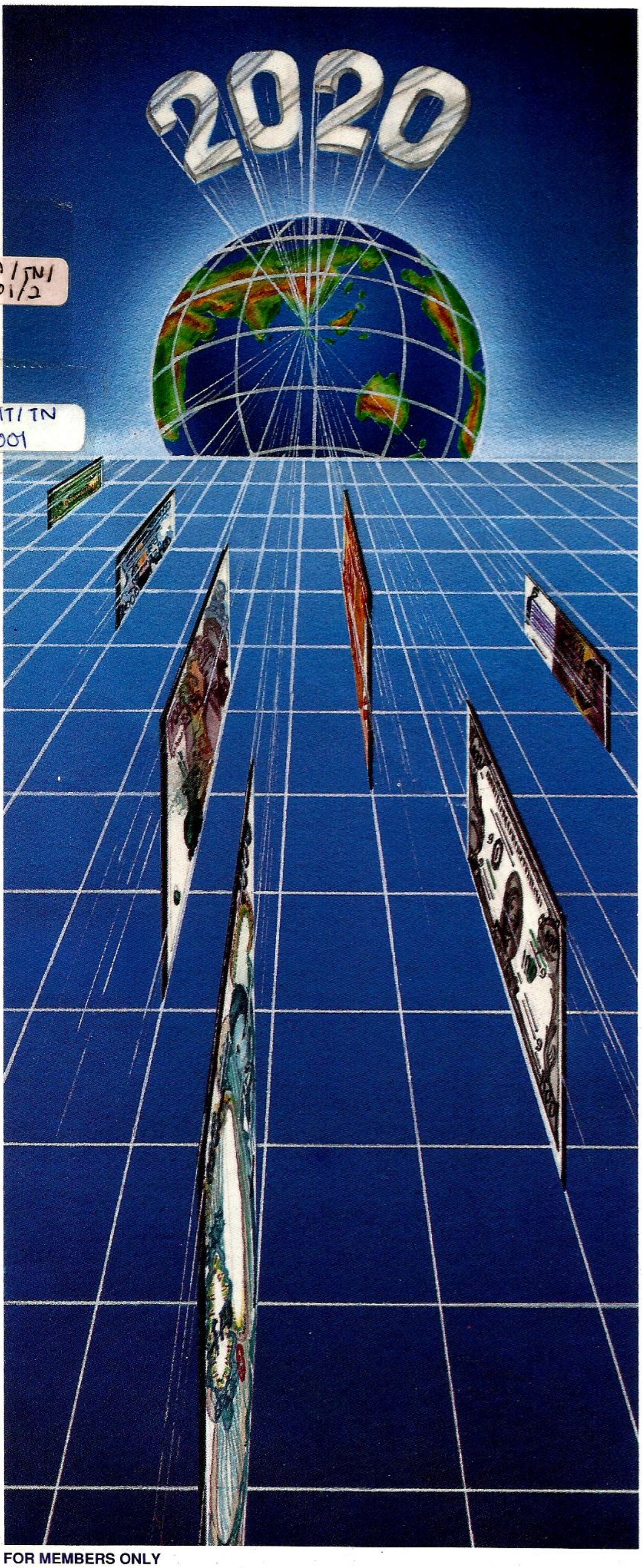

TAX NASIONAL

JOURNAL OF MALAYSIAN INSTITUTE OF TAXATION
INCORPORATED UNDER THE COMPANIES ACT, 1965
O C T O B E R 1 9 9 2

The future trend: value added tax

Framework for a Tax education programme

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MIT to develop taxation course

Malaysian Institute of Taxation

FOR MEMBERS ONLY

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TAX NASIONAL
JOURNAL OF MALAYSIAN INSTITUTE OF TAXATION
INCORPORATED UNDER THE COMPANIES ACT, 1965
O C T O B E R 1 9 9 2

Malaysian Institute of Taxation

The **Malaysian Institute of Taxation** (MIT) is a company limited by guarantee incorporated on October 1, 1992 under Section 16(4) of the Companies Act, 1965.

The objectives of the Institute are, inter alia:

1. To provide an organisation for persons interested in or concerned with taxation matters in Malaysia.
2. To advance the status and interest of the taxation profession and to work in close co-operation with the Malaysian Institute of Accountants (MIA).
3. To exercise professional supervision over the members of the Institute and frame and establish rules made herein for observance in matters pertaining to professional conduct.
4. To provide examination for persons interested in or concerned with the taxation profession.

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I am honoured to be given the opportunity of delivering a few words in the first inaugural issue of the Tax Nasional, a journal published by the Malaysian Institute of Taxation (MIT) for its members.

Of late there has been much concern on the need of quality professionals. This much sought after quality human resources was clearly outlined by the Government under the Sixth Malaysia Plan as a strategy towards achieving National Development Policy.

I have been following this with much concern and decided to have this subject as the main theme for this issue.

The Government's stand in this matter shows the grave inadequacy of appropriately major qualified and trained personnels not only in tax but other professional fields needed to support the further continuing economic development of the country.

Therefore, the launching of MIT on February 17, 1992, by YB Dato' Loke Yuen Yow, the Deputy Minister of Finance, is timely and shall serve as the first step in the right direction to help produce more quality tax professionals in order to meet future demands in line with vision 2020.

With that in mind, I foresee MIT's important role in producing skilled professionals, well-versed not only in tax matters but also in areas that can contribute to the overall management of modern business. This can only be achieved by a formulated educational and training programme, currently being prepared by MIT. Thus, the future hope of having more tax practitioners who are credible, public conscious, competence and full of integrity will surely be a reality. MIT

Best Regards,

AHMAD MUSTAPHA GHAZALI ATII
President.

FORMATION OF THE MALAYSIAN INSTITUTE OF TAXATION

MALAYSIAN Institute of Taxation (MIT) was incorporated on October 1, 1992, under Section 16 (4) of the Companies Act 1965, to provide an organisation for all accountants, tax agents, academicians and individuals in commerce who are interested in or concerned in taxation matters in Malaysia.

To date, the Institute is managed by the Council which comprises 16 members consisting of Appointees of the Malaysian Institute of Accountants (MIA) and Elected Representative Members of the MIT.

