2	Employment Tax Issues – Impact on Employers & Employees	Ipoh
3 - 4	Understanding Public Rulings on Tax Deductibility of Expenses	Kota Kinabalu
5	Tax Savings Opportunities for Exporters; exemptions & double deductions	Johor Bahru
10 - 11	Understanding Public Rulings on Tax Deductibility of Expenses	Kuching
12	Tax Savings Opportunities for Exporters; exemptions & double deductions	Malacca
24 - 25	Understanding Public Rulings on Tax Deductibility of Expenses	Ipoh
24	Workshop 1: Business, Trade and Professions (in collaboration with MAICSA)	Kuala Lumpur
26	Selected Common Tax Issues Affecting Taxpayers	Kuala Lumpur
OCTOBER 2013		
7	Workshop 2: Employment Income (in collaboration with MAICSA)	Kuala Lumpur
8 - 9	Understanding Public Rulings on Tax Deductibility of Expenses	Penang
22 - 23	Understanding Public Rulings on Tax Deductibility of Expenses	Malacca
17	Goods & Services Tax	Kuala Lumpur
22	Workshop 3: Allowances & Deductions (in collaboration with MAICSA)	Kuala Lumpur
NOVEMBER 2013		
7	2014 Budget Seminar with MOF	Kuala Lumpur
11	Workshop 4: Special Topics I (in collaboration with MAICSA)	Kuala Lumpur
28	Workshop 5: Special Topics II (in collaboration with MAICSA)	Kuala Lumpur
22	2014 Budget Seminar	Subang Jaya
25	2014 Budget Seminar	Ipoh
28	2014 Budget Seminar	Johor Bahru

CALENDAR OF CPD EVENTS 2013 / 2014 *(cont'd)*

Date	Training Programme	Venue
DECEMBER 2013		
2	2014 Budget Seminar	Penang
3	2014 Budget Seminar	Melaka
4	2014 Budget Seminar	Kota Kinabalu
5	2014 Budget Seminar	Kuching
9	2014 Budget Seminar	Kuala Lumpur
JANUARY 2014		
6	Half day seminar: Transfer Pricing	Penang
8	2014 Budget Seminar	Kuantan
8	Evening Talk: GST Highlights and The Transition From SST to the Proposed GST	Ipoh
9	Limited Liability Partnership	CTIM Training Room
15	Limited Liability Partnership	Ipoh
18	Half day seminar: Transfer Pricing	Kuala Lumpur
20	Tax Cases	Penang
22	Limited Liability Partnership	Malacca
23	Tax Cases	Kuala Lumpur
24 Jan - 25 Feb	GST Training Course No. 1/2014	Kuala Lumpur
27	Withholding tax on payments to non-residents	CTIM Training Room
27	Half day seminar: Transfer Pricing	Johor Bahru
FEBRUARY 2014		
10	Tax implications for property investors after the 2014 budget	CTIM Training Room
11	Public Practice Course	CTIM Training Room
11	Limited Liability Partnership	Penang
18	Limited Liability Partnership	Kota Kinabalu
18 - 19	Understanding the Basics of Computing Corporate Income Tax - with 2014 Budget Updates	CTIM Training Room
20	Limited Liability Partnership	Kuching
20	Tax Cases	Malacca
25	Tax Planning for Individuals (in collaboration with MAICSA)	MAICSA Training Room
27	Tax Cases	Ipoh
28	Capital Allowances for Plant and Machinery & Expenditure on Buildings	CTIM Training Room

CALENDAR OF CPD EVENTS 2013 / 2014 (cont'd)

