



## **e-CIRCULAR TO MEMBERS**

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

**e-MIT No. 31/2008**

**13 October 2008**

**TO ALL MEMBERS**

### **CPD: UPCOMING EVENTS**

#### **1. Seminar on Tax Planning**

**23 October 2008, Tun Dr Ismail Hall, PWTC**

The much awaited seminar is back! Below are the topics to be covered in the seminar:

➤ **Is tax avoidance permitted in Malaysia?**

*by* Datuk D.P. Naban, Senior Partner, Lee Hishamuddin Allen & Gledhill

➤ **Corporate tax implications on mergers & acquisitions**

*by* Ms Wong Yok Chin, Director, RKT Tax Consultants Sdn Bhd

➤ **Issues to consider in structuring offshore investments**

*by* Mr Amarjeet Singh, Director, Ernst & Young Tax Consultants Sdn Bhd

➤ **Relief from stamp duty on mergers & acquisitions**

*by* Mr S. Saravana Kumar, Tax Lawyer, Lee Hishamuddin Allen & Gledhill

➤ **Customs duty & sales tax planning on imports from ASEAN countries**

*by* Mr Mokhtar Mahmud, Council Member, MIT

Members are encouraged to attend and get updated. The brochure can be downloaded at [www.mit.org.my](http://www.mit.org.my)

#### **2. Workshop: Understanding Deferred Taxation**

*by* Mr Danny Tan Boon Woi

<u>Date</u>	<u>Venue</u>
13 Oct 2008	Best Western Premier Seri Pacific, KL
17 Oct 2008	Bayview Hotel, Penang
12 Nov 2008	Mutiara Hotel, JB

#### **3. Workshop: Cross Border Transactions**

*by* Mr Harvindar Singh

<u>Date</u>	<u>Venue</u>
22 Oct 2008	Novotel Hydro Majestic, KL
30 Oct 2008	Mutiara Hotel, JB
6 Nov 2008	Bayview Hotel, Penang

**4. Workshop: Introduction to Corporate Taxation and Self Assessment System**  
by Mr Chow Chee Yen

<u>Date</u>	<u>Venue</u>
17-18 Oct 2008	Bayview Hotel, Penang
3-4 Nov 2008	Hyatt Regency, Kota Kinabalu
11-12 Nov 2008	Mutiara Hotel, JB
18-19 Nov 2008	Holiday Inn, Kuching
5-6 Dec 2008	Legacy Hotel, Malacca
10-11 Dec 2008	Casuarina Hotel, Ipoh

Brochures of the above workshops can be downloaded at [www.mit.org.my](http://www.mit.org.my).

Alternatively, please call the Secretariat, Ms Latha and Cik Ally at 03-2162 8989 ext 108 and 113 respectively for more information.

**TECHNICAL**

**1. Income Tax (Accelerated Capital Allowance) (Bus) Rules 2008 [P.U.(A) No. 356/2008]**

From the year of assessment 2009 till 2011, capital expenditure incurred on the purchase of a bus by a person (as the first registered owner) in the basis period for a year of assessment in respect of a business source in relation to commercial transportation qualifies for an initial allowance of 20% and an annual allowance of 80%. Where the bus is purchased under a hire-purchase arrangement, the capital expenditure incurred in the relevant basis period will qualify for the accelerated capital allowance (ACA).

The Malaysian resident person must be a holder of public service vehicle licence or holder of the tourism vehicle licence.

The bus shall be locally assembled or constructed (not reconditioned) and used for commercial transportation of passengers or conveyance of tourists. The bus is specified in the Schedule as Stage bus, Charter bus, Express bus, Mini bus, Employees bus, Feeder bus, School bus, and Excursion bus.

There will be a claw back of the ACA granted if the person sells, conveys, transfers, assigns or alienates the bus with or without consideration within two years from the date of acquisition. The claw back is computed in the basis period of a year of assessment in which the bus is sold, conveyed, transferred, assigned or alienated and is effective from years of assessment 2009 to 2013.

**2. Income Tax (Accelerated Capital Allowance) (Plant and Machinery) Rules 2008 [P.U.(A) No. 357/2008]**

From the year of assessment 2009 till 2010, capital expenditure incurred on the purchase of plant and machinery in the basis period for a year of assessment by a company in respect of a business source qualifies for an initial allowance of 20% and

an annual allowance of 80%. Where the plant and machinery is purchased under a hire-purchase arrangement, the capital expenditure incurred in the relevant basis period will qualify for the ACA.

The company must be a Malaysian resident incorporated in Malaysia and having ordinary paid-up share capital of RM2.5 million or less at the beginning of the basis period for a year of assessment.

