



## **e-CIRCULAR TO MEMBERS**

**Malaysian Institute of Taxation (225750-T)  
Institut Percukaian Malaysia**

**e-MIT No.11/2009**

**11 March 2009**

### **TO ALL MEMBERS**

#### **Approval of Special Resolution during the Extraordinary General Meeting (EGM)**

The MIT Extraordinary General Meeting was held on Saturday, 7 March 2009, 9.30a.m. at the office of the Malaysian Institute of Taxation.

The Special Resolution on the change of the Institute's name to the "Chartered Tax Institute of Malaysia" was unanimously passed at the EGM.

The name change will take effect from the date of issuance of the "Certificate of Incorporation on Change of Name of the Company" by the Registrar of Companies. However, the Council will also be finalising the new logo and other matters relating to designations and related matters. It is expected that these will be finalised by the end of June this year.

#### **CONTINUING PROFESSIONAL DEVELOPMENT (CPD)**

##### **1. National Tax Conference (NTC) 2009**

The Premier Tax event of the Year is BACK! We are pleased to inform that the NTC 2009 is confirmed to be held on 4 & 5 August 2009 at the Kuala Lumpur Convention Centre.

Both Inland Revenue Board (IRB) and the Malaysian Institute of Taxation (MIT) are in the midst of finalising the topics for the Conference. As such, we welcome any suggestions/comments/feedback on issues of interest. You can fax your comments to the NTC Secretariat at 03-21628990 or email [nur@mit.org.my](mailto:nur@mit.org.my).

Please book your dates for the **BIG** event!

##### **2. Workshop on Practical Implications on New Public Rulings**

Due to an overwhelming response, the 2nd session of the above workshop will be held on 7 April 2009 at PNB Darby Park, Kuala Lumpur.

For registration, please contact the secretariat at 03-21628989 ext 108 or 113.

Click [HERE](#) for printer-friendly version of this circular.

*For queries or feedback on the MIT e-circular, please email [communications@mit.org.my](mailto:communications@mit.org.my).*

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## e-CIRCULAR TO MEMBERS

Chartered Tax Institute of Malaysia (225750-T)  
(formerly known as Malaysian Institute of Taxation)

e-MIT No.12/2009

13 March 2009

TO ALL MEMBERS

TECHNICAL

### 1. SECOND ECONOMIC STIMULUS PACKAGE 2009

In response to the current global economic crisis, the honourable Deputy Prime Minister and Finance Minister, Y.A.B. Dato' Sri Mohd Najib Tun Abdul Razak announced the Second Stimulus Package on 10 March 2009. The full text of the Speech and the relevant appendices, the Finance Bill as well as guidelines on the Mini Budget 2009 are available on the website of the Inland Revenue Board (IRB) at <http://www.hasil.org.my/cP/upload/Budget/minibajet09.htm>

A brief summary of the relevant tax measures proposed is stated below:

- a) Carry back of current year business losses of up to RM100,000 for years of assessment 2009 and 2010 to the immediately preceding year. The proposal is not available to amongst others, a person who:
  - i) has been granted pioneer status or approval for investment tax allowance under Promotion of Investments Act 1986;
  - ii) has made a claim for re-investment allowance under Schedule 7A of the Act;
  - iii) has been granted an exemption under Section 127(3)(b) or 127 (3A) of the Act;
  - iv) has made a claim for deduction under the Income Tax (Deduction for Investment in an Approved Food Production Project) Rules 2006; the Income Tax (Deduction for Cost of Acquisition of Proprietary Rights) Rules 2002; or the Income Tax (Deduction for Cost of Acquisition of Foreign Owned Company) Rules 2003;
  - v) has been exempted from tax on its income under Section 54A of the Act;
  - vi) is an investment holding company under Section 60FA;
  - vii) carries on insurance business under Section 60, inward re-insurance business under Section 60A or offshore insurance business under Section 60B;
  - viii) carries on takaful business under Section 60AA; or
  - ix) in the case of an individual, has no source consisting of a business.
- b) With effect from year of assessment 2009, interest of up to RM10,000 each year expended by an individual citizen who is a resident to finance the purchase of one residential property, the sale and purchase agreement of which has been executed between 10 March 2009 and 31 December 2010, is allowed deduction for 3 consecutive years from the year in which the interest is first expended.
- c) With effect from year of assessment 2009, qualifying capital expenditure of up to RM100,000, incurred by a person between 10 March 2009 and 31 December 2010, on renovation or refurbishment of a premise which is used for the purpose of a business of his, shall be allowed an allowance equal to one-half of that expenditure. The list of proposed qualifying renovation or refurbishment expenditure is as follows:
  - i. general electrical installation;
  - ii. lighting;
  - iii. gas system;
  - iv. water system;