The first MIT Council members are:
Sitting from Left: **Hamzah H M Saman** (Vice President); **Tan Sri Lim Leong Seng** (Council Member); **Teh Kok Leong** (Deputy President); **Ahmad Mustapha Ghazali** (President); **Dato' Hanifah Noordin** (Council Member); **Lee Hwa Beng** (Vice President) and **Raja Arshad Raja Tun Uda** (Council Member).

Standing from Left: **Lee Beng Fye** (Council Member); **Yeoh Chong Swee** (Council Member); **Yong Poh Chye** (Council Member); **Ramli Ibrahim** (Council Member); **Michael Loh** (Secretary); **Chow Kee Kan** (Council Member) and **Ranjit Singh** (Council Member). (Not in the picture): Dr Subramaniam s/o Arjunan, Ash'ari Ayub. Both are Council Members. MIT

THE FUTURE TREND: VALUE ADDED TAX

by K. Jeyapalan
B.A. Econs. (UM), ACIS, MBA, ATII

INTRODUCTION

The broadening of the scope of service tax in Malaysia with effect from January 1, 1992 can be seen as laying the foundation for the eventual introduction of value added tax. It is to be based on the assumption that if a large number of goods and services are already subjected to a consumption tax, it would be easier to switch over to VAT.

VAT, like sales tax *1 and service tax is an indirect tax. Theoretically, VAT is a tax on the value added to goods or services by each processor in the production and distribution chain. In reality, it is a tax on the increase in the sales price of goods and services as they pass through this chain. Hence, VAT is a wider based tax system which ultimately is levied on the expenditure of a person who is the consumer.

THE VAT CONCEPT

The Concept of VAT was first suggested by Professor Carl Shoup as part of his reform recommendations for Japan in 1948. This tax has enjoyed an explosive growth. Forty-two years ago it was little more than a theory that had been raised in a few contributions to the literature on public finance. Today, in its comprehensive form, the VAT is an important part of the fiscal systems of forty-three economies.

Today, the VAT is an important part of the fiscal systems of forty-three economies.

A BRIEF HISTORY

The first country to impose the value added tax in its comprehensive form was Brazil. The Brazilian national tax, which is imposed on sales by manufacturers only, has employed the value added technique since 1959.

Later in 1967, Denmark became the first country to employ a comprehensive VAT at national level (Shoup 1069 a). France and Germany followed in 1968. Two countries later introduced VAT to replace a retail sales tax, namely, Sweden (in 1969) and Norway (in 1970).

At the moment, 22 of the 24 members of the Organisation for Economic Cooperation and Development (OECD) have adopted VAT as their main consumption tax. There are only two OECD countries which do not levy a VAT i.e. Switzerland, where the people have twice rejected government proposals to substitute a VAT for the present retails sales tax, and Australia which has a wholesale sales tax. In the United States, the state of Michigan enacted a VAT in 1953 with many exemptions and a high minimal deduction. The present VAT rate in Michigan state is 2.35 percent.

ASEAN REGION

VAT has become a popular form of indirect taxation to developing countries. Among the ASEAN nations, Indonesia, Philippine and Thailand have a VAT system in operation.

Thailand is the latest country to implement VAT which took effect from January 1, 1992 as a replacement for business tax. The VAT rate in Thailand for most of the goods and services is set at 7%. The introduction of VAT system was suggested to Thailand by the World Bank some 12 years ago. The system adopted in Thailand is conceptually similar to that of the United Kingdom and to the systems adopted by Korea, Taiwan, Philippine and Indonesia, whereby the tax is broadly based on consumer expenditures and is a tax on three classes of transactions, namely:

1. The sales of goods and services;
2. Events treated as the sales of goods and services; and
3. The importation of goods.

The tax will be levied (and credits given) at each stage in the production and distribution chain until it is levied on goods and services sold to an end consumer. If the costs of complying with the tax system are ignored, the tax is generally cost neutral to business and generally confined to the consumption of goods and services in Thailand.

The year 1992 is an eventful one for Thailand – the unexpected coup in otherwise a booming economy resulted in a change of government but the VAT system is there to remain. Aside from a short-lived VAT in Vietnam in the early 1970's, no other country has ever repealed a value added tax.

Malaysia is fortunate in that it can benefit from the experiences of these countries in planning, adopting and implementing an ideal indirect tax structure. The implementation of VAT is more a question of 'when' it will be introduced, rather than 'if'.

The implementation of VAT is more a question of 'when' it will be introduced, rather than 'if'.

TYPES OF VAT

There are three different types of VATs in use.

1. A gross national product type,
2. A national income type and
3. A consumption type.

Most countries have opted for the consumption type of tax system because only under such a system can cumulative taxation of investment goods be avoided. Under the consumption type system, deductions for business inputs (including purchases of capital goods) are allowed in calculating a firm's value added. Consumption type of VAT was thought to be neutral in resource allocation. It does not distort the choice between labour intensive and capital intensive techniques in the production system.

ADVANTAGES OF VAT

The following main advantages of VAT have been cited by proponents of VAT. They are its:

1. Neutrality;
2. Encouragement of savings and capital formation;
3. Stability as a source of revenue;
4. Potential to raise large amounts of revenue at relatively low rates and
5. The relative ease of administration.

Opponents of a VAT system assert that a VAT is:

1. Inflationary;
2. Regressive;
3. Not a neutral tax;
4. Detrimental to fiscal stabilisation and
5. Difficult to administer.

ZERO RATING AND EXEMPTION

The idea of zero-rating is to leave certain goods and services outside the VAT system. The non-payment of VAT is achieved by two methods, that is, by exemption or by zero-ratings the goods or services. A trader selling an exempt supply does not pay a VAT on the sale. But he also cannot claim any VAT paid on the goods or services. Examples of exempt goods and services includes educational and health services; banking and financial services; small businesses with marginal annual turnovers and charitable activities.

However a trader dealing in zero-rated goods and register for VAT and claim VAT paid on it. A trader dealing only in exempt goods cannot register under the VAT system. Examples of goods and services zero-rated include basic food items, books and newspapers, clothings and export of goods.

