

CTIM No.22/2011

8 June 2011

TO ALL MEMBERS

TECHNICAL

1. Income Tax (Exemption) (No.3) Order 2011 [P.U. (A) No.166/2011]

This Order exempts a qualified person from payment of income tax on its statutory income from an approved food production project applied to the Minister between 1 October 2005 and 31 December 2015, on condition that the project has not commenced at the date of application and it commences within a year from the date of approval. The statutory income shall be determined after deducting capital allowances notwithstanding that no claim for such allowances has been made.

For a new project, the exemption commences from the first year of assessment in which statutory income from the project is derived, and continues for a period of ten consecutive years of assessment.

For an expansion project, the exemption commences from the first year of assessment in which statutory income from the existing and expansion projects is derived, and continues for a period of five consecutive years of assessment provided that the first year of assessment shall not be earlier than the year of assessment in the basis period in which the date of Minister's approval falls.

Any amount of adjusted loss incurred -

- (i) from the year of assessment in the basis period in which the project commenced to the year of assessment immediately prior to the exempt years of assessment; and
- (ii) during the exempt years of assessment

shall be allowed carried forward and deducted against the statutory income from the project in its post-exempt years of assessment until the adjusted loss is fully utilised.

Qualified person means:

- (i) a company incorporated under the Companies Act 1965
- (ii) an agro-based co-operative society
- (iii) an Area Farmers' Association
- (iv) a Federal Farmers' Association
- (v) a State Farmers' Association
- (vi) an Area Fishermen's Association
- (vii) a Federal Fishermen's Association
- (viii) a State Fishermen's Association, and
- (ix) sole proprietorship, partnership, or association solely engaged in agriculture or fishery

Approved food production project means a project in relation to

- (a) planting of kenaf, vegetables, fruits, herbs or spices
- (b) aquaculture
- (c) rearing of cows, buffaloes, goats or sheep; or
- (d) deep sea fishing

which is deemed to be a separate and distinct business.

New project means the first project carried out by a qualified person for the purpose of undertaking an approved food production project and the new project is approved by the Minister.

Expansion project means a project carried out by a qualified person for the purpose of expanding its existing approved food production project where the expansion project has not been granted an exemption under this Order and it involves a new area of land and is approved by the Minister.

The Order shall not apply to a person who has been granted/made a claim for

- a) any incentive under the Promotion of Investments Act 1986
- b) re-investment allowance (Schedule 7A) and investment allowance (Schedule 7B) of ITA
- c) an exemption under Section 127(3)(b) or (3A) of ITA; or
- d) deduction under any rules made under Section 154 except an allowance under Schedule 3 of ITA.

The Minister may withdraw the exemption if the qualified person fails to comply with the conditions imposed by the Minister.

2. Income Tax (Deduction for Investment in an Approved Food Production Project) Rules 2011 [P.U.(A) No.167/2011]

This Order applies to a company incorporated under the Companies Act 1965 and resident in Malaysia who has made an investment, in the form of cash or holding of paid-up share capital in respect of ordinary shares, in its related company undertaking a new approved food production project (the project) under the Income Tax (Exemption) (No.3) Order 2011 [P.U. (A) No.166/2011] and who has applied to the Minister between 1 October 2005 and 31 December 2015.

Related company means a company incorporated under the Companies Act 1965 where at least 70% of its paid-up share capital in respect of ordinary shares is directly owned by a company that made an investment for the purpose of an approved food production project.

In arriving at the adjusted income of a company from its business in the basis period for a year of assessment, an amount equivalent to the value of investment for the sole purpose of financing the project undertaken by the related company is allowed as a deduction. The value of investment is equivalent to expenditure incurred by the related company in the basis period for the same year of assessment and is made for a period and up to an amount as approved by the Minister. Such an investment shall not be disposed of within 5 years from the date of the last investment made if such investment is in the form of holding of paid-up share capital in respect of ordinary shares.

Where a company which has made an investment in the form of holding of paid-up share capital in respect of ordinary shares and claimed a deduction in respect of that investment receives an amount as consideration for the disposal of such shares, the amount so received shall be added in ascertaining the adjusted income for the year of assessment in the basis period in which that amount was received, provided that the amount added in ascertaining the adjusted income shall not exceed the total deductions allowed in relation to that investment. This does not apply to disposal of shares which takes place after 5 years from the date of the last investment in the form of paid-up share capital in respect of ordinary shares made in the related company.

The deduction to the company shall cease in the basis period for a year of assessment in which the period of exemption of the related company commences (refer P.U. (A) No.166/2011 above).