- v. kitchen fittings;
- vi. sanitary fittings;
- vii. door, gate, window, grill and roller shutter;
- viii. fixed partitions;
- ix. flooring;
- x. wall covering;
- xi. false ceiling and cornices;
- xii. ornamental features or decorations excluding fine art;
- xiii. canopy or awning;
- xiv. fitting room or changing room;
- xv. children play area; and
- xvi. recreational room for employee.

d) Paragraph 71 of Schedule 3 of the Act provides that where a person incurs qualifying expenditure in relation to an asset which he owned for a period of less than two years and such asset is disposed of, balancing charge equal to any allowance claimed in respect of the qualifying expenditure shall be made against that person, except by reason of death of that person. With effect from year of assessment 2009, the Director General of Inland Revenue is empowered to consider other reasons he thinks appropriate for not clawing back the allowance claimed.

e) For an individual who ceased employment on or after 1 July 2008, the exemption from tax on payment for compensation for loss of employment has been raised from RM6,000 to RM10,000 for each completed year of service.

f) Effective from the year of assessment 2009, double deduction is granted for remuneration incurred on employing Malaysian citizens and residents retrenched on or after 1 July 2008 and the termination has been registered with the Director General of Labour, the Ministry of Human Resources. The incentive is applicable for the employment of full time employees between the period from 10 March 2009 to 31 December 2010. The double deduction incentive is restricted to remuneration not exceeding RM10,000 per worker per month for a maximum period of 12 months.

This incentive is not applicable where the employment is for the replacement of a former employee or the former and present employers are associates or controlled companies as defined under Section 139 of the Act.

g) For the banking and financial institutions, with effect from year of assessment 2009, the interest which is due and payable for the period of twelve consecutive months related to the deferment on the repayment of a housing loan taken by a retrenched Malaysian citizen before termination of his employment, will be taxed on a receipt basis. This is on conditions, amongst others that the request for the deferment of the housing loan repayment is made between 10 March 2009 and 9 March 2010 and that the individual was retrenched on or after 1 July 2008.

h) Effective from year of assessment 2009, Accelerated Capital Allowance (ACA) of 40% annual allowance is given to a Malaysian resident on qualifying expenditure incurred under Schedule 3 of the Act between 10 March 2009 and 31 December 2010. For asset acquired under hire-purchase, only qualifying expenditure incurred during that period shall be eligible for the ACA. The incentive shall not apply to a person who in the period from 10 March 2009 to 31 December 2010:

i) has been granted incentives under the Promotion of Investments Act 1986;

- ii) has made a claim for re-investment allowance under Schedule 7A of the Act;
- x) has been granted an exemption under Section 127(3)(b) or 127 (3A) of the Act; or
- xi) qualifies for an allowance at a higher fraction under the Act or any rules made under Section 154 of the Act.

Members can view the 2009 Second Stimulus Package Tax Commentary which is published by the MICPA, MIA and MIT by clicking [HERE](#).

## 2. WINDFALL PROFIT LEVY (OIL PALM FRUIT)(AMENDMENT) ORDER 2009 [PU(A) No.112/2009]

The Government has raised the threshold for computing the Windfall Profit Levy (WPL) for Peninsular Malaysia and East Malaysia (Sabah and Sarawak) to RM2,500 and RM3,000 respectively. The WPL in respect of oil palm fruit will now be calculated as follows:

### (a) Peninsular Malaysia

$$\text{WPL} = \frac{(\text{Monthly Average National Price of Crude Palm Oil} - \text{RM2,500}) \times 0.03 \times \text{Monthly Total Production of Oil Palm Fruit in metric ton}}{1}$$

### (b) Sabah and Sarawak

$$\text{WPL} = \frac{(\text{Monthly Average National Price of Crude Palm Oil} - \text{RM3,000}) \times 0.015 \times \text{Monthly Total Production of Oil Palm Fruit in metric ton}}{1}$$

## 3. NOTIFICATION BY IRB

The IRB has via its [letter](#) dated 2 March 2009 informed the professional bodies of the following issues:

### a) Issue of Blank Tax Return Forms

Tax agents may apply to the IRB branches for blank tax return forms for clients by providing a list of names and tax reference numbers of the clients.

### b) Dialogue between Professional Bodies and IRB branches

Professional bodies may liaise with the IRB branches to arrange for a dialogue on tax issues. However, only issues pertaining to implementation should be discussed during the branch/state dialogues. Policy issues shall be discussed at dialogues with the IRB headquarters only.