RATES OF TAX

The rates of tax can either be single or multiple. The standard rate could be 15 percent. However, considering the social and economic conditions, there could be the following rate structures:–

1. 5 percent for specific food stuffs. (Essential food stuffs could be exempted)
2. 10 percent for less essential goods; and
3. 15 percent (standard) for all non-essential goods.

Indeed, it is early years of implementation, VAT could resemble its predecessors i.e. the Sales Tax *2 and Services Tax. In respect of luxury goods, the rate could ultimately be as high as 20 percent. Goods which are exported would be zero-rated.

It is therefore evident that the conversion into the VAT system resulted in some positive distributive effect on the household group.

In the United Kingdom, the VAT rate of 15 percent has been brought in line with the European Community average. Since richer people tend to spend more on VAT rated goods, the switch from the disliked poll tax in UK to VAT should be progressive.

TAX BURDEN DISTRIBUTION

Under the Malaysian manufacturing sales tax system, no direct impact of taxes occured on the household, simply because taxes are imposed on the firms rather than the household themselves. Under the VAT system, a more complex effect is expected, as all tax instruments directly affect each of the household group.

It is found that under VAT system in OECD countries, the informal labour groups experienced some increase in real income while other income groups experienced a decrease in real income. It is therefore evident that the conversion into the VAT system resulted in some positive distributive effect on the household group.

This result can be traced to the basic characteristic of this VAT system, in exempting food items from the tax base. The informal labour groups consumed relatively more of these goods. We could therefore expect a positive impact.

PRICE LEVEL

Most policy makers have been reluctant to switch to VAT because of the concern over the potential inflationary effect of such reform, especially after learning from the experience of Indonesia and, to a certain extent, of the Philippines where, the switch

However, the introduction of VAT has on occasion had a one-and-for-all impact on the price level, and has never caused a continuing upward spiral of prices.

over was accompanied by increases in the general price level.

Price indices had in fact started to register some substantial increase in Indonesia even before its introduction, as a lot of last minute buying and stocking up occured. However, the introduction of VAT has on occasion had a one-and-for-all impact on the price level, and has never caused a continuing upward spiral of prices. In Indonesia, the initial reaction was probably caused by the confusion of sellers who were unsure about how the credit mechanism works and accordingly attempted to pass on the additional administrative costs of VAT to consumers in the form of higher prices.

CONCLUSION

This article traces the origins of VAT and attempts to highlight certain aspects of the structure of a VAT system. As a whole, the VAT system could be considered as a serious contender to the existing sales and service tax systems in Malaysia. The tax shows potential in terms of its tax burden distribution, economic efficiency and tax revenue generation capacity. Whether the introduction of VAT would have a tame effect on prices and wage rates is yet to be seen. MIT

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Footnotes

*1. Sales tax was introduced in 1972 by way of the Sales Tax Act, 1972.

*2. There are three rates Sales Tax in Malaysia and they are as follows:

5% : levied on fruits, certain food stuffs and building materials.

10% : general rate levied on all goods unless exempted under the Sales Tax (Exemption) Order 1980.

15% : levied on cigarettes, liquor and alcohol drinks.

Sales tax is also a consumers tax and it is levied on certain imported and locally manufactured goods. It is a single stage tax.

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FRAMEWORK FOR A TAX EDUCATION PROGRAMME

by Ho Juan Keng
B.A. Econ (UM), MBA (UKM)

INTRODUCTION

The traditional setting of tax education is found in most accounting and some law curricula, Inland Revenue Department's training programmes and in-house training programmes of some public accounting firms. In terms of importance and priority, in most accounting education programme, taxation has been ranked relatively very high both by practitioners and educators (Estes, 1979). Local university accounting graduates ranked taxation as moderately relevant to very relevant to their jobs (Lim et al, 1991), while in terms of subject-knowledge at the advanced level expected of qualifying accountants, taxation was highly ranked (after financial accounting and audit) by public accountants (Ooi, 1988)

TAX EDUCATION OBJECTIVE

Taxation is an interdisciplinary subject encompassing accounting, legal studies and economics as well as other related disciplines such as social sciences and communication skills. The objective of a tax education programme is to produce professional tax consultants and not merely "tax technicians". Although both educators and practitioners share this common objective, they very often differ on the ways and means of achieving the objective.

TAX EDUCATION PROGRAMME

In Malaysia, since tax education traditionally is incorporated in accounting education programmes, a review of the accounting education programme is a necessity in evaluating tax education.

MIT intends to conduct examinations with taxation as the core or primary discipline while incorporating accounting, legal studies, economics and management as secondary disciplines.

Generally the accounting programmes of institutions of higher learning in Malaysia (UKM, UPM, UUM, ITM and UM) emphasise on general education, "followed by specialisation in accounting supported by a fair contextual (business and economics) and related disciplinary studies" (Ooi, 1988, p. 15). Apart from these institutions of higher learning, various other educational institutions are offering programmes which mainly prepare candidates for accounting examinations conducted by various accounting bodies.

From the educational perspective, other than conducting examinations, these accounting bodies do not have any education programme. In terms of the nature, scope and emphasis, the examinations of these accounting bodies differ very much from that of the institutions of higher learning in Malaysia.

According to S.K. Ooi "the institutions of higher learning (with varying degrees) attempt to achieve two objectives at the same time:

a) to imbue students with that knowledge (both accounting and related disciplines, and disciplines intended to broaden students' educational experience) and those qualities that will maximise the likelihood of success as a mature professional; and

b) to prepare them to perform duties expected as accountants at entry-level through classroom exercises and through experience in the form of practical attachment(s).

In the case of MACPA, its main concern appears to be with the latter with less emphasis on the former".

(Ooi, 1988, p.16)

A FRAMEWORK FOR TAX CURRICULUM

Apart from performing audit and accounting functions, accountants traditionally also act as tax consultants. However, not all tax consultants are accountants. In Malaysia, unlike accountants, tax consultants or specialists are generally not recognised as belonging to any professional body. But in most other countries, tax specialists are recognised within accounting firms (Stara et al, 1991)

Recently with the formation of the Malaysian Institute of Taxation (MIT), it is believed that in future, any tax specialist who is a practitioner must be a member of the MIT. It is also believed that the

MIT intends to conduct examinations with taxation as the core or primary discipline while incorporating accounting, legal studies, economics and management as secondary disciplines.