Date	Training Programme	Venue
MARCH 2014		
4	Limited Liability Partnership	Johor Bahru
10	Half day seminar: Transfer Pricing	Kuantan
10 - 11	Understanding Taxation of Real Properties, Income from Letting of Real Properties & Investment Holding Companies	CTIM Training Room
19	Withholding tax on payments to non-residents	CTIM Training Room
20	Submission: Return Forms B, C & R (in collaboration with MAICSA)	MAICSA Training Room
25	Transfer Pricing	MAICSA Training Room
27	IRB-CTIM Tax Forum 2014	Kuala Lumpur
APRIL 2014		
1	Latest Tax Developments on Employers' Statutory Requirements in 2014, Including the Implications of Employee Related Payments	CTIM Training Room
3	Latest Tax Developments on Employers' Statutory Requirements in 2014, Including the Implications of Employee Related Payments	Kuching
3	Tax Planning for Companies (in collaboration with MAICSA)	MAICSA Training Room
3	IRB-CTIM Tax Forum 2014	Kota Bharu
7	IRB-CTIM Tax Forum 2014	Penang
7	Latest Tax Developments on Employers' Statutory Requirements in 2014, Including the Implications of Employee Related Payments	Malacca
8	Selected Common Tax Issues	Kuala Lumpur
8	IRB-CTIM Tax Forum 2014	Johor Bahru
9	IRB-CTIM Tax Forum 2014	Kota Kinabalu
9 Apr - 6 May	GST Training Course No.2/2014	Kuala Lumpur
10	IRB-CTIM Tax Forum 2014	Kuching
11	PERAK TAX FORUM 2014	Ipoh
17	Capital Allowances for Plant and Machinery & Expenditure on Buildings	Penang
21	Capital Allowances for Plant and Machinery & Expenditure on Buildings	Ipoh
22	Latest Tax Developments on Employers' Statutory Requirements in 2014, Including the Implications of Employee Related Payments	Johor Bahru
30	Latest Developments on Real Property Gains Tax in 2014	CTIM Training Room

CALENDAR OF CPD EVENTS 2013 / 2014 (cont'd)

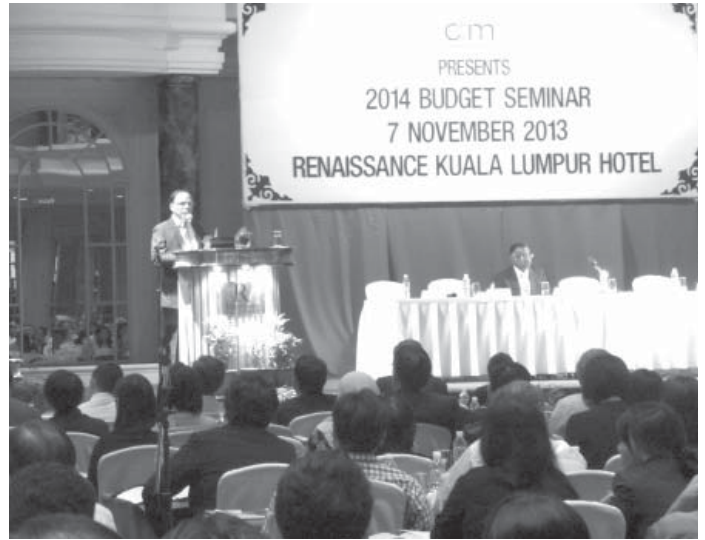
Date	Training Programme	Venue
MAY 2014		
5	Latest Tax Developments on Employers' Statutory Requirements in 2014, Including the Implications of Employee Related Payments	Ipoh
8	Latest Tax Developments on Employers' Statutory Requirements in 2014, Including the Implications of Employee Related Payments	Penang
8	Capital Allowances for Plant and Machinery & Expenditure on Buildings	Johor Bahru
15	Latest Tax Developments on Employers' Statutory Requirements in 2014, Including the Implications of Employee Related Payments	Kota Kinabalu
19	Luncheon Talk	Kuala Lumpur
23	Latest Developments on Real Property Gains Tax in 2014	Johor Bahru
27	Latest Developments on Real Property Gains Tax in 2014	Kuching





Pictorial **HIGHLIGHTS**







FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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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 2013.

Principal Objectives

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

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

Financial Results

Surplus for the year	RM 455,235
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In the opinion of the Council members, the results of the operations of the Institute for the year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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 financial results of the operations of the Institute for the financial year in which this report is made.

