

07 July 2014

(By Courier and email)

Y.B Dato' Seri Haji Ahmad Husni Bin Mohamad Hanadzlah

Finance Minister II
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Y.B Dato',

GST REGULATIONS 2014 [P.U. (A) 190/2014] –

Recognition of the Chartered Tax Institute of Malaysia as a Malaysian Taxation Professional Body

We refer to Goods and Services Tax (GST) Regulations [P.U. (A) 190/2014] and note with deep concern that the professional tax bodies in Malaysia, namely the Chartered Tax Institute of Malaysia (CTIM)(a specialised body dedicated solely for the development and promotion of taxation matters in Malaysia) and Malaysian Association of Tax Accountants (MATA) have not been separately recognised for the purpose of application by members of these bodies to be tax agents under the GST Act 2014.

However both CTIM and MATA are currently recognised by the Ministry of Finance for the application of tax agent under Section 153 of the Income Tax Act 1967. We also note that the Ministry of Finance (MOF) guidelines for the application of GST Tax Agents Licence issued recently has recognized membership of CTIM and MATA as being eligible to apply for the GST Tax Agents Licence in para 2.1(b) of the guidelines.

Regulation 109 requires an applicant to have met both criteria under sub-regulations (1)(b) and (1)(c), that is having a recognised qualification or a degree in Business or Economy **and** being a member of any Association of Accountants or Company Secretaries. The Regulation appear to have left out professional bodies which specialise in taxation matters such as CTIM and MATA who work closely with the Government and have collaborated with the Royal Malaysia Customs in conducting GST training course for their members. CTIM members are the main providers of taxation services in the country. This requirement does not reflect the reality of professional qualifications like CTIM in that membership is obtained primarily through the relevant working experience in taxation which is in addition to meeting the minimum professional qualifications, or having a relevant degree or passing the CTIM professional taxation examinations.

CTIM was formed in 1991 as an umbrella specialised premier taxation membership body for tax professionals in Malaysia by the Malaysian Institute of Accountants (MIA). Since then, CTIM has expanded to represent more than half of the tax professionals in Malaysia whose taxpaying clients contribute more than 80% of the nation's tax revenue. CTIM has a full protocol of a tax professional body and its membership is recognised by the Ministry of Finance (MOF) as one of

the primary qualification criteria for application for tax agent under Section 153 of the Income Tax Act 1967.

CTIM has been actively involved in promoting and supporting the implementation of GST in Malaysia. Our initiatives and inputs include the following:-

- A dedicated Technical Committee for Indirect Tax with total member strength of 20 professional tax specialists drawn from tax firms in the country, working together in helping the country shape the GST law and achieve a smooth implementation of GST.
- Providing inputs and feedback to the government on the law, draft GST guides, industry and practical issues.
- Collaborating with the Royal Malaysian Customs in promoting GST, educating members by holding GST training courses and seminars.
- Raising awareness of GST through articles in the media, journals and technical articles in We sincerely hope that Y.B will recognise that CTIM who is in the forefront of promoting GST in Malaysia, is the main professional body (together with MATA) directly involved in working with the government and tax practitioners in implementing this new tax regime. The *Guidelines for the Application and Renewal of GST Tax Agent Licence* issued by the MOF recognises CTIM as one of the 3 bodies conducting GST training courses and GST CPD events for the purpose of CPD points.

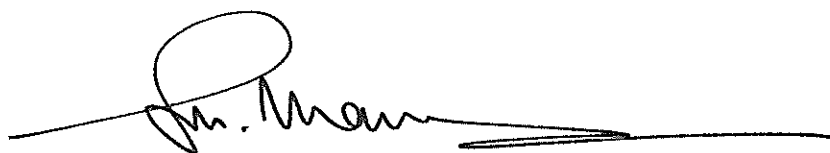
We would be grateful if Y.B. would kindly consider our request that CTIM, Malaysia's home-grown tax professional body, be recognised as an association of accountants under Regulation 109(1)(c) for the purpose of application for tax agent under Section 170 of the GST Act 2014. Our second request is for regulation 109 (b) and (c) to be combined such that anyone who has a degree or a recognised professional qualification such as CTIM or MATA be eligible to apply for the GST tax agents licence.

We are pleased to set out our views in the attached (**appendix**) on other aspects of the Regulations S109 for Y.B consideration.

Thank you.