The following shall have the effect from years of assessment 2009 till 2012:

- (i) The above Rules shall not apply to a company in the basis period for a year of assessment
  - (a) where more than 50% of its ordinary paid-up share capital is directly or indirectly owned by a related company or vice versa, or
  - (b) which has been granted any incentive under the Promotion of Investment Act 1986; or reinvestment allowance under Schedule 7A of Income Tax Act 1967 (the Act); or
  - (c) where the company has made a claim on special allowances for small value assets under paragraph 19A, Schedule 3 of the Act.
- (ii) Related company is a company whose ordinary paid-up share capital exceeds RM2.5 million at the beginning of the basis period for a year of assessment.
- (iii) There will be a claw back of the ACA granted if the person sells, conveys, transfers, assigns or alienates the plant and machinery with or without consideration within two years from the date of acquisition. The claw back is computed in the basis period of a year of assessment in which the plant and machinery is sold, conveyed, transferred, assigned or alienated.

### **3. Income Tax (Accelerated Capital Allowance) (Information and Communication Technology Equipment) Rules 2008 [P.U.(A) No. 358/2008]**

From the year of assessment 2009 till 2013, capital expenditure incurred on the purchase of information and communication technology (ICT) equipment as specified in the Schedule by a person resident in Malaysia in the basis period for a year of assessment for a business source qualifies for an initial allowance of 20% and an annual allowance of 80%. Where the ICT equipment is purchased under a hire-purchase arrangement, the capital expenditure incurred in the basis period will qualify for the ACA.

The ICT equipment refers to: Access Control System, Banking System, Barcode Equipment, Bursters/Decollators, Cables and Connectors, Computer Assisted Design (CAD), Computer Assisted Manufacturing (CAM), Computer Assisted Engineering (CAE), Card Readers, Computers and Components, Central Processing Unit (CPU), Storage, Screen, Printers, Scanner/Reader, Accessories, Communications and Network, Software system or software package.

The following shall have the effect from year of assessment 2009 till 2015:

- (i) The above Rules shall not apply to a person if in the basis period for a year of assessment, the person has been granted
  - (a) any incentive under the Promotion of Investments Act 1986, or
  - (b) reinvestment allowance under Schedule 7A of the Act

- (ii) There will be a claw back of the ACA granted if the person sells, conveys, transfers, assigns or alienates the ICT equipment with or without consideration within two years from the date of acquisition. The claw back is computed in the basis period of a year of assessment in which the ICT equipment is sold, conveyed, transferred, assigned or alienated.

**4. Income Tax (Accelerated Capital Allowance) (Security Control Equipment and Monitor Equipment) Rules 2008 [P.U.(A) No. 359/2008]**

From the year of assessment 2009 till 2012, capital expenditure incurred in the basis period for a year of assessment from a source consisting of a business in relation to the installation of

- a) security control equipment as specified in the Schedule at any building of permanent structure used for the purpose of that business by an individual resident in Malaysia; or
- b) security control equipment as specified in the Schedule for a factory by a company approved under the Industrial Co-ordination Act 1975 or
- c) any Global Positioning System(GPS) for a container lorry bearing Carrier Licence A and for a cargo lorry bearing Carrier Licence A or C by a company and used for the business purposes of the company

qualifies for an initial allowance of 20% and an annual allowance of 80%. Where the security control equipment and monitor equipment is purchased under a hire-purchase arrangement, the capital expenditure incurred in the basis period will qualify for the ACA.

The Security Control Equipment refers to: Anti-theft Alarm System, Infra-red Motion Detection System, Siren, Access Control System, Close Circuit Television, Video Surveillance System, Security Camera, Wireless Camera Transmitter, Time Lapse Recording and Video Motion Detection Equipment.

The following shall have the effect from year of assessment 2009 till 2014:

- (i) The above Rules shall not apply to an individual or a company if in the basis period for a year of assessment, that individual or company has been granted
  - (a) any incentive under the Promotion of Investments Act 1986, or
  - (b) reinvestment allowance under Schedule 7A of the Act
- (ii) There will be a claw back of the ACA granted if the person sells, conveys, transfers, assigns or alienates the Security Control Equipment and Monitor Equipment with or without consideration within two years from the date of acquisition. The claw back is computed in the basis period of a year of assessment in which the security control equipment and monitor equipment is sold, conveyed, transferred, assigned or alienated.

**5. Income Tax (Deduction of Pre-Commencement of Business Expenses Relating to Employee Recruitment) Rules 2008 [P.U.(A) No. 361/2008]**

With effect from year of assessment 2009, expenses incurred on the recruitment of employees prior to the commencement of business are deemed to be incurred on the day of commencement and allowed a deduction in arriving at the adjusted income of

a person resident in Malaysia from its business in the basis period for a year of assessment.

The expenses incurred shall be expenses on the recruitment of employees to enable the person to commence its business. The expenses are of the kind allowable under Section 33 of the Act relating to the recruitment of employees and incurred within the period of one year prior to the commencement of its business.

