

e-CTIM No.51/2012

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TO ALL MEMBERS

TECHNICAL

IRB's Website Announcement – Clarification on Section 83A

Following the submission by CTIM and a dialogue with the Inland Revenue Board (IRB) on issues relating to Form CP58, the IRB has issued a clarification on Section 83A for the purpose of preparing Form CP58 and Income Tax Return Form for the year 2011.

The issues clarified are as follows:-

1. For companies paying cash and non-cash incentives (based on sales performance, whether or not specified in the contract) to an agent, dealer or distributor, Form CP58 must be furnished to the agent, dealer or distributor not later than **31 May 2012** (for the year 2011). However, the payers are granted exemption from having to furnish Form CP58 in the year 2011 provided that the annual statement (January 2011 to December 2011) issued to the agent, dealer or distributor contains information on both cash and non-cash incentives.

From the year end 31/12/2012 and subsequent years, the payer has to prepare and furnish Form CP58 to an agent, dealer or distributor for cash and non-cash incentives in excess of RM5,000.

2. For **non-cash incentives**, the amount required to be disclosed is the value/actual payment expended by the payer for such incentives. **Items 2a and 2b of Part C** in the Guidance Notes for Filling Form CP58 are hereby **deleted**.
3. The cash and non-cash incentives received by an agent, dealer or distributor are treated as business income. An agent, dealer or distributor is required to report the incentives received for 2011 in the Income Tax Return Form 2011.

The Institute is seeking further clarification on several practical issues and will inform members in due course.

Members may view the [Clarification on Section 83A](#) at www.hasil.gov.my

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