Yours sincerely,

CHARTERED TAX INSTITUTE OF MALAYSIA



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Chairman, Technical Committee – Indirect Taxation

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Appendix

Comments on the Approval of GST Tax Agent

(1) Eligibility for Tax Agent

Regulation 109 of Goods and Services Tax Regulations 2014 (GSTR) [P.U.(A) 190/2014] sets out two of the several conditions for the application of GST tax agent as follows:

- (1)** *A person is eligible to make an application under regulation 110 if he satisfies the following conditions:*
- (b) he has obtained –*
 - (i) any of the qualifications listed in Part I of the First Schedule of the Accountants Act 1967 [Act 94]; or*
 - (ii) a degree in economics or business from the higher educational institution recognized by the Government;*
 - (c) is a member of –*
 - (i) any association of accountants recognized by the Government as listed under Part II of the First Schedule of the Accountants Act 1967; or*
 - (ii) any association of accountants or company secretaries recognized by the Government;*

Comments by CTIM

The reading of the regulation states that the applicant must satisfy both the criteria as stated above. CTIM is of the view that the abovementioned clauses does not include CTIM as a body that is recognized for the purpose of this regulation. CTIM should be recognised as a separate body under Regulation 109(1)(c)(ii) based on the following comments:

- Many CTIM tax professionals obtained their qualifications by directly passing CTIM's professional taxation examinations. This applies to accounting professional bodies also, such as the Malaysian Institute of Certified Public Accountants (MICPA).
- Membership of a professional body, such as CTIM, requires the relevant working experience in taxation, in addition to having a relevant degree **or** passing the relevant professionals examinations.
- Application for tax agent approval under Section 153 of Income tax Act 1967 requires the applicant to either have the prescribed academic qualifications **or** membership of the relevant professional bodies.

In conclusion, CTIM request that the Ministry of Finance should consider amending Regulation 109 to take into account the following:

- (a) Separate recognition for Malaysian taxation bodies such as CTIM and MATA
- (b) The education and professional membership criteria should be considered separately. It should be either academic qualification **or** membership of recognized professional body.

2 Interview by Panel

Regulation 109(1)(g) stipulates that the applicant has to pass an interview by a panel appointed by the Minister.

- CTIM is of the view that this provision may be onerous as the Government would have to allocate the necessary resources it does not have to interview all applicants.
- The Institute believes that attending the required training courses on GST and passing the examination would be sufficient to assess the competency of the applicants
- Interviews would delay the registration of tax agent and therefore delay the efficient implementation of GST

3. Information on CTIM

- CTIM has about 3,200 members, all of them are tax professionals. Its membership comprises more than half of the tax agents under Section 153 of the Income Tax Act 1967.
- CTIM conduct its own professional tax examination providing an alternative pathway for entry into the tax profession. It is the only body that conducts tax professional examination in Malaysia and one of the pioneers in the ASEAN region.
- CTIM has been in the forefront of tax profession in Malaysia by engaging with the authorities on tax issues whether direct taxation or indirect taxation. We have been providing feedback to the authorities on various tax matters, including comments on draft orders and rulings, proposed legislations, free trade agreements, feedback on national tax system efficiency, etc.
- In supporting the Institute, CTIM has formed various committees and working groups, such as, Technical Committee – Indirect Tax, Technical Committee – Direct Tax (I), Technical Committee – Direct Tax (II), Public Practice Committee, Research Committee, Education Committee, Examination Committee, Editorial Committee, Continual Professional Development Committee, Membership Committee, etc. to name a few.
- These committees draw members who are highly qualified in their relevant field of taxation from major tax consulting firms, including big names like PWC, Ernst & Young, KPMG, Deloitte KassimChan, Crowe Horwath, BDO Malaysia, Mazars, AljeffriDean, Taxand Malaysia, SJ Grant Thornton, Moore Stephens, Baker Tilly Monteiro Heng, etc.
- CTIM produces the only professional tax journal in the country, called the “Tax Guardian”. The main focus of this journal is on frontier technical issues and of the highest quality that provides the latest information, analysis and reviews of taxation in the country.
- CTIM has formed an independent Malaysian Tax Research Foundation, the only tax research foundation in Malaysia. CTIM provides critical, operational and technical support for the efficient administration of the research body.
- CTIM has the necessary protocol to uphold the highest standard of professionalism in taxation by developing a tax practice manual and having code of conducts and ethics, investigation and disciplinary rules, etc.. in place to regulate its members.