**6. Income Tax (Exemption) (No. 7) Order 2008 [P.U.(A) No. 351/2008]**

With effect from 30 August 2008, an individual resident in Malaysia is exempted from payment of income tax on interest received from money deposited with

- a) a bank or a finance company licensed or deemed to be licensed under the Banking and Financial Institutions Act 1989;
- b) a bank licensed under the Islamic Banking Act 1983;
- c) a development financial institution prescribed under the Development Financial Institutions Act 2002;
- d) Lembaga Tabung Haji;
- e) Malaysia Building Society Berhad; and
- f) Borneo Housing Finance Berhad.

**7. Stamp Duty (Remission) (No. 2) Order 2008 [P.U.(A) No. 311/2008]**

50% of stamp duty on any loan agreement between a purchaser who is a Malaysian citizen, and a bank, a financial institution, an insurance company, a co-operative society or an employer under an employee housing loan scheme, to finance the purchase of one unit of residential property costing not more than RM250,000 is remitted provided that the Sale and Purchase Agreement is executed on or after 30 August 2008 but not later than 31 December 2010.

Residential property means a house, a condominium unit, an apartment and a flat built as a dwelling house.

**PUBLICATION**

**2009 Budget Commentary and Tax Information**

For those interested in purchasing the 2009 Budget Commentary & Tax Information, kindly click on [http://www.mit.org.my/PDF/BB09\\_MIT.PDF](http://www.mit.org.my/PDF/BB09_MIT.PDF) for the order forms or call 03-21628989 to place your orders.

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## e-CIRCULAR TO MEMBERS

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

e-MIT No. 32/2008

20 October 2008

TO ALL MEMBERS

### QUESTIONNAIRE ON A POSSIBLE LOGO AND NAME CHANGE

The Malaysian Institute of Taxation (MIT) was established 17 years ago on 1 October 1991. Since its inception, there has not been a review of the logo. Significant developments and changes have occurred over the past years. There is a need for MIT to re-brand itself in order to keep abreast with the dynamic changes that have taken place. One of the ways for the Institute to re-brand is through a possible name and logo change which will help advance the Institute's objective to project itself as the premier body for tax professionals.

### QUESTIONNAIRE ON A POSSIBLE LOGO & NAME CHANGE



#### QUESTIONS

#### 1. BACKGROUND

a. Member of MIT since :

#### ANSWERS

Please circle your answer

1991	1992	1993
1994	1995	1996
1997	1998	1999
2000	2001	2002
2003	2004	2005
2006	2007	2008

b. Please rate the importance of the benefits (on a scale of 1 to 4) enjoyed as a MIT member.  
(Scale: 1 = Very important, 2 = Important, 3 = No comments, 4 = Not important)

• The entitlement to elect representatives to the Institute's Council.	1	2	3	4
• Prestige of membership with the premier professional taxation body.	1	2	3	4
• Access to current information on technical articles, up-to-date tax notes, news, guidelines and circulars.	1	2	3	4
• Publications such as the Annual Budget Commentary and quarterly issues of the Tax Guardian.	1	2	3	4
• Opportunity to take part in activities organised by the Institute.	1	2	3	4
• Discounted fees on seminars, conferences and continuing education events.	1	2	3	4

## 2. MIT LOGO

- |   |     |    |
|---|-----|----|
| a. Do you think an organisation's logo helps in projecting its image? | Yes | No |
| b. Does the current MIT logo need any improvement/change?             | Yes | No |

## 3. MIT BRAND

- |   |     |    |
|---|-----|----|
| a. Do you agree that MIT needs to re-brand to keep up with the current developments and times, and enhance its image as the premier body for tax professionals? | Yes | No |
| b. Do you believe that the inclusion of the word "Chartered" in the Institute's name brings forth more prestige and will enhance the profile of the members?    | Yes | No |

*Thank you for completing this questionnaire. Your responses are confidential.*

We appreciate members' effort and time in participating in this survey. Please submit your responses to the MIT secretariat via email (copy and paste the questionnaire and indicate your choices) to [mitlogo@mit.org.my](mailto:mitlogo@mit.org.my) or fax (click [HERE](#) to download and print out the questionnaire) to 03-2162 8990 by **17 November 2008**.

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## **e-CIRCULAR TO MEMBERS**

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

**e-MIT No. 33/2008**

**28 October 2008**

**TO ALL MEMBERS**

**TECHNICAL**

### **1. Double Taxation Agreements (DTA) with Myanmar and Chile**

Please note that the DTAs signed by Malaysia with Myanmar and Chile respectively have entered into force. The DTAs are effective from the year of assessment beginning on or after 1 January 2009 for income tax and withholding tax; whilst in respect of petroleum tax, it will be effective from the year of assessment beginning on or after 1 January 2010.

### **2. Income Tax (Exemption) (No. 8) Order 2008 [P.U.(A) No. 378/2008]**

From the year of assessment 2008 till year of assessment 2010, a Malaysian resident company incorporated under the Companies Act 1965 is exempted from payment of income tax on net income received from the sale of certified emission reduction [i.e. gross income from the sale less expenditure (not being capital expenditure) incurred for the purposes of obtaining certified emission reduction].