It is therefore suggested that the dialogues at the branch/state level should be held after the Dialogue at the IRB headquarters.

Click [HERE](#) for printer-friendly version of this circular.

For queries or feedback on the CTIM e-circular, please email [communications@mit.org.my](mailto:communications@mit.org.my).

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## **e-CIRCULAR TO MEMBERS**

Chartered Tax Institute of Malaysia (225750-T)  
(formerly known as Malaysian Institute of Taxation)

e-MIT No.13/2009

17 March 2009

**TO ALL MEMBERS**

**TECHNICAL**

### **1. MINUTES OF FILING PROGRAMME WORKING GROUP MEETING (DESIRE) NO. 05/2008**

Please be informed that the minutes of the Filing Programme Working Group Meeting 05-2008 have been issued by the IRB recently. Members interested may view the minutes [HERE](#). The Institute would like to invite members to bring to the attention of the Institute any issues relating to the filing of tax returns, in particular, the e-filing issues.

### **CONTINUING PROFESSIONAL DEVELOPMENT (CPD)**

- 1. Workshop : Income Reconstruction** (8 CPD points)  
Speaker : Haji Rahim  
Venue : Impiana Casuarina, Ipoh

Please note that the above workshop which is scheduled to be held on 21 March 2009 is postponed to 15 April 2009 due to unavoidable circumstances.

- 2. Workshop : Practical Implications on New Public Rulings** (8 CPD points)  
Speaker : Mr. Chow Chee Yen  
Venue : PNB Darby Park, Kuala Lumpur

Due to overwhelming responses, the above workshop will be held again on 7 April 2009. Do register now to avoid disappointment.

- 3. Workshop : Corporate Restructuring & Tax Management** (8 CPD points)  
Speaker : Mr. Harvinder Singh  
Date/Venue : 26 March 2009, Bayview Hotel, Penang  
31 March 2009, Hyatt Regency, Kota Kinabalu  
1 April 2009, Holiday Inn, Kuching

Please contact the Secretariat at 03-2162 8989 ext 113/108 for brochures and registration forms.

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e-CTIM No.14/2009

24 March 2009

TO ALL MEMBERS

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

UPCOMING EVENTS:

**1. Workshop: Income Reconstruction (8 CPD Points)**

By Tuan Haji Abdul Rahim

28 March 2009, 9.00 am to 5.00 pm at Legacy Hotel, Malacca

Course Contents:

- Introduction
- Methods of income reconstruction
  - Direct method
  - Indirect method
- Defences
- Authority to reconstruct income
- Charges and penalties
- Burden of proof
- Conclusion

**2. Workshop: A Critique of Recent Tax Cases (8 CPD Points)**

By Mr Saravana Kumar

7 April 2009, 9.00 am to 5.00 pm at Impiana Casuarina Hotel, Ipoh

Course Contents:

- a) OPD Sdn Bhd v KPHDN (Rayuan PKCP 53/2006)
  - Recognition of income based on accounting principles
  - Is good faith a defence to set aside penalty imposed under s.113 (2) of the ITA 1967?
  - Can a taxpayer appeal against his own tax return?
  - Can a taxpayer appeal against the IRB's decision to adjust carried forward losses?
- b) Aspac Lubricants (M) Sdn Bhd v KPHDN (2007) MSTC 4,271
  - What amounts to entertainment expenses?
  - Sales promotion expenses – is it deductible under s.33 (1) of the ITA 1967?
- c) DD Dev. Sdn Bhd v KPHDN (2008) MSTC 3,726
  - Whether the IRB can act contrary to its own Guidelines
  - Whether the taxpayer's method of recognising income is acceptable?
  - Whether the IRB can raise an assessment that is statute barred?
- d) KPHDN v Penang Realty Sdn Bhd (2006) MSTC 4,256
  - Whether compensation for compulsorily acquired land is taxable?
  - An analysis of the Decision Impact Statement issued by the IRB
- e) Kerajaan Malaysia v Kemayan Bina Sdn Bhd (2008) MSTC 4,334
  - Introduction as to how the IRB recovers unpaid taxes
  - When does the presumption of service under s.145(2) of the ITA 1967 applies?
  - Whether a notice of assessment without the "next page" stating where the tax is payable, right of appeal, etc. is valid
- f) TS Sdn Bhd v KPHDN (2008) MSTC 3,707
  - Examining the scope of s.4A(ii) of the ITA 1967

- Whether "handling and receiving" charges are subject to withholding tax?
- Does s.4A(ii) of the ITA 1967 cover non-technical services?