In view of this development, there is a need to formulate a general framework for a tax education programme. A basic general framework of tax curriculum should make up of the structure, content and scope of tax education.

1) Structure

Given the interdisciplinary mix and the varied market demand of the services of tax practitioners, a tax education and training programme should be so structured to provide for a general education, general professional education and specialised professional tax education. Perhaps a proposed structure should consist of courses in:-

A tax education programme should therefore identify the "hierarchy of skills" that should be acquired at each of the three phases of a tax course.

a) Tax accounting (i.e. tax rules, procedures and computations) applicable to individual, corporate, partnership, trusts and various tax payers.

b) Accounting, such as financial accounting, cost and managerial accounting, auditing as well as financial management.

c) Legal studies, such as the legal system and specific branches of law, eg. revenue law, property law and business and commercial

d) General courses in economics, public finance, quantitative methods, business and management, management information system and computer studies as well as other liberal studies.

The four areas of studies as categorised above should be developed into a structure within which the final result will give rise to a specialised professional tax education. Such a structure operates through a three-stage programme as follows:-

a) First Stage
A the first stage, courses in each of those disciplines should be introduced almost independently of each other. For example, courses should cover basic accounting, basic economic theory and principle, the legal system and basic elements of laws.

b) Second Stage
At the second stage, blending of elements from two or possibly three different disciplines should be introduced. For example, a blending of tax and legal studies; tax and accounting; or legal studies, accounting and tax.

c) Third Stage
This is the final stage whereby all the elements from three or all the four categories of studies are blended. However taxation should form the core element at this third and final stage with the other disciplines playing a secondary but supportive role.

The first stage represents the general education, while the second stage represents the general professional education. The specialised tax professional education is represented by the third stage.

2) Content

The content of tax education programme should cover the relevant aspects of legal studies, accounting, economics and other disciplines as outlined above. In the case of tax per se, (in the Malaysian context), the content of a tax education programme should at least encompasses the various direct and indirect taxes as covered by the relevant Acts such as the following:-

a) Income Tax Act;
Petroleum Income Tax Act;
Real Property Gains Tax;
Stamp Duty;
Service Tax Act;
Sales Tax Act;

b) Promotion of Investments Act;
Labuan Offshore Business Activity Act;
Offshore Companies Act;
Offshore Banking Act;
Offshore Insurance Act:
Labuan Trust Companies Act;

c) Double Tax Treaties.

Practitioners appear to have these fundamental differences with educators probably due to the different "professional cultures".

3) Scope

In this paper, income tax is being adopted for discussion. For a course in income tax it may be proposed that three phases (Introductory, Intermediate and Advanced) be adopted. Different skill in taxation are to be developed at each different phase. As such, at each of the three phases, the scope and emphasis should differ depending on the educational objectives of each phase.

FRAMEWORK FOR SKILLS DEVELOPMENT

Basically a taxation course should at least cover areas such as the understanding of the tax law; the philosophy of taxation; the economic aspects of taxation; tax ethics; researching tax problems and the preparation of tax returns.

A tax education programme should therefore identify the "hierarchy of skills" that should be acquired at each of the three phases of a tax course.

Basically the "hierarchy of skills" consists of six levels of learning in the cognitive domain (Bloom, 1979) with "knowledge being the lowest level of learning. Progressively, the level of learning increases with "comprehension, application, analysis and synthesis" and finally with " evaluation" being the highest of the six levels of learning in the cognitive domain. This "hierarchy of skills" may be adopted in developing a tax education programme, as illustrated in "Exhibit A", (taking the learning of income tax as an illustration).

EXHIBIT A:

Tax Education Objectives In Relation To The Hierarchy Of Skills

Level of Skill	**Educational Objectives At Each Level Of Skill**	**Educational Objectives (of an Income Tax Education Programme) At Each Level of Skill**
1) Knowledge	It merely requires the ability to remember and recall previously learnt material.	Merely requires a student to recall the relevant rules, regulations, principles or figures when applying them to a particular situation.
2) Comprehension	It requires the ability to understand what is being communicated or the ability to grasp the meaning of material, to translate material from one form to another, and to interprete material.	Requires a student to understand the relevant provisions, rules, regulations and principles.
3) Application	It requires the ability to select appropriate material learnt and to use them in new and different specific situations.	Requires a student to identify and differentiate between the outcome of applying possible different provisions, rules, regulations or principles in similar or different situations.
4) Analysis	It requires the ability to break down subject matter into its component parts, to separate relevant from irrelevant material, and to analyse the relationships between parts.	Requires a student to break down in a logical manner the relevant provisions, rules, regulations or principles and to identify the relationship between each of the "broken down parts".
5) Synthesis	It requires the ability to blend together materials from different sources to form new patterns or structures.	Requires a student to blend the various disciplines of tax, legal studies, accounting, economics etc for a specific situation.
6) Evaluation	It requires the ability to make judgement on the value of materials for a given purpose based on definite criteria.	Requires a student to assess, criticise and comment on a particular situation in relation to the existing provisions, rules and political, social and economic environment and to propose possible alternatives.

The overall objective of a taxation programme is to enable a student to develop each of these six skills. At different phase, different weightage should be placed for the development of each of these skills. Without going into the technical details, in a taxation programme with Introductory, Intermediate and Advanced phases, a proposed weight age may be as shown in "Exhibit B".

At the Introductory phase, more weight is given to the development of skills in respect to "knowledge, comprehension and application" while less weight is given to "analysis, synthesis and evaluation". (see "Exhibit B"). In relation to the learning of taxation, at the level of "knowledge, comprehension and application", more emphasis is given to the development of fundamental technical skills with less emphasis on conceptual, integrative and adaptive skills.

At the Intermediate phase, there is a more even emphasis on all the six levels of the "hierarchy of skills". At the Advanced phase, more emphasis is given to "analysis, synthesis and evaluation" for the purpose of developing conceptual, integrative and adaptive skills. (Stark, et al, 1986).

