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22 November 2013

Y.Bhg Dato'

2014 Budget – Finance Bill (No. 2) 2013

We would like to thank the Ministry of Finance, the Inland Revenue Board and the Attorney General's Chambers for taking time to meet with the Chartered Tax Institute of Malaysia (CTIM) on 19 November to discuss issues on the Finance Bill (No. 2) 2013 as stated in our letter dated 13 November 2013.

Further meeting

We are grateful for the opportunity to have a more detailed discussion with the Ministry of Finance and the Inland Revenue Board as suggested by Dato' on the issues raised, especially the proposals relating to subsections 99(4), 39(1A) and 77A(4) of the Income Tax Act 1967, at a meeting to be shortly organised by yourself.

Incentive package for implementation of Goods and Services Tax (GST)

The current proposed incentive package for the implementation of GST as announced by the government includes the following:-

1. Tax deduction for secretarial and tax filing fees of up to RM5,000 and RM10,000 per year of assessment respectively from the year of assessment 2015;
2. Accelerated capital allowances for expenditure incurred on ICT equipment and software for the years of assessment 2014, 2015 and 2016; and
3. Further deduction for expenses for GST related training in accounting and ICT for the years of assessment 2014 and 2015.

However, consultancy fees (e.g. IT and tax consultancy fees, etc) in relation to the implementation of GST have been inadvertently omitted.


To provide businesses with a comprehensive incentive package to reduce the cost of implementation and to support a smooth implementation of the new tax, CTIM would like to request that a tax deduction be given for consulting fees incurred on the implementation of GST by businesses for the years of assessment 2014, 2015 and 2016.

In respect of the further deduction for GST related training expenses (item 3 above) which is given for the years of assessment 2014 and 2015, companies with early financial year-end would not be able to enjoy the incentive for a major part of the year of assessment 2014 as they are already in the year of assessment 2014 at the date of the Budget announcement. In view of this, CTIM would like to request that the qualifying period of this incentive be extended to the year of assessment 2016.

We look forward to your kind consideration and our next meeting. Once again, we would like to express our sincere appreciation for your attention and time.

Yours sincerely,

CHARTERED TAX INSTITUTE OF MALAYSIA



SM Thanneermalai
President

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