- g) PR Sdn Bhd v KPHDN (2008) MSTC 3,716
- Whether the taxpayer was investing or trading in land?
  - Whether the gains are subject to income tax or RPGT?
  - Understanding how the Courts apply the badges of trade

### 3. Seminar: Understanding the Latest Changes on Transfer Pricing (8 CPD Points)

28 April 2009, 9.00am to 5.00pm at Equatorial Hotel, Kuala Lumpur

Topics to be discussed:

- a) Transfer Pricing Developments in Malaysia  
Speaker: Mr Jagdev Singh, Senior Executive Director, PricewaterhouseCoopers
- b) Transfer Pricing Rules/Guidelines  
Speaker: Ms Chang Mei Seen, Director, KPMG Tax Services Sdn Bhd
- c) Advance Pricing Arrangements  
Speaker: Ms Leow Mui Lee, Director, TAXAND Malaysia Sdn Bhd
- d) Mutual Agreement Procedure  
Speaker: Mr Sockalingam Murugesan, Director, Ernst & Young Tax Consultants Sdn Bhd

Chairmen:

Mr. Lim Heng How, Deputy President of CTIM

Dr. Jeyapalan Kasipillai, Council Member of CTIM

Please contact the Secretariat at 03-2162 8989 ext. 113/108 for brochures and registration forms.

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e-CTIM No.15/2009

2 April 2009

TO ALL MEMBERS

TECHNICAL

**1. New Form CP55**

Please be informed that the Inland Revenue Board (IRB) has recently issued a new Form CP 55(1/2009) to replace the old Form CP 55(1/2008). It has been indicated in the letter from IRB dated 20 March 2009 that the new Form CP55 is available on its website at <http://www.hasil.gov.my/english/pdf/CP55%5B1-2009%5D.pdf>.

The new form is basically the same as the old one except that it is more complete as it has catered for company, body of persons, employer, partnership etc. to appoint tax agent. It has also incorporated the tax agent firm's name in the form, in response to the situation where one tax agents may have few tax firms.

**2. Request for Issues and Comments Relating to Tax Audits and Investigations**

The Institute has from time to time requested for feedback from members so that it may bring up relevant issues and suggestions to the tax authority. In this respect, it is disappointing to note that the recent response from members has not been encouraging. It is hoped that members take the opportunity to submit issues to the Institute so that effective representation can be made to the tax authorities.

The Institute will be arranging for a Dialogue with the tax audits and investigations department of IRB in the near future. Members are therefore requested to send in comments and issues they need clarification particularly on the practice of tax audits and investigations immediately for due consideration by the Technical and Public Practice Committee before submission to the IRB. You may write in to the Institute or email to the Technical Manager at [kslim@ctim.org.my](mailto:kslim@ctim.org.my)

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e-CTIM No.16/2009

8 April 2009

TO ALL MEMBERS

TECHNICAL

**1. Minutes of Operations Dialogue held on 25 February 2009**

The Inland Revenue Board (IRB) has released the minutes of the Operations Dialogue held on 25 February 2009. You may view the [minutes here](#) or from the CTIM website.

The Institute would like to draw the attention of members to the following:

- (i) A concession is allowed to 31 December 2009 whereby a compound will not be imposed on errors made when computing the amount of STD under the new rules.
- (ii) A 14 days grace period is granted to companies with March and December year-ends to file Forms C & R for year of assessment 2009 and subsequent years of assessment until notified otherwise.
- (iii) Clarification is provided by the IRB on the submission of Form CP204 by permanent establishments or branches of non-resident persons.
- (iv) The IRB has listed down the documents to be filed by companies/co-operatives/trust bodies prior to year of assessment 2009 and year of assessment 2009 onwards. A comparison is also made for non companies/cooperatives/trust body cases. The IRB has also attached a guide to the filing of tax returns for refund/overpayment cases for year of assessment 2008.
- (v) Depending on the objectives, a company limited by guarantee and incorporated under the Companies Act 1965 may file the Form F as a club or association or file the Form C as a company.
- (vi) Where an employer uses the old format of Form EA, Column F of Form CP 8D does not need to be completed.

**2. IRB Press Release on Tax Return Forms for Year of Assessment 2008**

The IRB has issued a Press Statement on 30 March 2009 reminding non-corporate taxpayers to file their tax returns for year of assessment 2008 by the relevant due dates. You may view the [Press Statement here](#) or download from IRB's website at <http://www.hasil.gov.my/cP/upload/Announcement/kenyataanmedia-borangtt2008.pdf>.