CONCLUSION

The objective of any tax educational programme is to produce graduates with professional qualities. However, educators and practitioners very often differ on the means of achieving this objective. The most common basic differences are in respect of curriculum structure, instructional techniques, weightage of "disciplinary mix" and "content mix" as well as weightage of learning skills and the mode of testing and examination.

EXHIBIT B:

Allocation Of Skill Content

Skill/Level	Introductory	Intermediate	Advance
	%	%	%
Knowledge	35	10	5
Comprehension	30	15	5
Application	20	25	5
Analysis	5	25	20
Synthesis	5	15	30
Evaluation	5	10	35
	100	100	100

Source: Horvitz & Jensen, (1979) p.803.

In a tax examination, generally, practioners prefer fewer general functional courses as compared to educators in institutions of higher learning (Schwartz & Stout, 1987). In terms of instructional techniques, practitioners prefer materials such as "questions and answers" type of practice sets, more than educators do. With regards to testing and examination, generally, educators prefer the "unstructured" mode while most practitioners may prefer the "structured" or "questions and answers" approach.

Practitioners appear to have these fundamental differences with educators probably due to the different "professional cultures".

However it is important that educators recognise the practitioners views and accordingly should consider adjustments to their curriculum. It is also equally important that practitioners should understand the extent to which educators can adjust to practitioners' suggestions. Both educators and practitioners should accept that, although they may have fundamental differences, both must find ways to work together to achieve their common objective. MIT

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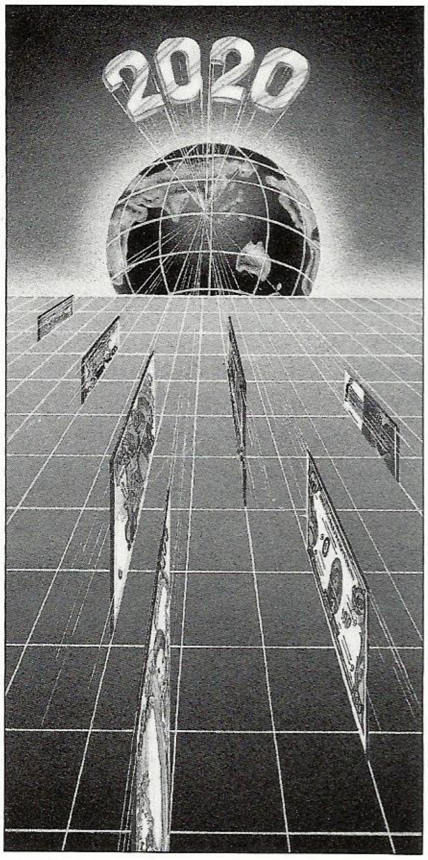
MIT'S CONTRIBUTIONS TO VISION 2020

The Need To Increase Tax Specialists



The Malaysian Institute of Taxation (MIT) has identified the need to increase tax specialists as one of its major contributions to the country in attaining industrialisation by the year 2020.

MIT President, Encik Ahmad Mustapha Ghazali said that MIT will take the first step by increasing the number of tax specialists in the country and thus easing the shortage in line with the objective of enhancing the importance of the profession both in the public and private sectors.

He said, the gap will be reduced in line with the Sixth Malaysia Plan (RM6) strategy of macro economic development of further increase in competitive economic forces and efficiency; besides encouraging the private sector to play a continuous role in the nation's economic development.

"Currently, there are more than one million files that need to be serviced and scrutinised by tax specialists at any one time or at least once a year," Encik Ahmad Mustapha announced when unveiling MIT's major and continuous contributions in supporting the country towards year 2020 at a press conference in Kuala Lumpur, last July.

Of the amount, about 220,000 are files of private limited and limited company currently registered with the Registrar of Companies (ROC) while another 750,000 files belong to tax payers who operate either on joint-venture basis or sole proprietorships as registered with the Inland Revenue Department.

However, based on the country's population, the current standing ratio shows that there is only one accountant to every 3,300 people and one tax specialist to every 18,000 people.

"We hope to increase the number of tax practitioners in the country through a course now being prepared by MIT's Education and Examination Committee," he said.

This is increasingly important since the Inland Revenue Department has plans to introduce self-assessment for tax payers in the future.

Encik Ahmad Mustapha stated that the move will be in tandem with the Sixth Malaysia Plan which has identified human resources as the critical factor that needs to be fully developed in order to achieve social and economic development.

This will improve and enhance fair private sector income distribution to the Government and hence will help the country to achieve its objective in economic restructuring within the National Development Policy.

Besides, the approach taken is to further improve development and financial environment which will be in line with Government's effort to further encourage investments both local and foreign.

In relation to this, by 1995, MIT hopes to reduce the current ratio of tax specialists from 1:1,000 to 1:500 which is an appropriate and practical ratio for the country's development.

The MIT President added that this will be MIT's response to the Government's call for firms and institutions in developing human resources.

Todate, there are close to 1,000 tax specialists in Malaysia, 700 of whom have credit licenses while the rest are qualified accountants.

However, MIT which currently has 323 members is expected to have an additional 500 members in seven months time. MIT

LAUNCHING OF THE MALAYSIAN INSTITUTE OF TAXATION

Tax Practitioners: Do Your Part In Nation Building

TAX practitioners in the country are reminded of their role in building the nation through their profession, Deputy Minister of Finance, yang Berhormat Dato' Loke Yuen Yow said.

He was speaking at the launching of the Malaysian Institute of Taxation, a professional body for the taxation profession in the country recently. MIT was launched on Februari 17, 1992.

He said all tax practitioners must strictly adhere to their profession's ethics in matters relating to tax compliance especially when handling tax returns of their clients.

"This will be significantly important since the Inland Revenue Department is planning to introduce self-assessment for tax payers in the future," he was quoted saying.

In this respect, tax practitioners must be persons of integrity and competence. They must be able to provide clients with sound advice so that tax payers will receive fair and equitable treatment from the tax assessor.