“Certified emission reduction” is defined to mean a Kyoto Protocol (an international agreement relating to United Nations Framework Convention on Climate Change) unit equal to one metric tonne of carbon dioxide equivalent, calculated in accordance with Kyoto rules and is issued for gas emission reductions from an activity of clean development mechanism project approved by the Ministry of Natural Resources and Environment.

### **3. Public Relation Officers for Tax Clearance Letters**

The IRB has released a list of public relations officers who can be contacted to expedite the issuance of Tax Clearance Letters. The list can be viewed on the website of the Inland Revenue Board (IRB).

### **4. Remission of Penalty on Service Tax**

The Royal Customs Malaysia has issued a circular on 6 October 2008 informing that for companies providing professional, consultancy and management services that are licensed in 2008, the penalty imposed in respect of service tax for taxable period from January to June 2008 will be remitted, provided that service tax has not been collected from clients/customers.

It was clarified over telephone conversation with the Internal Tax Division that the penalty referred to in the circular is the late payment penalty under Section 16 of the Service Tax Act 1975. The relevant RCM circular has been uploaded to the Institute's website. Members may contact Tuan Hj Md Basri bin Bahron of RCM, Internal Tax Division, at 03-8882 2424 for further clarification.



## **5. Deferment of Temporary Closure for e-Filing system for e-C 2008 and e-R 2008**

As announced earlier, the IRB has indicated that there will be a temporary closure of e-filing system for e-C 2008 and e-R 2008 from 1-9 November 2008 for maintenance purposes.

Following the appeal of the Institute, the IRB has agreed to defer the temporary closure to 16-20 November 2008, so that the filing of tax returns by companies with financial year ended 31 March 2008 will not be affected.

## **6. Issues and Comments Relating to Tax Audits and Investigations**

The Institute will be arranging for a Dialogue with the tax audits and investigations department of IRB next month. We would therefore appreciate if members could 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. 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.

You may write in to the Institute or email to the Technical Manager at [kslim@mit.org.my](mailto:kslim@mit.org.my) on or before 31 October 2008.

## **7. Issues and Comments Relating to Customs Practices and Indirect Taxation]**

The Institute is scheduled to meet **the Royal Customs Malaysia** at the Customs-Private Sector Consultative Panel Meeting to be held next month. We would therefore appreciate if members could send in suggestions, especially those relating to technical interpretation, administrative/operational aspects of indirect taxation to the Institute before 31 October 2008 for due consideration by the Technical and Public Practice Committee before submission to the Royal Customs Malaysia. You may write in to the Institute or email to the Technical Manager at [kslim@mit.org.my](mailto:kslim@mit.org.my).

## **8. Recommendations for 2010 Budget Proposals**

The Institute is currently preparing a memorandum on Budget 2010 Proposals to be finalised by 13 February 2009 and submitted to the Ministry of Finance (MOF) by end of February 2009.

We invite members to submit views and suggestions on any proposals you want to be considered by 15 December 2008. Please include your rationale for all proposals or suggestions that you feel should be incorporated into the Budget 2010. Only viable suggestions and proposals with the rationale clearly stated will be considered for inclusion in the memorandum.

Please forward all suggestions and proposals to the MIT Technical not later than **Monday, 15 December 2008**. You may also submit your proposals to [kslim@mit.org.my](mailto:kslim@mit.org.my).

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## **e-CIRCULAR TO MEMBERS**

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

**e-MIT No. 34/2008**

**28 October 2008**

**TO ALL MEMBERS**

### **INVITATION TO PARTICIPATE IN THE MIT LOGO DESIGN CONTEST**

We are pleased to inform that the Malaysian Institute of Taxation (MIT) is proposing to change its corporate logo. As such, we wish to organise a Logo Design Contest which will be open to participation from students from the local Institutes of Higher Learning, employees of advertising and design agencies, MIT members and MIT staff. The winner of the contest will be accorded due recognition by MIT.

Various developments have impacted the tax profession. As such, it is felt that MIT should rebrand itself in order to advance the Institute's objective of projecting itself as the premier body for tax professionals.

Please refer below for more information on MIT and, the terms and conditions of the contest.

#### **Brief on MIT**

The Malaysian Institute of Taxation (MIT) was established on 1 October 1991 and officially launched on 17 February 1992 by the then Deputy Minister of Finance. It is governed by a 20-member Council and has branches in major states. Since its inception, the logo of the Institute has not been reviewed.

There is a need for MIT to keep up with the changes that have taken place. The Chartered Institute of Taxation (CIOT) which is a premier body for tax professionals in the United Kingdom has achieved a very high standing over the years. In line with this, MIT, which has been in existence for over 17 years, aims to achieve due recognition if possible.

A new name for MIT could be the Chartered Tax Institute of Malaysia.

#### **Mission Statement:**

To be the premier body providing effective institutional support to members and promoting convergence of interests with government, using taxation as a tool for the nation's economic advancement; and to attain the highest standard of technical and professional competency in revenue law and practice supported by an effective secretariat.