**3. Windfall Profit Levy (Oil Palm Fruit)(Amendment)(No. 2) Order 2009 [P.U.(A) No.134/2009]**

The above Order extends the levy from oil palm fruit producers to owners of oil palm holding and excludes oil palm holding in a group settlement area under the Land (Group Settlement Areas) Act 1960.

**4. Second Addendum to Public Ruling No.1/2006 on Perquisites From Employment**

The [Second Addendum](#) to Public Ruling No.1/2006 on Perquisites From Employment was issued on 25 February 2009. The Institute wishes to inform members that it was not consulted with regard to the insertion on the taxability of meal allowances given for specific assignments.

The Public Ruling's interpretation to exempt only regular meal allowances and impose tax on meal allowances given for specific assignments does not appear to be consistent with the 2009 Budget proposals. The Institute has taken the opportunity to raise this matter with the IRB at certain dialogues and is also writing to the IRB on this matter.

## CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

### UPCOMING EVENTS

1. **Seminar: Understanding Latest Changes on Transfer Pricing**  
28 April 2009, Equatorial Hotel, Kuala Lumpur

Distinguished speakers and senior officials from Multinational Tax Department of Inland Revenue Board of Malaysia have been invited to speak and provide their views and opinions on the latest changes on Transfer Pricing.

Members are advised to register BEFORE 14 April 2009 for early bird fee.

2. **Workshop : Practical Implications on New Public Rulings**  
Speaker : Mr Chow Chee Yen  
Venue : Kota Kinabalu and Kuching

Please note that the above workshop in Kota Kinabalu and Kuching is re-scheduled to 9 and 10 April 2009 respectively.

3. **Workshop : Income Reconstruction**  
Speaker : Tuan Haji Abdul Rahim  
Date/venue : 11 April 2009, Bayview Hotel, Penang  
15 April 2009, Impiana Casuarina Hotel, Ipoh  
25 April 2009, Mutiara Hotel, Johor Bahru

4. **Workshop : A Critique on Recent Tax Cases**  
Speaker : Mr Saravana Kumar  
Date/venue : 29 April 2009, Bayview Hotel, Penang

Please contact the Secretariat at +603-2162 8989 ext.113/108 for brochures and registration forms.

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e-CTIM No.17/2009

10 April 2009

TO ALL MEMBERS

**PRELIMINARY NOTICE OF 17<sup>TH</sup> CTIM ANNUAL GENERAL MEETING**

Members are informed that the 17th Annual General Meeting of the Chartered Tax Institute of Malaysia (CTIM) will be held on **Saturday, 13 June 2009** at **9.30a.m.** at the Hotel Istana, 73 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.

Notice of the Annual General Meeting, Minutes of the 16<sup>th</sup> Annual General Meeting and the Annual Report will be circulated to members 21 days before the Annual General Meeting.

Members who wish to stand for election during this Annual General Meeting are to take note of the following conditions:

1. A member, other than a retiring elected member of the CTIM Council or one recommended by the CTIM Council for election, shall give notice in writing on the enclosed prescribed Nomination Form to the CTIM on or before **5.00pm, Thursday, 30 April 2009**.
2. The said Nomination Form must be signed by two members qualified to vote indicating their desire to propose and second such person for election.
3. The person proposed for election must also sign the said Nomination Form confirming his willingness to be elected to the CTIM Council.

Pursuant to Article 40 of the Institute's Articles of Association, any member entitled to be present and vote at a meeting may submit any motion to the Annual General Meeting, provided that in the case of an ordinary resolution, he shall serve upon the CTIM a notice in writing containing the proposed resolution at least ten (10) clear days before the day appointed for the meeting.

Please click to view or download to print the full [Preliminary Notice](#) and [Nomination Form](#) which will also be sent by post to members.

Click [HERE](#) for printer-friendly version of this circular.

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## **e-CIRCULAR TO MEMBERS**

**CHARTERED TAX INSTITUTE OF MALAYSIA (225750-T)**  
(formerly known as Malaysian Institute of Taxation)

e-CTIM No.18/2009

15 April 2009

### **TO ALL MEMBERS**

### **CONTINUING PROFESSIONAL DEVELOPMENT (CPD)**

#### **UPCOMING EVENTS:**

**Seminar: Understanding the Latest Changes on Transfer Pricing (8 CPD Points)**  
28 April 2009, 9.00am to 5.00pm at Equatorial Hotel, Kuala Lumpur

#### Topics:

Transfer Pricing Developments in Malaysia  
Transfer Pricing Rules/Guidelines  
Advance Pricing Arrangements  
Mutual Agreement Procedure

