

## **FINAL LEVEL ADVANCE TAXATION 2**

### **OBJECTIVE:**

To examine the ability to provide a comprehensive and practical response to specific tax issues.

### **CONTENTS:**

Questions may involve more than one type of tax and the paper as a whole will contain questions requiring knowledge of all of the areas and taxes covered in Personal Taxation, Business Taxation, Advance Taxation I and Revenue Law. Questions may also require knowledge of other aspects of law and accountancy that a tax practitioner may encounter. Questions may require reports, letters or computations.

#### **Double Deduction and Income Tax Incentives:**

- Double deduction for promotion of export
- Double deduction for research expenditure
- Double deduction for approved training
- Deduction for pre-commencement of business training expenses
- Income Tax (Deduction for Cost Acquisition of Proprietary Rights) Rules 2002
- Income tax (Allowance for Increased Export) Rules 1999
- Tax incentives for export
- Malaysian International Trading Company (MITC)

#### **Approved Service Sector**

- Criteria in approving tax incentives for ASP
- Income tax exemption
- Investment allowance
- Tax planning- profit exemption or investment allowance
- Industrial building allowance
- Duty exemption on machinery and materials
- Double deduction on promotion of export services
- Double deduction for R & D
- Double deduction on training
- Tax administration

#### **Multimedia Super Corridor (MSC)**

- Income tax exemptions
- Investment tax allowance (ITA)
- Industrial building allowance (IBA)
- Duty-free importation of multimedia equipment
- Research and development grants for local SMEs
- Withholding tax exemptions
- Non-financial incentives
- Administration

#### **International Procurement Centre**

- Definition
- Income Tax (Exemption)(No.42) Order 2005
- Investment of IPC
- Conditions for IPC status
- Mutually exclusive
- Administration

**Regional Distribution Centre**

- RDC Status
- Facilities available
- Tax incentives
- 10 years of exemption
- Transfer pricing
- Mutually exclusive
- Where to apply

**Operational Headquarters in Malaysia**

- Criteria of qualifying as an operational headquarters
- Tax incentives for OHQ
- Other facilities
- Tax incentive for non-citizen employees of an OHQ or regional office

**Tax Incentive on Commercialization of Research and Development Findings**

- Application
- Tax administration

**Field Audit and Understatement of Tax**

- Types of tax audit
- Provision of reasonable facilities and assistance
- Keeping of records
- Understatement of tax
- Directors' liabilities

**Back Duty Investigations**

- Matters that trigger off tax investigations
- Test applied to discover tax evasion
- Computation methods
- Powers vested in the DGIR in investigation
- Period of investigation and time bar
- Reasonable care and responsibility of tax advisor
- Offences and penalties
- Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLATFA)

**Tax Management for Companies**

- Commencement of business
- Financing arrangement
- Related party transactions
- Disposal of assets
- Controlled transfer and implications for disposer and acquirer
- Distinction between business income and investment income
- Investment income
- Interest restriction
- Investment strategy in a company – Equity and debt financing
- Thin capitalization issues

**Taxation for Company Reorganization, Reconstruction and Amalgamation**

- Stamp duty and RPGT relief /exemption

**Group Relief Companies****Tax avoidance and evasion**

- Malaysian case laws: principles
- Civil cases

**Transfer pricing**

- Tax authorities' practice
- Method employed

### **Stamp Duty**

- Legislation
- Types of stamp duty
- Instrument chargeable with duty
- Stamp duty on transfer shares

### **Tax Policies**

- Types of tax systems
- Role of taxation in economic development
- Design of tax policy
- Tax reforms

### **Indirect Taxes**

- Role and powers of the Royal Customs & Excise Department
- Import duty
- Export duty
- Excise duty
- Sales tax
- Service tax
- Goods and service Tax (GST)
- Stamp duty

## **READING GUIDE - ADVANCE TAXATION**

1. Kasipillai, Jeyapalan (2013) **A Guide to Advanced Malaysian Taxation** (2<sup>nd</sup> Edition), McGraw Hill, Malaysia – Volume 2
2. Veerinderjeet Singh (2013). **Veerinder on Taxation**. 3<sup>rd</sup> Edition. Kuala Lumpur: CCH
3. **Thornton's Malaysian Tax Commentaries**, 5<sup>th</sup> Edition, Richard Thornton, Sweet & Maxwell Asia, 2013
4. CCH Tax Editors (2014). **Malaysian Master Tax Guide, 31<sup>st</sup> edition**. CCH Asia Ltd.
5. 2012 & 2013 **Budget Commentary & Tax Information** by CTIM-MIA-MICPA
6. **Income Tax Act 1967** (Latest Reprint)
7. **Tax Guardian**, Journal of the Chartered Tax Institute of Malaysia
8. **Customs Act 1967**, Customs Regulations 1977, Customs (Rules of Valuation) Regulations 1999, Customs (Customs Ruling) Regulations 2007 and Customs (Customs Appeal Tribunal) Regulations 2007
9. **Sales Tax Act 1972**, Sales Tax Regulations 1972, Sales Tax (Exemption from Licensing) Order 1997, Sales Tax (Rules of Valuation) Regulations 2002 and Sales Tax (Customs Ruling) Regulations 2007
10. **Service Tax Act 1975**, Service Tax Regulations 1975, Service Tax (Customs Ruling) Regulations 2007
11. **Excise Act 1976 and Excise Regulations 1977**
12. **Free Trade Agreements** where Malaysia is a party
13. **Guides issued by the Government on GST**