#### **Objectives:**

- To provide an organisation for persons interested in or concerned with taxation matters in Malaysia.
- To advance the status and interest of the taxation profession which involve regular liaison with the tax authorities (Inland Revenue Board, Royal Customs Department and Ministry of Finance).

- To exercise professional supervision over the members of the Institute and to frame and establish rules in matters pertaining to professional conduct.
- To provide an opportunity for persons interested in joining the tax profession via professional examinations conducted by MIT.

#### **Logo:**

The criteria for a good logo would include the following:

- Ability to represent an accurate reflection of the Institute
- A refreshing look that exemplifies energy and forward thinking
- Simple in design and is legible
- Has appealing colours
- Has relevant graphics to portray the desired image and impact

#### **Terms & Conditions:**

1. All students from the local Institutes of Higher Learning, employees of advertising and design agencies, MIT members and MIT staff are welcome to participate in the contest.
2. Designs should be submitted on an A3 format and the size of the logo should not be less than 15 x 15 cm. Participants should also submit their work in CDs and the softcopy should contain all the elements with detailed description of the design. The design should be in .jpeg, .gif, or .tiff format.
3. The colour design should be submitted along with a monochrome version to allow its reproduction in one-colour ink.
4. The work should reflect MIT's Mission and Objectives (as mentioned above).
5. The theme for the design is Corporate Contemporary.
6. Designs should be original and unpublished, free technique and limited to a maximum of 3 colours.
7. Each participant can submit as many designs as desired but is only entitled to win one prize.
8. MIT reserves the property right and use of the awarded work, as well as the right of publication.
9. In all such events, all decisions of MIT will be final and no discussion or correspondence will be entertained.
10. All entries are sent entirely at the risk and expense of the participants.
11. Write your name, identity card number, postal address, contact number and e-mail address and the name of your college / organisation, at the back of your submission.

12. Prizes:

1st Prize	:	RM3,000 with certificate of merit
2nd Prize	:	RM2,000 with certificate of merit
3rd Prize	:	RM1,000 with certificate of merit
2 Consolation prizes	:	RM500 with certificate of merit

13. All entries can be submitted from 28 October 2008 until 20 November 2008.

14. Designs should be submitted to:

THE MALAYSIAN INSTITUTE OF TAXATION  
(Logo Design Contest)  
Public Relations Committee  
Unit B-13-2, Block B, 13<sup>th</sup> Floor  
Megan Avenue II  
No.12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur

15. The copyright and all other intellectual property rights of whatever nature in the design submitted shall remain intact with MIT. All designs submitted to MIT will not be returned.

16. For institutions of higher learning, entries should be accompanied by a supporting letter from the Head of Department/Faculty of the School.

17. Participation in this competition implies full acceptance of the terms hereof stated.

For more information, please contact the MIT Secretariat at 03-2162 8989 or visit our website at [www.mit.org.my](http://www.mit.org.my).

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## **e-CIRCULAR TO MEMBERS**

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

**e-MIT No. 35/2008**

**3 November 2008**

**TO ALL MEMBERS**

**TECHNICAL**

### **1. Public Ruling No. 3/2008 – Entertainment Expense**

The Inland Revenue Board has issued the above Public Ruling on 22 October 2008. This new Ruling supersedes Public Ruling No.3/2004 (issued on 8 November 2004) and the Addendum to Public Ruling No.3/2004 (issued on 23 August 2007) on the same subject matter. The new Ruling is effective for year of assessment 2008 and subsequent years of assessment.

Members are informed that the professional bodies were not consulted on the new Public Ruling.

### **2. Income Tax (Exemption) (No. 9) Order 2008**

For the years of assessment 2009 to 2011, statutory income derived from a business of dealing in non-ringgit sukuk that originates from Malaysia and issued or guaranteed by the Government of Malaysia or approved by the Securities Commission under the Capital Markets and Services Act 2007 by a Malaysian resident who is:

- (a) a holder of a Capital Markets Services License granted under Section 61 of that Act;
- (b) a registered person under subsubparagraph 76(1)(a) of that Act; or
- (c) a registered person under subsection 76(2) of that Act.

shall be exempted from tax provided that such dealing is carried on through the proprietary account of such person.

Such dealing shall be treated as a separate and distinct source of business and activity and separate accounts are to be maintained by such person.

### **3. Income Tax (Exemption) (No. 10) Order 2008**

For the years of assessment 2009 to 2011, statutory income derived from the regulated activity of dealing in securities and advising on corporate finance relating to the arranging, underwriting and distributing of non-ringgit sukuk that originates from Malaysia and issued or guaranteed by the Government of Malaysia or approved by the Securities Commission under the Capital Markets and Services Act 2007 by a Malaysian resident who is:

- (a) a holder of a Capital Markets Services License granted under Section 61 of that Act;
- (b) a registered person under subsubparagraph 76(1)(a) of that Act;
- (c) a registered person under subsection 76(2) of that Act; or

- (d) a specified person under Schedule 3 of that Act who carries on the regulated activity of advising on corporate finance solely incidental to the carrying on of its business or the practice of his profession.

shall be exempted from tax.