#### Chairmen:

Mr Lim Heng How, Deputy President of CTIM  
Dr Jeyapalan Kasipillai, Council Member of CTIM

#### Speakers:

Mr Jagdev Singh, Senior Executive Director, PricewaterhouseCoopers  
Ms Chang Mei Seen, Director, KPMG Tax Services Sdn Bhd  
Ms Leow Mui Lee, Director, TAXAND Malaysia Sdn Bhd  
Mr Sockalingam Murugesan, Director, Ernst & Young Tax Consultants Sdn Bhd

#### Panelists:

Puan Lee Swee Yin, Director of Multinational Audit Division, IRB  
Encik Mohd Ramli bin A. Wahid, Director of Advance Pricing Arrangement Division, IRB

#### Registration fees:

	<u>Early bird</u>	<u>Normal fee</u>
Member	RM375	RM425
Member's Firm Staff	RM425	RM475
Non-Member	RM475	RM545

*Note: Early bird fee is extended to 17 April 2009.*

Please contact the Secretariat at 03-2162 8989 ext. 113/108 for brochure and registration form.  
Alternatively, email us at [cpd@ctim.org.my](mailto:cpd@ctim.org.my).

### **OTHER EVENTS**

#### **1. ACCA**

The Chartered Tax Institute of Malaysia (CTIM) is pleased to support the ACCA Malaysia upcoming Continuing Professional Development (CPD) programmes in April and May 2009.

#### **Kuala Lumpur and Klang Valley**

22 April 2009 (Wed) / Utilising Government Funding & Conceptual Business Risk Valuation Protection during Economic Downturn by Mr Ching Chee Pun and Mr Sean Lee

28 April 2009 (Tue) / Emerging Financial Leaders in the Economic Crisis by Mr Bryan Ng

7 May 2009 (Thu) / Improving Your Employability

21 May 2009 (Thu) / Full Convergence with IFRS in 2012 by Ms Lim Geok Heng

**Northern Region**

22 May 2009 (Fri) / Penang / Understanding Generally Accepted Accounting Practices in Malaysia by Mr Danny Tan Boon Wooi

**East Coast**

21 April 2009 (Tue) / Kota Bharu / Tax Planning and Practical Strategies by Dato' Raymond Liew

**Southern Region**

29 April 2009 (Wed) / Johor Bahru / Full Convergence with IFRS in 2012 by Ms Lim Geok Heng

18 May 2009 (Mon) / Johor Bahru / An Overview of Effective Detection and Prevention of Operational Frauds by Mr Lau Yep Sing

**East Malaysia**

16 April 2009 (Thu) / Kota Kinabalu / Corporate and Personal Tax – Updates from 2009 Mini Budget by Mr K.P. Balakrishnan (Ravi)

17 April 2009 (Fri) / Kuching / Corporate and Personal Tax – Updates from 2009 Mini Budget by Mr K.P. Balakrishnan (Ravi)

**Check out ACCA CPD events at <http://malaysia.accaglobal.com/malaysia/members/events/>**

For further information and registration, please contact ACCA – Ms Grace Lee (for West Malaysia) at 03-2713 5051 ext. 21 or Ms Jane Chiong (for East Malaysia) at 082-425 051. You can also alternatively e-mail [cpd.acca@my.accaglobal.com](mailto:cpd.acca@my.accaglobal.com).

**2. CIMA World Conference 2009, 13 & 14 July 2009, Kuala Lumpur Convention Centre**

In conjunction with the Institute's 90<sup>th</sup> anniversary, CIMA Malaysia Division will be organising the 'CIMA World Conference 2009' with the theme "The Global Village – no boundaries, no limits". For more information, visit [www.cimaglobal.com](http://www.cimaglobal.com).

**3. MAICSA Annual Conference 2009, 6 & 7 July 2009, Hotel Istana, Kuala Lumpur**

The theme for MAICSA's annual conference is 'Shaping The Future Corporate Professionals'. For more information, visit [www.maicsa.org.my](http://www.maicsa.org.my).

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e-CTIM No.19/2009

24 April 2009

TO ALL MEMBERS

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

UPCOMING EVENTS:

1. **Workshop : Single-Tier Corporate Tax System and Claim for Reinvestment Allowance** **8 CPD Points**
- Speaker : Mr Sivaram Nagappan  
Date/venue : 7 May 2009, PNB Darby Park, Kuala Lumpur  
Time : 9.00 a.m.-5.00p.m.