"Tax practitioners must ensure that all tax revenues due to the Government are duly remitted. There should also be no leakages or fraudulent declarations," he said. MIT

Encik Ahmad Mustapha Ghazali, the MIT President receiving his certificate from YB Deputy Finance Minister, ***Dato' Loke Yuen Yow***.

YBhg. Dato' Hanifah Noordin (second from left) and MIT President, ***En Ahmad Mustapha Ghazali*** (far left) accompanying ***YB Dato' Loke*** on his arrival at the MIT launching ceremony.

MIT President, ***En Ahmad Mustapha Ghazali*** (left), Deputy Finance Minister, ***YB Dato' Loke Yuen Low***, MIA President, ***YBhg. Dato' Hanifah Noordin*** (second from right) and , (far right) the organising Committee Chairman, at the MIT launching ceremony.

MIT TO DEVELOP TAXATION COURSE

The Malaysian Institute of Taxation (MIT) is planning to introduce a three-year taxation course and examination next year for those interested in working as qualified tax practitioners.

MIT President, En Ahmad Mustapha Ghazali said MIT, through its Education and Examination Committe, is preparing a syllabus for a locally recognised Diploma, Advanced and Masters qualification in taxation, to conduct examination to produce tax practitioners that will ease the current shortage in the country. The syllabus is being developed together with higher learning institutions, practicing accountants, tax practitioners and officers from Inland Revenue Department.

En Ahmad Mustapha said the course will be a fore-runner for future tie-ups with other academic institutions.

"The syllabus is expected to be out by year-end and the first course to begin in 1994," he said at the certificate presentation ceremony to the Institute's first 100 members on July 28, 1992 at Dewan Akauntan.

He added that with the move towards self-assesment, the need for more tax specialists would become more acute.

The MIT President further explained that there will be three groups of students taking the course. They are the tax practitioners, full or part time students taking up taxation as a parallel course and foreign-trained tax specialists.

"For tax practitioners and technicians, they are required to have a minimum of Sijil Tinggi Pelajaran Malaysia (STPM) with five years working experience in the related field. Upon graduation, they are eligible to be admitted as Associate of MIT," he said.

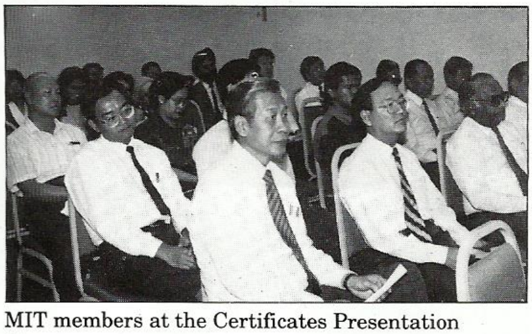
On the other hand, accounting students will have to complete five years of tutelage before being awarded the ATII.

Foreign tax specialists will sit for certain papers so as to enable them to adapt themselves and be true specialists in Malaysian taxation.

"Having a local body to train and certify tax specialists will also assist foreign accountants qualified in taxation," he said. MIT

MIT President, ***En Ahmad Mustapha Ghazali*** (standing) delivering his speech at the Certificates Presentation Ceremony. From Left, ***Mr Lee Hwa Beng*** (MIT Vice President), ***Mr Teh Kok Leong*** (Deputy MIT President), ***Mr Soon Kwai Choy*** (MIA Vice President), ***En Hamzah H. M. Saman*** (also Vice President of MIT) and ***Mr Micheal Loh*** (MIT Council Member).

MIT President, ***En Ahmad Mustapha Ghazali*** presenting a certificate to one of the members.



MIT members at the Certificates Presentation Ceremony.

CPD SCHEDULE

MIA is conducting the Continuing Professional Development Programme (CPD) for it's members. The programmes are also available for MIT members at a discounted rate but at present the CPD points are not applicable to MIT members.

CPD SEMINARS

DATES	TOPICS	CPD CREDIT POINTS	VENUE
OCTOBER			
1	Letters of Credit and Documents in Import/Export Trade	48	Kuala Lumpur
2 – 3	Group Accounts	48	Kuching
4 – 5	Group Accounts	48	Miri
2 – 3	Letters of Credit and Documents in Import/Export Trade	48	Ipoh
5	Practical Aspects of Tax Investigation	24	Penang
9 – 10	Audit Tax	48	Penang
10	Practical Aspects of Tax Investigation	24	Kuala Lumpur
15 – 16	Tax I	48	Penang
23 – 24	Tax II	48	Penang
KIV	Companies Amendment Act, 1992	9	Kuala Lumpur
KIV	Companies Amendment Act, 1992	9	Penang
KIV	Companies Amendment Act, 1992	9	Ipoh
KIV	Companies Amendment Act, 1992	9	Johor Bharu
KIV	Companies Amendment Act, 1992	9	Kota Kinabalu
KIV	Companies Amendment Act, 1992	9	Kuching
NOVEMBER			
6	Forum on 1993 Tax Budget	9	Kuching
7	Forum on 1993 Tax Budget	9	Penang
7	Forum on 1993 Tax Budget	9	Ipoh
7	Forum on 1993 Tax Budget	9	Johor Bharu
7	Forum on 1993 Tax Budget	9	Kota Kinabalu
7	Forum on 1993 Tax Budget	9	Sibu
8	Forum on 1993 Tax Budget	9	Miri
6 – 7	Audit Tax	48	Malacca
19 – 20	Tax I	48	Malacca
26 – 27	Tax II	48	Malacca
DECEMBER			
3	Evening Talk – From Performance Appraisal to Performance Management	24	Kuala Lumpur
3 – 4	Leadership & Teambuilding	48	Kuala Lumpur
3 – 4	Audit Tax	48	Johor Bharu
5 – 6	Tax I	48	Johor Bharu
7 – 8	Tax II	48	Johor Bharu
7	Activity Based Costing	24	Kuala Lumpur
7 – 18	A Course on Research Methodology	60	Kuala Lumpur

MIT MEET MATA REPRESENTATIVES

MIT Working Committee members deliberated matters on membership, education and examination with the representatives of the Malaysian Association of Tax Accountants (MATA) at the Inland Revenue Department on August 12, 1992.