Such activity shall be treated as a separate and distinct source of business and activity and separate account are to be maintained by such person.

#### **4. Minutes of Filing Programme Working Group Meeting (DESIRE 04/08)**

The minutes for the Filing Programme Working Group Meeting No. 04/2008 held on 12 September 2008 have been issued on 23 October 2008. Members are encouraged to review the minutes to have a clear understanding of what to expect in the coming year and also to raise any comments or issues quickly so that adjustments/clarifications may be made.

#### **5. Service Tax – Extension of scope of taxable services for the advertising industry**

Any person or agency who provides advertising services and having a total annual sales turnover of more than RM300,000 is subject to service tax. The guidelines issued by the Customs Department on service tax further clarifies that the advertising industry consists of 3 groups of activities, namely, advertising agency activities, media house activities and production houses or printing activities. Taxable services include the provision of displaying services provided by television and radio networks, newspapers and magazines and advertising agencies, etc. However, production houses and printers produce advertising materials only and do not provide advertising services.

The Institute was informed that the Internal Tax Division of the Customs Office in Kuala Lumpur has issued a letter stating that with effect from 1 August 2008, all advertising costs involving production houses and printing companies, if they are supplied by advertising agencies or media houses, are subject to service tax. However, production houses and printers need not be licensed for service tax purposes as they are not taxable person. The Institute is currently seeking further clarification from the Customs Department on this matter.

#### **6. Investigation and Disciplinary Rules**

Members are informed that the MIT Council has recently approved the Investigation and Disciplinary Rules of the Institute. A copy of the Rules is available at our website. Please click [here](#) for more information about the Rules.

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## **e-CIRCULAR TO MEMBERS**

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

**e-MIT No. 36/2008**

**11 November 2008**

**TO ALL MEMBERS**

**TECHNICAL**

### **1. Preparation of Worksheets (Helaian Kerja)**

The IRB has issued a letter to the professional bodies dated 24 October 2008 clarifying the above issue. The IRB confirmed that the worksheets (i.e. Helaian Kerja) are provided as a guide. Taxpayers and tax agents are free to prepare their own working papers or formats for tax computation purposes. What is essential is that taxpayers need to be able to support the relevant claims made in a tax computation in the event of a tax audit. For repayment or refund cases, the worksheet HK3 or other relevant worksheets must be prepared and submitted to the IRB. To view the letter, please click [HERE](#).

### **2. Income Tax (Exemption) (No. 11) Order 2008 [PU(A) No. 410/2008]**

For the years of assessment 2009 to 2013, statutory income in relation to advisory fees received for the structuring and listing of a foreign corporation or the listing of a foreign investment product on a stock exchange that is a body corporate approved by the Minister to be a stock exchange under the Capital Markets and Services Act 2007 (CMSA) by a member of the due diligence working group established under the "Guidelines on Due Diligence Conduct For Corporate Proposal" pursuant to Section 337 of CMSA and who is:

- (a) a holder of a Capital Markets Services License granted under Section 61 of the said Act who carries on the regulated activity of advising on corporate finance;
- (b) a registered person under subparagraph 76(1)(a) of the said Act who carries on the regulated activity of "Advising on corporate finance" as specified in Part I of Schedule 4 of the said Act; or
- (c) a specified person under Schedule 3 of that Act,

shall be exempted from tax.

### **3. Service Tax – Extension of scope of taxable services for the advertising industry**

With reference to above (please refer to item 5 of the e-MIT No.35/2008), the Institute would like to inform that the implementation of the directive to subject all advertising costs, involving those of production houses and printing companies, has been deferred until further notice from the Royal Customs, Malaysia.

### **4. Double Taxation Relief (The Government of the State of Qatar) Order 2008 [P.U. (A) 405/2008]**

Please note that the DTA signed by Malaysia with the State of Qatar has been gazetted but not entered into force yet. It shall have effect from the year of assessment beginning on or after 1 January in the calendar year following the year in which this agreement enters into force; except that in respect of petroleum tax, it will be effective from the year of assessment

beginning on or after 1 January in the second calendar year following the year in which this agreement enters into force.

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

We wish to highlight our forthcoming CPD programmes:

### **Seminar: The Sales & Services Taxes – What You Should Know**

*Sime Darby Convention Centre, Bukit Kiara, Kuala Lumpur*

*2 December 2008, 9.00 am – 5.00 pm*

Below are the topics to be discussed in the seminar:

**a) The Sales Tax – Issues and Refunds**

Speaker: Representative from Internal Tax Division, Royal Customs Malaysia

**b) The Service Tax – Issues and Updates**

Speaker: Mr Sitartha Raja Kumaran, Executive Director – Indirect Tax Advisory Group, PricewaterhouseCoopers Taxation Services Sdn Bhd

**c) Applying and Enjoying Import duty and Sales Tax Exemption**

The areas to be covered includes the government policy on exemption and qualifying sectors, qualifying criteria of goods, step by step understanding of the exemption exercise and conditions of approval-keeping what you have been granted.

