

**MINUTES OF PEMUDAH FOCUS GROUP ON
PAYING TAXES MEETING 1/2014**

Date : 13 January 2014 (Monday)
Time : 9.30 am to 12.00 noon
Venue : Bilik ICC, MPC P.Jaya
Chairman : YBhg. Dato' Chua Tia Guan
PEMUDAH Member
Attendance : As per **APPENDIX A**

1.0 OPENING REMARKS

- 1.1 Chairman, YBhg. Dato' Chua Tia Guan thanked all members of Focus Group on Paying Taxes for their attendance in the first meeting for 2014 and YBhg. Dato' Mohd Razali Hussain, Director General MPC for joining the meeting.
- 1.2 Chairman stressed that the objective of this focus group is to improve the tax system in Malaysia. Even though the World Bank Doing Business ranking is an important benchmark but the improvements made is not to please the World Bank but it is for the benefit of business community and taxpayers at large.

2.0 CONFIRMATION OF MINUTES AND MATTERS ARISING

- 2.1 The meeting confirmed the Minutes of the Focus Group on Paying Taxes 1/2013 meeting held on 18 March 2013 with no amendment.

For Information

2.2 Update on Tax Improvement Proposal

2.2.1 The meeting agreed to have a separate meeting between MATRADE and IRB to discuss the issue relating to the requirement to obtain approval from MATRADE in order to claim double deduction for participation in an approved international trade fair in Malaysia.

Action : Secretariat

2.2.2 The meeting agreed to seek view from Tax Analysis Division of MOF as to whether small value assets of SMEs be given similar treatment like replacement assets as per Public Ruling 2/2001.

Action : MOF

2.3 Update on Improvement Initiatives by :

AGENCY	ISSUES PRESENTED	STATUS
IRB	2.3.1 With regards to Public Rulings which have been issued, IRB was requested to consolidate and to follow up the following topics: Benefits In Kind (BIK) and Perquisite from Employment and to be done by timeline 28 February 2013. <u>Action : IRB</u>	Completed
	2.3.2 Employees need not file tax return. Deadline by April 2014 <u>Action : IRB</u>	Completed
	2.3.3 Simplification of tax returns for individuals	• Form BE - reduced from 7

	<p>(Forms B & BE) and Companies (Form C). Deadline by 2016</p> <p><u>Action : IRB</u></p>	<p>pages to 2 pages</p> <ul style="list-style-type: none"> • Form B - reduced from 16 pages 4 pages • Form C - Simplified but not yet implemented
	<p>2.3.4 Introduction of e-Filing and e-Payment for withholding tax.</p> <p><u>Action : IRB</u></p>	<p>Ongoing discussion between several departments within IRB :-</p> <ul style="list-style-type: none"> • JTM - Bahagian Aplikasi e-Services • JTM - Bahagian Mainframe • JPH - Bahagian Perkhidmatan Bayaran dan Maklumat • CTB - Unit Cukai Pegangan. • Deadline Dec 2014
EPF	<p>2.3.5 Introduced e-Caruman services.</p>	<ul style="list-style-type: none"> • Attracted additional about 11,000 employers to use this system in 2013. • Promoted the system through various channels such as:-

		<p>a. EPF call center</p> <p>b. Hands on session</p>
SOCESO	<p>2.3.6 Employer and employee registration via SOCESO's web portal</p> <p>2.3.7 Payment of contribution from 30th to 15 in line with EPF</p>	<ul style="list-style-type: none"> Initial process completed. The system is still at trial run stage Still in the pipeline
HRDF	<p>2.3.8 Initiatives to ease payment for HRDF levy by registered employers via online</p> <p>2.3.9 Simplifying payment slip self-generated payment slip by employers</p>	<p>Completed</p> <ul style="list-style-type: none"> Increase no. of collection agents - RHB Bank and Public Bank Maybank has agreed not to limit the collection from corporate accounts but also from all employers To be implemented by July 2014
CUSTOMS	2.3.10 e-filing sales tax system	<ul style="list-style-type: none"> To roll out in mid Feb 2014

2.4 Update on Goods and Services Tax (GST)

2.4.1 The meeting noted there is a necessity to license the GST consultant by MOF.

- 2.4.2 The meeting suggested GST system to incorporate the MyCOID and should not issue new GST reference number.

Action : GST Unit, CUSTOMS

4.0 UPDATE ON WORLD BANK RANKING 2014

- 4.1 Secretariat presented the overall of World Bank Doing Business 2014 report, Malaysia achieves a commendable surge to 6th position among 189 economies compared to 12th in Doing Business Report 2013 with Malaysia being placed in the same league as Singapore, Hong Kong, New Zealand, United States and Denmark.
- 4.2 For paying taxes indicator, ranking has dropped from 15 (2013) to 36 (2014). It is evaluated and measured in 3 main criteria which are number of payments, time taken to pay taxes , and total tax rate. The number of payments (13 payments) and hours taken to pay taxes (133 hours) remained the same for the last 3 years. However, the total tax rate which increased to 36.3% of profit has pulled down the ranking of paying taxes for Malaysia.

5.0 WORLD BANK EASE OF DOING BUSINESS CASE STUDY 2014

- 5.1 The meeting noted the presentation by Pricewater House Coopers (PWC) on the Doing Business Case Study and Accelerated Capital Allowance (ACA).

6.0 OTHER MATTERS

- 6.1 The meeting has been informed that there would be a session with Mr. Olin McGill to develop an Action Plan for Focus Group on Paying Taxes for 2014. The

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programme will be held on 24 Jan 2014 at PJ Hilton Hotel.
All members are invited.

6.2 Two separate meetings will be organized as follows:

- Understanding the Doing Business Case Study with
respective agencies on 29 Jan 2014.
- Streamlining the process with respective
respondent on 11 Feb 2014.

7.0 ADJOURNMENT OF THE MEETING

YBhg. Dato' Chua Tia Guan thanked all the members for their contributions. The meeting was adjourned at 12.15 noon.

SECRETARIAT
PEMUDAH Focus Group on Paying Taxes
15 January 2013

APPENDIX A

ATTENDANCE

1.	YBhg. Dato' Chua Tia Guan	Chairman
2.	YBhg. Dato' Mohd Razali Hussain	MPC
3.	YBhg. Dato' Mohamad Sait bin Ahmad	IRB
4.	YM. Raja Roslan Effendy Raja Abdullah	IRB
5.	Pn. Nor' aini Ja'afar	IRB
6.	Pn. Phan Wai Kuan	CTIM
7.	Pn. Seah Siew Yun	CTIM
8.	Pn. Noor Syahidatul Nadia Bidres	CTIM
9.	YM. Engku Abd Aziz Engku Muda	EPF
10.	En. Clifford Yap Eng Hong	PWC
11.	En. Keegan Ong	PWC
12.	Pn. Hjh. Norhasimah Hussin	CUSTOMS
13.	Tengku Aini Baldri Engku Mansor	CUSTOMS
14.	En. Norudin Yaacob	CUSTOMS
15.	En. Mohd Hafiz Baharudin	CUSTOMS
16.	En. Mohd Noh Ishak	SOCSSO
17.	En. Md. Sharizal Che Deris	HRDF
18.	Pn. Mahfuzah Baharin	MOF

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19.	Mr. Megat Akbaruddin Megat Ismail	MPC
20.	Pn. Norliza Ahmad	MPC
21.	Pn. Nazahiah Mohamad	MPC