The deduction is not available to a company which has been granted an exemption for an approved food production project under:

- (i) Income Tax (Exemption) (No. 3) Order 2011 [P.U.(A) 166/2011]
- (ii) Income Tax (Exemption) (No. 9) Order 2006 [P.U.(A) 50/2006]
- (iii) Income Tax (Exemption) (No. 10) Order 2006 [P.U.(A) 51/2006]

3. New Public Rulings issued on 16 May 2011

Residence Status of Companies and Bodies of Persons (Public Ruling 05/2011) Residence Status of Individuals (Public Ruling 06/2011)

The Inland Revenue Board (IRB) has issued the above Public Rulings (PR) on 16 May 2011. Members are encouraged to review the PR and forward the comments, if any, to the Institute so that clarification can be sought from the IRB. Members may view the PRs at the website of the IRB at http://www.hasil.gov.my/pdf/pdfam/PR5_2011.pdf and http://www.hasil.gov.my/pdf/pdfam/PR6_2011.pdf respectively. Members may also view them at the Institute's website at: <http://www.ctim.org.my/cms/news.asp?menuid=14>

4. Taxpayer Service Month 2011

The IRB has on 31 May 2011 announced that the second session of 2011 Taxpayer Service Month Programme (TSMP 2011) will continue until 30 June 2011. The TSMP will focus on taxpayers with income from business sources who will be submitting their income tax return forms for the year of assessment 2010 (Form B 2010). This category of taxpayers must submit their Form B 2010 and settle any amount of tax payable on or before 30 June 2011 to avoid penalties being imposed on late submission and/or on late payment.

To facilitate online submission of Form B 2010 and payment of tax, additional counters for e-Filing and e-Payment will be opened at all 36 IRB branches throughout the country. Taxpayers may also use the e-Filing and e-Payments via direct access to the following official website:-

<u>Electronic services</u>	<u>URL address</u>
e-Filing	https://e.hasil.gov.my/
e-Payment	https://epayment.hasil.gov.my/fpx/one.php
or can also access via the IRB website www.hasil.gov.my	

Taxpayers who have not used e-Filing before must apply for a e-Filing PIN (personal identification number) by email to pin@hasil.gov.my or call 1-300-88-3010. Users of e-Filing who have forgotten their password may reset the password by following the steps below:

1. Click on the 'e-Filing' icon on the website www.hasil.gov.my
2. Click the 'Forgot Your Password' button
3. Enter identity card number

4. Select a question for the password guidance
5. Enter answer for the password guidance and click 'Submit'
6. Enter the new password, confirm and click the 'Submit'
7. Login e-Filing
8. Complete the Income Tax Return Form (e-B) and 'Submit'

E-Filing users who have forgotten the password guidance are advised to contact the e-Filing helpline at **03-4289 3535 (local call) and +603-4289 3500 (international calls) or 1-300-88-3010.**

Members may view the media release at the IRB's website at <http://www.hasil.gov.my/pdf/pdfam/SesikeduaBPPCborangB2010.pdf>

CONTINUING PROFESSIONAL DEVELOPMENT

1. National Tax Conference 2011

We are pleased to announce that the Chartered Tax Institute of Malaysia (CTIM) and the Lembaga Hasil Dalam Negeri Malaysia (LHDNM) are organising the National Tax Conference 2011 on 19 & 20 July 2011 at the Kuala Lumpur Convention Centre. The theme of the Conference is "Economic Transformation: Role of Taxation".

Topics for the Conference are as follows:

- ETP: An Update
- Liberalisation of Tax Services in a Globalised World: Issues and Challenges
- IRBM Transformation: Together Towards Building a High Income Nation
- Economic Transformation: Taxation Issues
- Tax Cases Update
- Compliance & Enforcement Challenges Faced by Regional Tax Authorities
- Issues and Concerns Arising From Audits
- Transformation from a Corporate employee to an Internationally-known Chef

Conference Fees:

	Early Bird Fee (with payment before or on 24 June 2011)	Normal Fee (after 24 June 2011)
LHDNM officer / CTIM member	RM 1000	RM 1200
Member's Firm Staff Member of Supporting Body Member / Staff of Supporting Sponsor	RM 1100	RM 1300
Non-member	RM 1200	RM 1400
Overseas Delegates	Not applicable	USD 500
Premier Plus 1 FREE seat for every 10 delegates registered from the same organisation		

Please contact the Conference Secretariat for more information or clarification.

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We look forward to meeting you at the National Tax Conference 2011!