**COURSE CONTENTS:**

**Single-Tier Corporate Tax System**

- Transitional provisions
- Status of Section 108 balance during transitional period
- Maximising the use of Section 108 balance during the transitional period
- Types of dividend payments during the transitional period
- Company's and shareholders' perspectives
- Compliance requirements

**Reinvestment Allowances**

- Public Ruling No. 2/2008
- Qualifying projects, capital expenditure and period of claim
- Disposal of assets
- Non-application
- Agricultural projects
- Changes in 2009 Budget on the criteria for claim
- Latest updates

Click [here](#) to download the brochures and registration form.

2. **Workshop : Capital Allowances Maximisation** **8 CPD Points**
- Speaker : Mr Harvindar Singh  
Date/venue : 7 May 2009, Mutiara Hotel, Johor Bahru  
Time : 9.00a.m.-5.00p.m.

**COURSE CONTENTS:**

- Qualifying plant and building expenditure
- Claims of capital allowances / industrial building allowances in the relevant basis periods
- Detailed discussion on initial allowances, annual allowances and notional allowances for plant and machinery and industrial buildings
- Assets acquired on hire purchase terms, operating and finance leases
- Special rules on controlled transfers, e.g. determination of disposer's final period etc.
- Case law on the meaning of "plant"
- Claw-back of capital allowances previously claimed
- Common mistakes in computing capital allowances

- Reinvestment allowance vs capital allowances
  - differences in the criteria to claim these allowances based on feedback from the IRB and guidance contained in the "Public Ruling on Reinvestment Allowance" issued by the IRB
- 2009 Budget and Mini Budget on capital allowances
- Case studies

Click [here](#) to download the brochures and registration form.

<b>3.</b>	<b>Workshop : A Critique of Recent Tax Cases</b>	<b>8 CPD points</b>
	Speaker : Mr Saravana Kumar	
	Time : 9.00a.m.-5.00p.m.	
	<u>Date</u> <u>Venue</u>	
	29 Apr 2009 Bayview Hotel, Penang	
	5 May 2009 Legacy Hotel, Malacca	
	12 May 2009 Mutiara Hotel, Johor Bahru	

Click [here](#) to download the brochures and registration form.

For more information, you can visit [www.ctim.org.my](http://www.ctim.org.my) or contact the Secretariat at 03-2162 8989 (Ms Ally, ext 113/Ms Latha, ext 108) or email [cpd@ctim.org.my](mailto:cpd@ctim.org.my).

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e-CTIM No.20/2009

24 April 2009

**TO ALL MEMBERS**

**TECHNICAL**

**1. Loans Guarantee (Bodies Corporate)(Remission of Tax and Stamp Duty) Order 2009 [P.U. (A) No. 150/2009]**

With effect from 2 March 2009, any income tax payable shall be remitted in full in respect of any money payable under any agreement, note, instrument and document in relation to the issue of Islamic Medium Term Note of two billion two hundred million ringgit (RM2,200,000,000), issued by Penerbangan Malaysia Berhad, including but not limited to any agreement, instrument and document in relation to the guarantee (Guarantee) provided or to be provided by the Government of Malaysia, by-

- (a) Penerbangan Malaysia Berhad;
- (b) the Government of Malaysia;
- (c) any holder of the Islamic Medium Term Note;
- (d) any other party to any agreement, note, instrument and document in relation to the issue of Islamic Medium Term Note, including any party to whom such agreement, note, instrument and document is transferred or assigned; and
- (e) any other party to any agreement, instrument and document in relation to the Guarantee, including any party to whom such agreement, instrument and document is transferred or assigned.

Any stamp duty payable in respect of any agreement, note, instrument and document, as the case may be, in relation to the issue of Islamic Medium Term Note or the Guarantee shall also be remitted in full.

**2. Income Tax (Exemption) Order 2009 [P.U. (A) No. 152/2009]**

With effect from year of assessment 2008, a benefit or gift, specified below which is generally provided to all employees and received by an employee from his employer is exempted from the payment of income tax..

	Benefit/Gift	Exemption Limit
1	Meal Allowance	No limit specified
2	Parking rate and parking allowance	
3	Payment for traditional medicine and maternity expenses	
4.	Discounted price for services provided by the business of the employer for the benefit of the employee, his spouse and his children	
5	Monthly bill for subscription of broadband, fixed line telephone, mobile phone, pager	
6	Pager, personal digital assistant, telephone, mobile phone	
7	Child care allowance	RM2,400 per year
8	Travelling allowance, petrol card and petrol allowance or any of its combination, for travelling to and from	RM2,400 per year. This exemption shall be effective from the year of assessment 2008 until 2010 only.



	home to the place of work	
9	Travelling allowance, petrol card, petrol allowance or toll payment or any of its combination, for travelling in the performance of employment at a place other than his place of work	RM6,000 per year
10	Discounted price for consumable business products of the employer	RM1,000 per year
11	Subsidy of interest on housing, education and car loan	Determined in accordance with the formula $A \times B/C$ where A = interest borne by employer B = total aggregate of balance of the principal amount of the housing, education or car loan taken by the employee in a basis period for a year of assessment or RM300,000, whichever is the lower; and C = total aggregate of the principal amount of the housing, education or car loan taken by the employee

This Order is not applicable to an employee where the employee has control over his employer in certain prescribed situations.