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 are as follows:

Khoo Chin Guan	(retired on 15.6.2013)
Liew Lee Leong	(retired on 15.6.2013)
Lim Kah Fan	(retired on 15.6.2013)
Yeo Eng Hui	(retired on 15.6.2013)
Lim Thiam Kee	
Chow Kee Kan @ Chow Tuck Kwan	
Lew Nee Fook @ Liu Nee Choong	
Thanneermalai A/L SP SM Somasundaram	
Tan Leh Kiah	
Seah Siew Yun	
Lai Shin Fah @ David Lai	
Poon Yew Hoe	
K.Sandra Segaran A/L Karuppiyah	
Jeyapalan A/L Kasipillai	
Ong Chong Chee	
Phan Wai Kuan	
Aruljothi A/L Kanagarettnam	(elected on 15.6.2013)
Nicholas Anthony Crist	(elected on 15.6.2013)
Yeo Eng Ping	(elected on 15.6.2013)
Renuka Thuraisingham	(elected on 15.6.2013)

In accordance with Article 59 of the Institute's Articles of Association, Mr Lim Thiam Kee, Mr Chow Kee Kan @ Chow Tuck Kwan, Mr Lai Shin Fah @ David Lai and Mr Poon Yew Hoe shall retire at the forthcoming Annual General Meeting. Mr Lai Shin Fah @ David Lai and Mr Poon Yew Hoe shall be eligible for re-election. In accordance with Article 58B, Mr Lim Thiam Kee and Mr Chow Kee Kan @ Chow Tuck Kwan are not eligible to seek re-election.

Interests of Council Members

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

COUNCIL MEMBERS' REPORT (cont'd)**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 company in which the Council member has a substantial financial interest.

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

Other Statutory Information

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.

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.

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.

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.

Auditors

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

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



THANNEERMALAI A/L
SP SM SOMASUNDARAM



LIM THIAM KEE

KUALA LUMPUR

3 March 2014

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

We, THANNEERMALAI A/L SP SM SOMASUNDARAM and LIM THIAM KEE 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 31 to 49 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 2013 and of its results and the cash flows of the Institute for the year ended on that date.

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



THANNEERMALAI A/L
SP SM SOMASUNDARAM



LIM THIAM KEE

KUALA LUMPUR

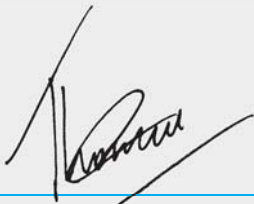
3 March 2014

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 31 to 49 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 in the Federal Territory this 3 March 2014.



P THOMAS SIMON

Before me,



No. 50, Jalan Hang Lekiu
50100 Kuala Lumpur.

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 2013 of the Institute, and the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flow of the Institute for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 49.

Council Members' Responsibility for the Financial Statements

The Council members of the Institute are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the 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 our 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, we 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 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 2013 and of their 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

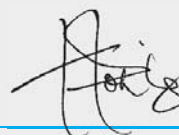
In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report in our opinion that the accounting and other records and the registers required by the Act to be kept by the Institute have been properly kept in accordance with the provisions of the Act.

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.



MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants



TAN POH LING
Approved Number: 2564/03/15 (J)
Partner of Firm

KUALA LUMPUR

3 March 2014

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	2013 RM	2012 RM
Non-Current Assets			
Property, plant and equipment	3	2,039,450	1,951,305
Current Assets			
Other receivables	4	315,520	306,312
Fixed deposits with licensed banks	5	2,995,757	2,595,757
Cash and bank balances		665,498	986,602
		3,976,775	3,888,671
Current Liabilities			
Other payables	6	630,248	836,522
Government grant	7	94,803	185,375
Tax payable		1,433	15,239
		726,484	1,037,136
Net current assets		3,250,291	2,851,535
		5,289,741	4,802,840
Financed by:			
Accumulated funds			
Balance brought forward		4,782,390	4,324,915
Surplus for the year		455,235	457,475
Balance carried forward		5,237,625	4,782,390
Non-Current Liabilities			
Deferred tax liabilities	8	52,116	20,450
		52,116	20,450
		5,289,741	4,802,840

