

e-CTIM No.29/2010

17 June 2010

TO ALL MEMBERS

TECHNICAL

1. Public Ruling No. 2/2010 - Allowable pre-operational and pre-commencement business expenses

The Inland Revenue Board (IRB) has issued Public Ruling No. 2/2010 (effective for year of assessment 2010 and subsequent years of assessment) on 3 June 2010. This Public Ruling supersedes the earlier Public Ruling No. 2/2002 issued on 8 July 2002.

Some of the changes observed are as follows:

- The maximum authorised share capital requirement for companies eligible to claim a deduction for incorporation expenses has been increased from RM250,000 (for companies incorporated in Malaysia on or after 1.1.1973 but prior to 13.09.2003) to RM2,500,000 (for companies incorporated in Malaysia on or after 13.09.2003).

A sole proprietorship or partnership which converted to a private limited company, with an authorised share capital of not more than RM2,500,000, is also eligible for the above deduction.

- Establishment expenditure of the following types of entities may also qualify for a deduction against the gross income in ascertaining the adjusted income of the business:
 - a Real Estate Investment Trust (REIT)
 - a Property Trust Fund (PTF), and
 - an Islamic stock broking company
- With effect from the year of assessment 2009, a person may claim a deduction for expenses incurred in respect of recruitment of employees prior to the commencement of his business. The expenses must be incurred within 1 year prior to the commencement of its business.

The Public Ruling may be downloaded from the website of IRB at:

http://www.hasil.gov.my/lhdnv3e/documents/maklumat_terkini/Allowable%20pre-op%20%20business%20expenses%203%206%202010.pdf

Members can also view the information from the website of the Institute at http://www.ctim.org.my/technical_techdev_direct.asp

2. Deadline to submit tax return forms and payment of balance of tax for year of assessment 2009 (business source of income).

The IRB has issued a Press Release dated 11 June 2010 detailing the types of return forms which need to comply with the filing deadline of 30 June 2010. Mention was also made about the fines which will be imposed for late filing of the said return forms.

The press release may be viewed at the website of IRB at

http://www.hasil.gov.my/lhdnv3e/documents/maklumat_terkini/Press%20Release%20datelin%2030%20June%202010%20-%20business%20income%20earner-%20edited.pdf

MEMBERSHIP SERVICES

MEMBERSHIP RENEWAL FOR YEAR 2010

We wish to thank members who have renewed their 2010 membership subscription. For those who have yet to renew, we urge you to settle your dues as soon as possible together with the payment advice to enjoy uninterrupted membership services. If your payment is on the way, we thank you for your support and would appreciate if you could kindly inform the Secretariat duly.

If you need assistance on your renewal, please contact Iza (ext 114) or e-mail us at membership@ctim.org.my

CTIM takes this opportunity to thank all our valued members for their continued support.

For queries or feedback on the CTIM e-circular, please email secretariat@ctim.org.my.

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