Speaker: Mr Tan Eng Yew, Executive Director, Indirect Tax Practice, KPMG Tax Services Sdn Bhd

**d) Forum Discussion: Preparing for the Goods and Services Tax (GST) – what should you do now?**

The Government has decided that the implementation of the goods and services tax (GST) be deferred from 1.1.2007 to a date to be announced. The Government's decision will give the public the opportunity to know and understand GST better, and provide businesses lead time to prepare for possible adjustments in business systems and processes, development of software and training of personnel.

Speakers/Panelists:

Mr Subromaniam a/l Tholasy, Senior Assistant Director of Customs, GST Unit, Royal Customs Malaysia

Mr Wan Heng Choon, Senior Executive Director – Indirect Tax Advisory Group, PricewaterhouseCoopers Taxation Services Sdn Bhd

Mr Bhupinder Singh (invited), Executive Director, Ernst & Young Tax Services Sdn Bhd



**Workshop: Introduction to Corporate Taxation & Self Assessment System**

*Speaker: Mr Chow Chee Yen*

*Time : 9.00 am – 5.00 pm*

<u>Date</u>	<u>Venue</u>
18 – 19 Nov	Holiday Inn, Kuching, Sarawak
5 – 6 Dec	Legacy Hotel, Malacca
10 – 11 Dec	Casuarina Hotel, Ipoh

The objective of the workshop is to enable participants to have a basic understanding of the essential areas of corporate taxation under the self-assessment system.

**Practitioners Update**

*Speaker: Mr Harvindar Singh*

*Time: 9.00 am – 5.00 pm*

<u>Date</u>	<u>Venue</u>
9 Dec	Legacy Hotel, Malacca
10 Dec	Hyatt Regency Hotel, Johor Bahru
22 Dec	Hyatt Regency Hotel, Kota Kinabalu
23 Dec	Holiday Inn, Kuching

“Practitioners Update” is brought to you by the Malaysian Institute of Taxation to keep you updated on recent changes in legislative provisions and practices that took place during the second half of 2007 and the first half of 2008. The programme provides a good opportunity for you to raise or clarify any technical and operational issues you may have.

For further information, kindly contact the CPD Secretariat at 03-2162 8989:

Ms Latha      ext 108 or [latha@mit.org.my](mailto:latha@mit.org.my)  
Cik Ally      ext 113 or [cpd@mit.org.my](mailto:cpd@mit.org.my)  
Cik Nur      ext 106 or [nur@mit.org.my](mailto:nur@mit.org.my)

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## **e-CIRCULAR TO MEMBERS**

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

**e-MIT No. 37/2008**

**18 November 2008**

### **TO ALL MEMBERS**

#### **2009 BUDGET COMMENTARY AND TAX INFORMATION**

We regret to inform that there were some errors in Chapter B8 (pages 105 and 106) of the 2009 Budget Commentary and Tax Information due to typesetting alignment.

In this regard, you may download the amended Chapter B8 from the following link: [www.mit.org.my](http://www.mit.org.my) or click [HERE](#). Please note that the hardcopy of the relevant pages will be sent to you in due course.

We apologise for any inconvenience caused.

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

##### **Seminar: Indirect Taxes – What You Should Know**

2 December 2008, 9.00 am – 5.00 pm

Sime Darby Convention Centre, Bukit Kiara, Kuala Lumpur

##### **Topics:**

- ❖ Sales Tax – Issues and Refunds  
Speaker: Representative from Internal Tax Division, Royal Customs Malaysia
- ❖ The Service Tax – Issues and Updates  
Speaker: Mr Sitartha Raja Kumaran, Executive Director, PricewaterhouseCoopers Taxation Services Sdn Bhd
- ❖ Applying and Enjoying Import duty and Sales Tax Exemption  
Speaker: Mr Tan Eng Yew, Executive Director, KPMG Tax Services Sdn Bhd
- ❖ Forum Discussion: Preparing for Goods and Services Tax (GST)  
- what should you do now  
Speakers:  
Mr Subromaniam A/L Tholasy, Senior Assistant Director of Customs, GST Unit, Royal Customs Malaysia  
Mr Bhupinder Singh, Executive Director, Ernst & Young Tax Services Sdn Bhd  
Mr Wan Heng Choon, Senior Executive Director, PricewaterhouseCoopers Taxation Services Sdn Bhd

	Early Bird (before 24 November 2008)	Normal Fee
<b>MIT Member</b>	RM375.00	RM425.00
<b>Member's Firm Staff</b>	RM425.00	RM475.00
<b>Non-Member</b>	RM495.00	RM545.00

**REPLY SLIP** (Please return by fax to 03-2162 8990)

Name.....

MIT Membership No.....

Designation.....Organisation.....

Address.....