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

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 RM	2012 RM
Operating income			
Courses and seminars		1,622,144	1,730,491
Examinations		146,285	272,862
Publications		125,714	48,209
Membership services		694,585	673,220
		2,588,728	2,724,782
Less: Operating expenditure			
Courses and seminars		1,045,169	1,219,589
Examinations		82,152	122,889
Publications		78,398	87,603
		1,205,719	1,430,081
Gross income over operating expenditure		1,383,009	1,294,701
Other income			
Utilisation of grant received	7	190,572	64,625
Interest on fixed deposits		87,475	73,521
National Tax Conference	9	604,632	590,855
IRB-CTIM Roadshows	10	40,093	28,344
Sundry income		4,304	5,756
		927,076	763,101
Less: Administrative expenditure			
Advertisement		2,035	10,801
Annual General Meeting		36,139	22,754
Audit fee		5,000	5,000
Bank charges		1,269	2,698
Building service charges and sinking fund		14,412	13,022
Depreciation of property, plant and equipment		139,342	112,630
Equipment rental		14,952	14,952
Legal and secretarial fees		2,238	4,675
Insurance		-	5,865
I.T. maintenance		17,355	17,818
Balance carried forward		232,742	210,215

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

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd)

	Note	2013 RM	2012 RM
Less: Administrative expenditure (Cont'd)			
Balance brought forward		232,742	210,215
Medical expenses		2,966	3,208
Meeting expenses		559	1,327
Newspaper and periodicals		7,716	8,668
Printing, postage and stationery		76,524	75,220
Professional fees		27,990	13,760
Property, plant and equipment written off		140	195
Quit rent and assessment		13,104	9,962
Staff costs			
- Employees Provident Fund and SOCSO		138,553	122,194
- Staff remuneration		1,120,719	964,280
- Staff welfare and insurance		16,402	15,785
Telecommunication expenses		29,024	21,843
Term loan interest		-	3,091
Travelling, parking and toll		27,594	31,374
Office expenses		42,064	14,313
Upkeep of office equipment		4,470	3,280
Utilities		24,531	20,875
		1,765,098	1,519,590
Surplus before taxation		544,987	538,212
Less: Taxation	11	(89,752)	(80,737)
Surplus for the year		455,235	457,475

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

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Accumulated Funds RM
At 1 January 2012	4,324,915
Surplus for the year	457,475
At 31 December 2012	4,782,390
At 1 January 2013	4,782,390
Surplus for the year	455,235
At 31 December 2013	5,237,625

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 RM	2012 RM
Cash Flow From Operating Activities		
Surplus before taxation	544,987	538,212
Adjustment for :		
Depreciation of property, plant and equipment	139,341	112,630
Property, plant and equipment written off	140	195
Interest income	(87,475)	(73,521)
Government grant utilised	(190,572)	(64,625)
Operating surplus before working capital changes	406,421	512,891
(Increase)/Decrease In working capital		
Other receivables	(9,207)	(206,154)
Other payables	(206,274)	297,206
	(215,481)	91,052
Cash generated from operations	190,940	603,943
Government grant received	100,000	250,000
Tax paid	(71,892)	(87,227)
	28,108	162,773
Net cash from operating activities	219,048	766,716
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(227,627)	(1,011,965)
Interest received	87,475	73,521
Net cash used in investing activities	(140,152)	(938,444)
Cash Flow From Financing Activity		
Repayment of term loan	-	(90,849)
Net cash used in financing activity	-	(90,849)
Net increase/ (decrease) in cash and cash	78,896	(262,577)
Cash and cash equivalents at beginning of the year	3,582,359	3,844,936
Cash and cash equivalents at end of the year	3,661,255	3,582,359
Cash and cash equivalents at end of the year		
Fixed deposits with licensed banks	2,995,757	2,595,757
Cash and bank balances	665,498	986,602
	3,661,255	3,582,359

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

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

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

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

2. Basis of Preparation and Significant Accounting Policies

Basis of accounting

The financial statement of the Institute has 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Councils to exercise their judgment in the process of applying the Institute's accounting policies. Although these estimates and judgment are based on the Councils' 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(c).