MIT was represented by its President, Encik Ahmad Mustapha Ghazali, Vice President Encik Hamzah H M Saman and Secretary, Encik Michael Loh while MATA was represented by its President from the Federal Territory Branch, Encik Rahimi Mohd Noor and MATA Secretary, Encik Imran Tumirun.

The meeting was chaired by the Deputy Director General II of Inland Revenue, Tuan Haji Abdul Hamid Mohd Hassan. The above meeting is a follow up to previous meetings held between MIT Working Committee members and representatives of MATA from the Federal Territory Branch on June 5, 1992.

HONOURS FOR MIT'S FELLOWS

The Malaysian Institute of Taxation (MIT) Council met two of its three Honorary Fellows in separate informal meetings held recently.

MIT President, Encik Ahmad Mustapha Ghazali, Vice President, Encik Hamzah b H M Saman and Council Member, Mr Lee Beng Fye met YBhg Tan Sri M. Sundaram, Mr Eu Boon Hor and YM Raja Datuk Seri Abdul Aziz Raja Salim on June 2, March 21 and 26 respectively. MIT

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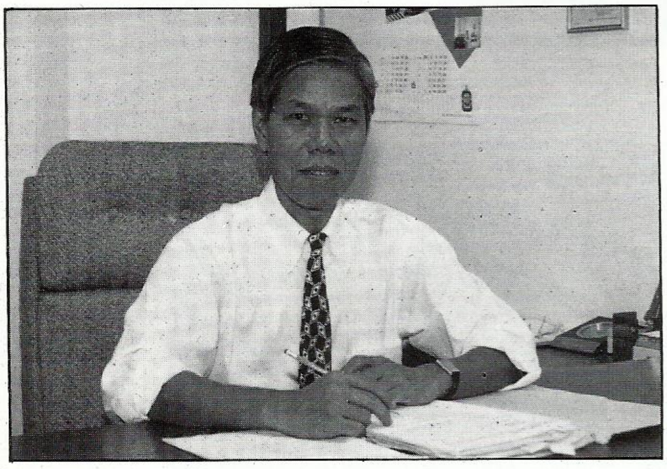
Tan Sri M. Sundaram *(centre) holding his Honorary Fellowship Certificate after being presented by MIT President,* ***Encik Ahmad Mustapha Ghazali*** *(left) while MIT Vice President,* ***Encik Hamzah H M Saman*** *is on the right side.*

Mr Eu Boon Hor *(third from left) receiving his Honorary Fellowship Certificate from MIT President,* ***En Ahmad Mustapha Ghazali****. On the left is* ***Mr Lee Beng Fye,*** *MIT Council member and on the right is* ***En Hamzah H M Saman,*** *MIT Vice President.*

YM Raja Datuk Seri Abdul Aziz Raja Salim *(centre) holding his Honorary Fellowship Certificate after being presented by MIT President,* ***En Ahmad Mustapha Ghazali*** *(right). On the left is MIT Vice President,* ***En Hamzah H M Saman.***



MIT'S FIRST ASSOCIATE MEMBER

—ENCIK MOEY CHEE SENG ATII

"WHEN I first started working as an Assistant Examiner in the Government service, I had no idea at all about tax. I had to give myself sometime to adapt myself to the job," Encik Moey Chee Seng, our privileged personality was quoted saying.

"To past the first hurdle was tough. But patience and perserverance was rewarding. After serving the government for 16 years, I joint Inchcape Group in 1977 to widen the scope of my career," he added.

Currently, Encik Moey is a director cum consultant with TaxSafe Sdn Bhd. He started his career as a temporary teacher before quitting and joining the Inland Revenue Department as an Assistant Examiner.

Encik Moey, MIT's first Associate member, decided to take a bold challenge in his life by incorporating TaxSafe with another partner during the peak of the economic recession and slowdown in 1986.

"Mind you, I have never planned to be involved with tax matters, thus, making the subject my career was far from my mind," he added with a smile.

However, En Moey has never looked back since. He admitted that taxation is still young in this country but taxation can be an interesting career.

"It's all in the mind. As far as I am concerned, one can always make something new to be challenging and interesting. Over the years, I have never thought taxation as a boring or dull career. It has gone through tremendous change and will continue changing. Taxation has become more and more complicated and no longer considered a routine work," he said in a serious tone.

He readily acknowledged that complex laws are being passed on tax matters thus technical issues have to be dealt with by tax professionals.

"The old days of handling tax matters are over. You need more tax specialists now," he said.

Thus, En Moey is one of those people who immediately registers as a member of the Institute. He anticipated that MIT would be growing and expanding into a compatible force in the future years. He was positive that MIT would contribute advance ideas to the Government on the overall administration of tax collection in the country.

En Moey, a happily married man with two children, spends his leisure time at his favourite club playing golf and tennis. He is also an avid fan of ballroom dancing.

"I wouldn't miss them for the world," he added with a laugh ending the interview. MIT

47 PERSONS ADMITTED TO MIT

FOURTY-SEVEN persons were admitted as Associate members of the Institute in August 1992. The Institute's membership now stands at 323.

ASSOCIATE MEMBERS

Wee Bing Hok
Lim Aik @ Lim Yeok
Tee Boon Hin
Chan Eng Mat
Saw Chin Eng
Kan Ah Lek @ Kan Kwong Kong
Dora Song Hie Hee
Aruljothi A/L Kanagaretnam
Lam Chung Fatt
Teoh Hock Seng
Lee Moi Moi
Tan Chee Huat
Low Teng Lum
Tiong Hua Kuong
Ong Thwee Tuan
Foong Weng Chee
Lawrence Mon Fok Seng
Huong Yan Teo
Lom Boon Hiong
Chia Kwai Chan
Tay Chze Cheng @ Tay Chze Mang
Lee Kok Wei
Tiew Sze Sing
Tan Ah Moi
Mohd Khalid bin Idris
Chua Sew Chu
Lim Heng How
Looi Keng Chuan
Loh Kun Ying
Kiu Chiong Ming
Low Choi Kam
Sabin Bin Samitah @ Sapilin
LimWuay Chern
Low Mee Liong
Wong Chie Bin
Lim Chiew
Jambulingam Sethuraman Raki
Kok Khoon Teik
Loo Kow Tee @ Loo Seng Ann
Tang Chin Fook
Cheong Shaw Gor
Ng Oi Leng
Chin Pak Weng @ Yan Chye
Fua Kia Pha
Han Swan Kwong @ Adrian Han
Phoon Sow Cheng
Leong Siew Hoong

