

FINAL LEVEL

ADVANCE TAXATION II

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