

## **INTERMEDIATE LEVEL PERSONAL TAXATION**

### **OBJECTIVE:**

- To introduce to the students about the basic principles of taxation.
- To have a better understanding about the basic concepts of taxation.
- To examine the basic concepts (including reference to case law) of Malaysian income tax and its application to individuals as well as ethical practice

### **CONTENTS:**

#### **Scope and Basis**

- Taxation as a source of government revenue
- Understanding of general system of taxation in Malaysia
- Scope of charge
- Classes of income chargeable to tax
- Exemptions
- Chargeable persons
- Tax rates
- Special classes of income

#### **Residence of Individuals**

- Determination of residence status
- Significance of residence status

#### **Sources of Income:**

##### **Employment**

- Meaning of employment
- Distinction between contract of service and contract for services
- Gains or profits from employment
- Basis of assessment
- Valuation of benefits-in-kind
- Deductible expenses
- Compensation for loss of office
- Gratuities, Golden handshakes
- Share options, incentive schemes and profit sharing schemes
- Exemptions

##### **Other Sources**

- Dividends
- Interest
- Discounts
- Rents
- Royalties
- Premiums
- Pensions
- Periodical payments
- Annuities
- Other gains or profits
- Basis of assessment
- Deductible expenses
- Non-deductible expenses

**Personal Reliefs includes**

- Self
- Spouse
- Child
- EPF
- Life Insurances
- Child and Medical Insurances
- Medical expenses for parents
- Course fees
- Disabled person
- Purchase of books, personal computer, sports equipment

**Rebates**

- Individuals
- Zakat, Fitrah or other Islamic religious dues

**Computation of Tax Liability**

- Taxation of husband and wife
- Determination of chargeable income
- Computation of tax payable
- Separate assessment and combined assessment
- Monthly deduction and final tax

**Tax Administration by Malaysian Government**

- Organizational structure of the Ministry of Finance, Inland Revenue Board and the Royal Customs & Excise Department
- Duties and powers of the Director General of Inland Revenue
- Duties and Powers of Special Commissioners.
- Returns and Assessments
- Collection and recovery
- Appeals
- Offences and penalties

**Professional Ethics****This will include the following:**

- Form of practice and matters relating thereto
- Obligations to clients and confidentiality
- Matters relating to the affairs of new clients
- Handling client work and all matters relating thereto
- Charging for services
- Matters giving rise to conflict of interest
- Disclosures in tax returns, computations and correspondence with the Inland Revenue
- Dealing with Inland Revenue errors in favor of taxpayers, tax evasion, tax avoidance and ethical/moral issues

### **READING LIST- PERSONAL TAXATION**

1. Jeyapalan Kasipillai (2013), A Comprehensive Guide to Malaysian Taxation, McGraw Hill.
2. Veerinderjeet Singh (2013), Veerinder on Malaysian tax Theory and Practice, 2<sup>nd</sup> Edition. CCH
3. CCH Tax Editors (2014), Malaysian Master Tax Guide, 31<sup>st</sup> Edition, CCH Asia.
4. Veerinderjeet Singh (2013), Veerinder on taxation, 3<sup>rd</sup> Edition, CCH
5. Income Tax Act 1967 (Latest Reprint).
6. Public Rulings and Guidelines issued by the Inland Revenue Board.
7. Tax Guardian, Journal of the Chartered Tax Institute of Malaysia
8. Chartered Tax Institute of Malaysia. Rules & Regulations (On Professional Conduct and Ethics)
9. 2014 Budget commentary & Tax Information issued by MIA, MIT and MICPA.