MEMBERSHIP STATISTICS

Membership Statistics as at August 5, 1992

Class	As at 03.07.93	Death	Admission	Resignation	Sub-total	Associate to Fellow	Total 05.08.92
HF	3	–	–	–	3	–	3
F	16	–	–	–	16	–	16
A	276	–	47	–	323	–	323
Total	292	–	47	–	339	–	339

Analysis of Statistics of Associate Memberships

Qualification	As at 03.07.92	Death	Admission	Resignation	Total 05.08.92
PA	184	–	26	–	210
RA	6	–	4	–	10
LA	9	–	–	–	9
IRD	11	–	7	–	18
EX-IRD	5	–	1	–	6
A & S	1	–	1	–	2
S. 153	60	–	8	–	68
TOTAL	276	–	47	–	323

Note:
HF – Honorary Fellow
F – Fellows
A – Associates
PA – Public Accountants of MIA
RA – Registered Accountants of MIA
LA – Licensed Accountants of MIA
IRD – Serving Officers of Inland Revenue Department
EX-IRD – Former Officers of Inland Revenue Department
A & S – Adocates and Solicitors
S.153 – Approved Tax Agents under Section 153 of the Income Tax Act, 1967

CHANGE OF ADDRESS NOTIFICATION

SECTION A: PERSONAL PARTICULARS

Name: Mr/Mdm/Miss/Dr ______________________________

Membership No: ____________________ IC No: ____________________

Nationality: ____________________ Date of Birth: / /
DD MM YY

SECTION B: RESIDENTIAL ADDRESS

____

Postcode ____________________ City ____________________

State ____________________ Tel No ____________________

SECTION C: BUSINESS DETAILS

Company Name ____________________ Position ____________________

Company Address ______________________________

____

Postcode __________ City __________ State __________

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c/o Dewan Akauntan
No. 2 Jalan Tun Sambanthan 3
Brickfields
50470 Kuala Lumpur

Malaysian Institute of Taxation

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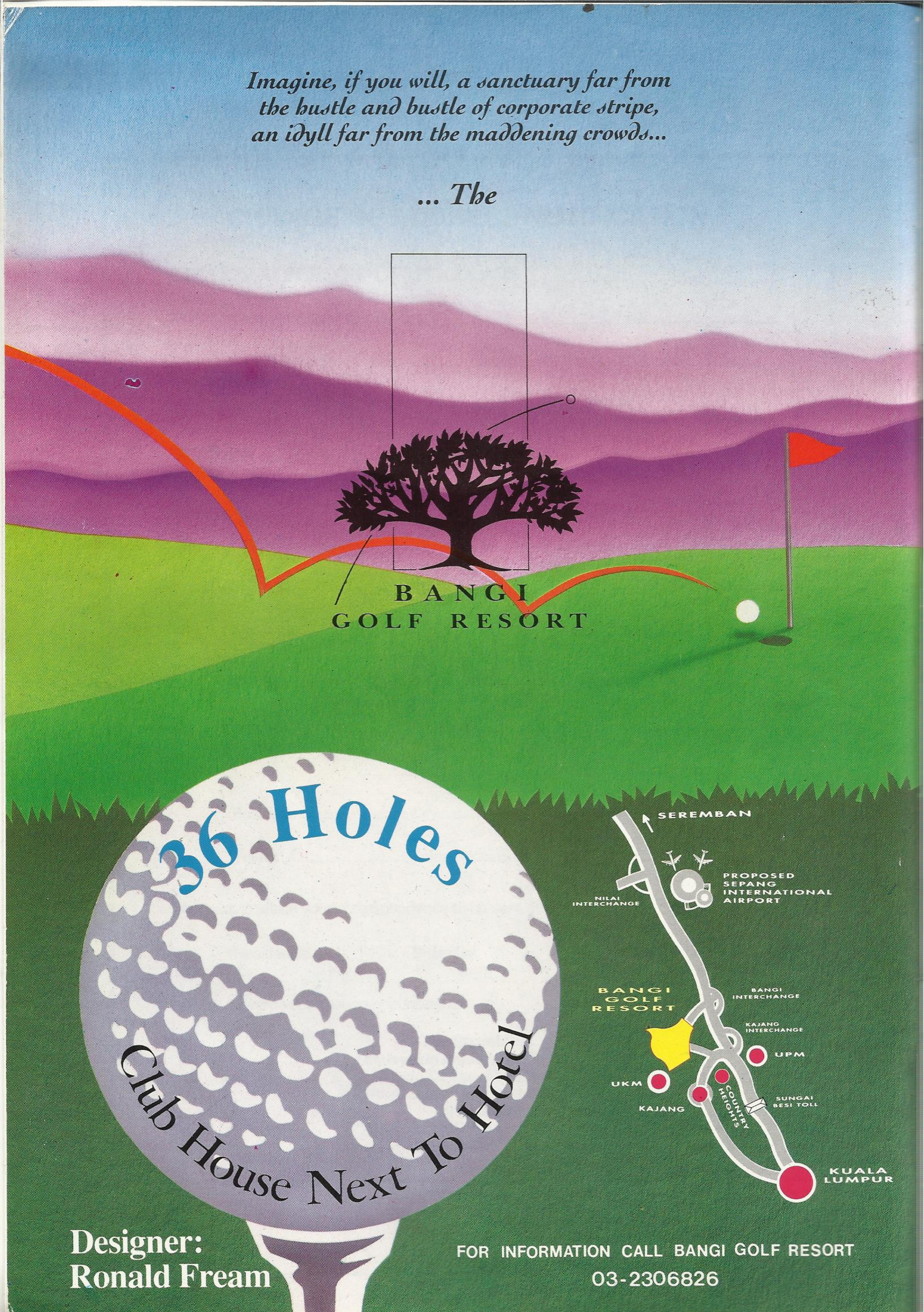

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