Telephone No.....Fax No.....E-mail .....

Cheque payable to "MIT-CPE"

**8 CPD POINTS**

## TECHNICAL

### 1. Revised Guideline on Tax Treatment of the Unabsorbed Business Losses and Capital Allowances Carried Forward

The IRB has issued a revised guideline on tax treatment of unabsorbed business losses and capital allowances carried forward where there is a substantial change in shareholdings of the taxpayer. The IRB has now defined the meaning of a dormant company. Click [HERE](#) or go to the following link to view the Guideline:

<http://www.hasil.gov.my/cP/upload/InfoTax/GPanduanTeknikal08.pdf>

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**

Malaysian Institute of Taxation (225750-T)

Institut Percukaian Malaysia

**e-MIT No. 38/2008**

**21 November 2008**

**TO ALL MEMBERS**

### **INVITATION TO PARTICIPATE IN THE MIT LOGO DESIGN CONTEST – EXTENSION OF CLOSING DATE**

We are pleased to inform that due to the high rate of response received for the Logo Design Contest, we have decided to extend the closing date for entry submission to 30 November 2008.

Please refer below for the terms and conditions of the contest with the extended closing date.

#### **Brief on MIT**

The Malaysian Institute of Taxation (MIT) was established on 1 October 1991 and officially launched on 17 February 1992 by the then Deputy Minister of Finance. It is governed by a 20-member Council and has branches in major states. Since its inception, the logo of the Institute has not been reviewed.

There is a need for MIT to keep up with the changes that have taken place. The Chartered Institute of Taxation (CIOT) which is a premier body for tax professionals in the United Kingdom has achieved a very high standing over the years. In line with this, MIT, which has been in existence for over 17 years, aims to achieve due recognition if possible.

A new name for MIT could be the Chartered Tax Institute of Malaysia.

#### **Mission Statement:**

To be the premier body providing effective institutional support to members and promoting convergence of interests with government, using taxation as a tool for the nation's economic advancement; and to attain the highest standard of technical and professional competency in revenue law and practice supported by an effective secretariat.

#### **Objectives:**

- To provide an organisation for persons interested in or concerned with taxation matters in Malaysia.
- To advance the status and interest of the taxation profession which involve regular liaison with the tax authorities (Inland Revenue Board, Royal Customs Department and Ministry of Finance).
- To exercise professional supervision over the members of the Institute and to frame and establish rules in matters pertaining to professional conduct.
- To provide an opportunity for persons interested in joining the tax profession via professional examinations conducted by MIT.

**Logo:**

The criteria for a good logo would include the following:

- Ability to represent an accurate reflection of the Institute
- A refreshing look that exemplifies energy and forward thinking
- Simple in design and is legible
- Has appealing colours
- Has relevant graphics to portray the desired image and impact

**Terms & Conditions:**

1. All students from the local Institutes of Higher Learning, employees of advertising and design agencies, MIT members and MIT staff are welcome to participate in the contest.
2. Designs should be submitted on an A3 format and the size of the logo should not be less than 15 x 15 cm. Participants should also submit their work in CDs and the softcopy should contain all the elements with detailed description of the design. The design should be in .jpeg, .gif, or .tiff format.
3. The colour design should be submitted along with a monochrome version to allow its reproduction in one-colour ink.
4. The work should reflect MIT's Mission and Objectives (as mentioned above).
5. The theme for the design is Corporate Contemporary.
6. Designs should be original and unpublished, free technique and limited to a maximum of 3 colours.
7. Each participant can submit as many designs as desired but is only entitled to win one prize.
8. MIT reserves the property right and use of the awarded work, as well as the right of publication.
9. In all such events, all decisions of MIT will be final and no discussion or correspondence will be entertained.
10. All entries are sent entirely at the risk and expense of the participants.
11. Write your name, identity card number, postal address, contact number and e-mail address and the name of your college / organisation, at the back of your submission.
12. Prizes:

1st Prize	:	RM3,000 with certificate of merit
2nd Prize	:	RM2,000 with certificate of merit
3rd Prize	:	RM1,000 with certificate of merit
2 Consolation prizes	:	RM500 with certificate of merit
13. All entries can be submitted from 28 October 2008 until **30 November 2008**.

14. Designs should be submitted to:

THE MALAYSIAN INSTITUTE OF TAXATION

(Logo Design Contest)

Public Relations Committee

Unit B-13-2, Block B, 13<sup>th</sup> Floor

Megan Avenue II

No.12 Jalan Yap Kwan Seng

50450 Kuala Lumpur

15. The copyright and all other intellectual property rights of whatever nature in the design submitted shall remain intact with MIT. All designs submitted to MIT will not be returned.

16. For institutions of higher learning, entries should be accompanied by a supporting letter from the Head of Department/Faculty of the School.

17. Participation in this competition implies full acceptance of the terms hereof stated.

For more information, please contact the MIT Secretariat at 03-2162 8989 or visit our website at [www.mit.org.my](http://www.mit.org.my).

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