25 CPD Points

2. **Workshop: Implementation of Single Tier Tax System - Outstation**

<u>Date</u>	<u>Venue</u>
15 June 2011	Hyatt Regency, Kota Kinabalu
16 June 2011	Four Points Sheraton, Kuching
23 June 2011	Traders Hotel, Penang

Time : 9.00 a.m – 5.00 p.m
Speaker : Mr. Vincent Josef

Course Content

- o The procedures and responsibilities necessary during the Transitional Period in respect of dividends declared and the Section 108 Account. How is the Section 108 Balance determined?
- o The requirements on companies and dividend recipients after 31 December 2013. What happens to the Section 108 Balance on 1 January 2014?
- o The optimum usage of the available Section 108 balance during the transitional period and the limitations that have been introduced. What are the kinds of Dividends possible?
- o The implications of the new system and whether the dividend-paying company and the dividend recipients stand to benefit. What are the benefits of the new system?

8 CPD Points

3. **Workshop: New Public Rulings 2010/2011 – Ipoh (Re-run)**

<u>Date</u>	<u>Venue</u>
20 June 2011	Impiana Casuarina, Ipoh

Time : 9.00 a.m – 5.00 p.m
Speaker : Mr. Chow Chee Yen

Course Content

- o Public Ruling 1/2011: Taxation of Malaysian Employees Seconded Overseas
- o Public Ruling 2/2011: Interest expenses and interest restriction
- o Public Ruling 3/2011: Investment Holding Company

- Public Ruling 4/2011: Income from Letting of Real Property

8 CPD Points

4. [Workshop: Maximising On Tax Incentives – Kuala Lumpur](#)

<u>Date</u>	<u>Venue</u>
21 June 2011	Hotel Istana, Kuala Lumpur

Time : 9.00 a.m – 5.00 p.m
Speaker : Mr Sivaram Nagappan

Course Content

- Pioneer Status
- Investment Tax Allowances
- Infrastructure Allowance
- Reinvestment Allowances (RA)
- Incentives for Approved Services Projects
- Pre-package incentive on Approved Business
- Double Deductions
- Special Deductions
- Green Technology Financing Scheme (GTFS)
- Promotion of Exports
- Group Relief for Losses
- Accelerated Capital Allowances
- Research and Development
- Operational Headquarters (OHQ)
- Malaysian International Trading Company (MITC)
- Export related incentives
- International Procurement Centre (IPC)
- Regional Distribution Centre (RDC)
- Multimedia Super Corridor (MSC)
- Iskandar Malaysia (IM) and other designated regions
- Latest updates, including updates in the Budget 2011

8 CPD Points

5. [Workshop: Maximising On Tax Incentives – Outstation](#)

<u>Date</u>	<u>Venue</u>
6 July 2011	Hyatt Regency, Kota Kinabalu
7 July 2011	Four Points Sheraton, Kuching
3 August 2011	Traders Hotel, Penang
11 August 2011	Impiana Casuarina, Ipoh
15 August 2011	Renaissance Hotel, Malacca
23 August 2011	Mutiara Hotel, Johor Bahru

Time : 9.00 a.m – 5.00 p.m
Speaker : Mr Sivaram Nagappan

Course Content

- Pioneer Status
- Investment Tax Allowances
- Infrastructure Allowance
- Reinvestment Allowances (RA)
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8 CPD Points

Please visit our website www.ctim.org.my for the latest updates on our events or contact the CPD Secretariat, Ms Fadeah/Ms Yus/Mr Ridzuan at 03-2162 8989 ext 108/113/121/106 for further information. Alternatively, you can email your enquiries to cpd@ctim.org.my

MEMBERSHIP SERVICES

KIND REMINDER FOR OUTSTANDING MEMBERSHIP SUBSCRIPTION

We regret to note from our record that the subscription for some members are still outstanding. We urge you to settle your dues as soon as possible 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.

NOTICE OF OFFICE HOURS ON FRIDAY - 10TH JUNE 2011

We wish to notify members that CTIM'S office will be closed at 3.00 pm as we are preparing for CTIM 20th Anniversary Dinner.

We regret any inconvenience caused.

CHARTERED TAX INSTITUTE OF MALAYSIA IS RECRUITING AN ASSISTANT MANAGER / TECHNICAL MANAGER

The Chartered Tax Institute of Malaysia is inviting suitably qualified candidates to apply for the position in the premier body for tax professionals.

Interested applicants, please click on http://www.ctim.org.my/ectim/Advert_techmgr_Jul10.pdf

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

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