Accounting standards, amendments to accounting standards and interpretations that are effective for the Institute's financial year beginning on or after 1 January 2013 are as follows:

- MFRS 10, "Consolidated Financial Statements"
- MFRS 11 "Joint arrangements"
- MFRS 12, "Disclosures of Interests in Other Entities"
- MFRS 13, "Fair Value Measurement"
- The revised MFRS 127, "Separate Financial Statements"
- The revised MFRS 128, "Investments in Associates and Joint Ventures"
- Amendments to MFRS 101 "Presentation of items of other comprehensive income"
- Amendment to MFRS 119, "Employee benefits"
- Amendment to MFRS 7, "Financial Instruments: Disclosures"
- Amendments to MFRS 10, 11 & 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"
- Annual improvements 2009 – 2011 Cycle
- IC Interpretation 20 "Stripping costs in the production phase of a surface mine"

The impact of the above accounting standards, amendments to accounting standards and interpretation effective during the financial year is not material to the financial results and position of the Institute.

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

- (a) Financial year beginning on/after 1 January 2014

Amendments to MFRS 132 Financial Instruments: Presentation

These amendments clarifies the meaning of "currently has a legally enforceable right of set-off" that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business and is not contingent on a future event. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**2. Basis of Preparation and Significant Accounting Policies** (cont'd)Amendments to MFRS 136 Impairment of assets

These Amendments removed certain disclosures of the recoverable amount of CGUs which had been included in MFRS 136 by the issuance of MFRS 13.

IC Interpretation 21 Levies

This Interpretation provides guidance that accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that a liability to pay a levy is recognised when the obligating event occurs. Obligating event is the event identified by the legislation that triggers the payment of the levy.

(b) Financial year beginning on/after 1 January 2015

MFRS 9 Financial Instruments

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified into two measurement categories: those measured as at fair value and those measured at amortised cost at initial recognition. This classification depends on the Institute's business model for managing the financial assets and the contractual cash flow characteristics of the instrument. The Standard retains most of the MFRS 139 requirements for financial liabilities. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch.

The impact of MFRS 9 is still being assessed. Aside from the above mentioned, the adoption of the accounting Standards, amendments to accounting standards and interpretations are not expected to have a material impact to the financial statements of the Institute.

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

- Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting
- Amendments to MFRS 10, MFRS 12 and MFRS 127 "Investment Entities"

(c) 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 to 50 years as stated in Note 2(d). 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 2013 are stated in Note 3 to the financial statements.

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

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 Property	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.

(e) 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 financial year in which the reversals are recognised.

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

(f) Financial assets

(i) Classification

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

Held-to-maturity financial assets

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

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

Available-for-sale financial assets

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

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

(ii) Recognition and initial measurement

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

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

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

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

(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.

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.

(g) 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.

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

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

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

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

(l) Income taxes *(cont'd)*

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

	Land and building	Office equipment	Furniture and fittings	Computer equipment and software	Renovation	Total
	RM	RM	RM	RM	RM	RM
Cost						
At 1.1.2013	1,967,425	96,756	101,188	293,821	44,362	2,503,552
Addition	-	59,588	105,532	32,442	30,064	227,626
Write-off	-	(258)	-	-	-	(258)
At 31.12.2013	1,967,425	156,086	206,720	326,263	74,426	2,730,920
Accumulated depreciation						
At 1.1.2013	144,032	77,846	75,946	222,553	31,870	552,247
Charge for the year	39,348	13,003	20,083	59,464	7,443	139,341
Write-off	-	(118)	-	-	-	(118)
At 31.12.2013	183,380	90,731	96,029	282,017	39,313	691,470
Carrying amount						
At 31.12.2013	1,784,045	65,355	110,691	44,246	35,113	2,039,450
Cost						
At 1.1.2012	969,750	96,065	101,188	280,471	44,362	1,491,836
Addition	997,675	940	-	13,350	-	1,011,965
Write-off	-	(249)	-	-	-	(249)
At 31.12.2012	1,967,425	96,756	101,188	293,821	44,362	2,503,552
Accumulated depreciation						
At 1.1.2012	117,986	68,247	65,827	160,176	27,435	439,671
Charge for the year	26,046	9,653	10,119	62,377	4,435	112,630
Write-off	-	(54)	-	-	-	(54)
At 31.12.2012	144,032	77,846	75,946	222,553	31,870	552,247
Carrying amount						
At 31.12.2012	1,823,393	18,910	25,242	71,268	12,492	1,951,305

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

4. Other Receivables

	2013 RM	2012 RM
Other receivables	142,482	122,085
Deposits and prepayment	173,038	184,227
	315,520	306,312

5. Fixed Deposits With Licensed Banks

	2013 RM	2012 RM
Deposits placed with licensed banks	2,995,757	2,595,757

The effective interest rate of deposits at the reporting date ranged from 2.95% to 3.15% (2012: 2.95% to 3.15%) per annum.