**3. Income Tax (Deduction For Benefit and Gift from Employer to Employee) Rules 2009 [P.U. (A) No. 153/2009]**

With effect from year of assessment 2008, a Malaysian resident shall be allowed deduction against his business income, expenses incurred on the following benefits and gifts provided to his employees:

- (a) payment of monthly bill for subscription of broadband, fixed line telephone, mobile phone or pager;
- (b) travelling allowance, petrol card or petrol allowance provided to employees from home to and from place of work; and
- (c) personal digital assistant, telephone, mobile phone or pager.

Item (b) shall cease to have effect after year of assessment 2010.

**4. Third Addendum to Public Ruling 02-2004 on Benefits-in-kind**

The Institute would like to inform members that the 3<sup>rd</sup> Addendum to the Public Ruling on Benefits-in-kind has been issued on 17 April 2009. Members may view the 3<sup>rd</sup> Addendum to the Public Ruling at [http://www.hasil.gov.my/PR0204\\_170409.pdf](http://www.hasil.gov.my/PR0204_170409.pdf) or at the Technical Section of the Institute's webpage, under the subsection of Technical Developments – Direct Taxation.

**5. Sales Tax (Exemption) (Amendment) Order 2009 [P.U. (A) No. 141/2009]  
Sales Tax (Exemption) (Amendment) (No. 2) Order 2009 [P.U. (A) No. 142/2009]**

These Orders are to amend Schedule A of Sales Tax (Exemption) Order 2008 [P.U. (A) No. 91/2008]. P.U. (A) No. 141/2009 is effective from 1 April 2008 while P.U. (A) No. 142/2009 is effective from 10 April 2009.

**6. Sales Tax (Rates of Tax No. 2)(Amendment)(No. 2) Order 2009 [P.U. (A) No. 143/2009]  
Sales Tax (Rates of Tax No. 2)(Amendment)(No. 3) Order 2009 [P.U. (A) No. 144/2009]**

These Orders are to amend the First Schedule of Sales Tax (Rates of Tax No. 2) Order 2008 [P.U. (A) No. 93/2008]. P.U. (A) No. 143/2009 is effective from 1 April 2008 while P.U. (A) No. 144/2009 is effective from 10 April 2009.

## 7. ESTABLISHMENT OF JOINT TAX WORKING GROUP ON FINANCIAL REPORTING STANDARDS (JTWG-FRS)

The Technical and Public Practice Committee of the Chartered Tax Institute of Malaysia (CTIM) (formerly known as Malaysian Institute of Taxation), the Taxation Committee of the Malaysian Institute of Accountants (MIA) and Tax Practice Committee of The Malaysian Institute of Certified Public Accountants (MICPA) have established a joint working group, called the Joint Tax Working Group on FRS (JTWG-FRS) to look into the various tax issues arising from the adoption of FRSs in Malaysia.

The terms of reference of the JTWG-FRS are as follows:-

- To analyse changes brought about by FRS which have tax implications;
- To highlight and provide comments to members on possible tax implications related to FRS, where applicable; and
- To propose appropriate tax treatments in respect of FRS, where applicable, to the relevant tax authorities.

Initially, the JTWG-FRS will focus on eight FRSs as follows:

FRS 2	Share-based Payment
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 102	Inventories
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 139	Financial Instruments: Recognition and Measurement
FRS 140	Investment Property

Other FRSs will be reviewed progressively.

Upon completion of the study of a particular FRS, the JTWG-FRS may, where appropriate propose appropriate tax treatments in respect of the FRS to the relevant tax authorities for consideration.

Members are invited to submit their comments and share their experiences on the above eight FRSs with the JTWG-FRS. Please submit your comments to the CTIM Secretariat at [technical@ctim.org.my](mailto:technical@ctim.org.my) or [kslim@ctim.org.my](mailto:kslim@ctim.org.my) by **31 May 2009**.

The Institute looks forward to receiving your comments on the above matter.

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