6. Other Payables

	2013 RM	2012 RM
Other Payables	549,309	575,296
Accruals	80,939	261,226
	630,248	836,522

Included in other payables is an amount of RM392,232 (2012: RM458,058) owing to Lembaga Hasil Dalam Negeri ("LHDNM") being its share of profit from the National Tax Conference.

7. Government Grant

	2013 RM	2012 RM
At 1 January	185,375	-
Received during the year	100,000	250,000
Recognised in the statement of income and expenditure	(190,572)	(64,625)
At 31 December	94,803	185,375

During the financial year, the Institute received government grants for subsidies of selected courses and seminars for members. There were no unfulfilled conditions or contingencies attached to this grant

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

8. Deferred Tax Liabilities

	2013 RM	2012 RM
At 1 January	20,450	41,476
Recognised in profit or loss	21,717	(11,190)
Under/(Over) provision in prior years	9,949	(9,836)
At 31 December	52,116	20,450

The components of deferred tax assets and liabilities of the Institute during the financial year prior to offsetting are as follows:

	2013 RM	2012 RM
Deferred tax liabilities:		
- property, plant and equipment	52,116	20,450
Offsetting	-	-
Net deferred tax liabilities	52,116	20,450

9. National Tax Conference

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

10. IRB-CTIM Roadshows

The IRB-CTIM Roadshows ("Roadshows") is jointly organised by the Institute and LHDNM and 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**

	2013 RM	2012 RM
Tax expense:		
Current tax provision	56,825	68,463
Under provision in prior years	1,261	33,300
	58,086	101,763
Deferred tax expense:		
Origination and reversal of temporary differences	21,717	(11,190)
Under/(Over) provision in prior years	9,949	(9,836)
	31,666	(21,026)
	89,752	80,737

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:

	2013 RM	2012 RM
Surplus before taxation	544,988	538,212
Tax at statutory tax rate of:-		
- 18.21% (2012: 18.21%) on the first RM150,000 (2012: RM150,000)	27,325	27,325
- 26% (2012: 26%) on the balance of chargeable income	102,697	100,895
Non-taxable surplus from members	(98,610)	(97,724)
Expenses not deductible for tax purposes	47,130	26,777
Under/(Over) provision of deferred taxation in respect of prior years	9,949	(9,836)
Under provision of taxation in respect of prior years	1,261	33,300
Tax expense for the year	89,752	80,737

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.

	2013 RM	2012 RM
Within one year	11,616	11,616
Between one and two years	968	11,616
Between two and five years	-	968
	12,584	24,200

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. Capital Management

	2013 RM	2012 RM
Property, plant and equipment:-		
Authorised and contracted for	40,000	130,000

14. Financial Instruments

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

	Loans and receivables/ other financial liabilities RM	Total RM
2013		
Financial assets		
Trade and other receivables	315,520	315,520
Cash and cash equivalents	3,661,255	3,661,255
	3,976,775	3,976,775
Financial liability		
Trade and other payables	630,248	630,248
2012		
Financial assets		
Trade and other receivables	306,312	306,312
Cash and cash equivalents	3,582,359	3,582,359
	3,888,671	3,888,671
Financial liability		
Trade and other payables	836,522	836,522

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**14. Financial Instruments** (cont'd)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 other than disclosed in Note 4.

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

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 and borrowings.

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
2013				
Trade and other payables	630,248	-	630,248	630,248
2012				
Trade and other payables	836,522	-	836,522	836,522

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.

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

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 monitors the capital using gearing ratio, which is total debt divided by accumulated fund. The Institute's policy is to keep a lower gearing ratio. The Institute includes within total debt, borrowings and other payables.

	2013 RM	2012 RM
Total debt	630,247	836,522
Accumulated funds	5,259,103	4,782,390
Gearing ratio	12%	17%

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 2013 were authorised for issue in accordance with a resolution of the Council Members on 3 March 2014.

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