

TECHNICAL

Direct Taxation

GUIDELINES RELATING TO FORM CP58

The Inland Revenue Board (IRB) has issued the following guidelines (in Bahasa Malaysia) on 1 July, 2013 to provide guidance on the duty to submit particulars of payments to agents, dealers and distributors in Form CP58, as required under S.83A of the Income Tax Act 1967 (ITA):

Garis Panduan Berkaitan Tanggungjawab Mengemukakan Butiran Bayaran Kepada Ejen, Pengedar Atau Pengagih Dalam Borang CP58 Bagi Maksud Peruntukan Di bawah Section 83A Akta Cukai Pendapatan 1967 (ACP 1987).

The following are salient points from the Guidelines:

1. *Types of payments*

- Payments to Agents, Dealers and Distributors, whether in monetary or non-monetary form, may represent taxable income of the recipient. Monetary payments are payments in cash, like commission and bonus. Examples of non-cash incentives are perquisites, products of the payer company, and points redemption.

2. *Duties of the payer company*

- The payer company is required to prepare [Form CP58](#) (which can be downloaded from the IRB official website) for all recipients of incentives, but it is only required to provide a copy of the Form to each recipient of more than RM5,000, by 31 March of the following year.
- It is also required to keep the list of particulars of all recipients of incentives for a period of 7 years from the basis year in which the incentive is given.

3. *Application*

- The payer company must submit Form CP58 in the year in which the incentive is given while the recipient has to declare the amounts shown in the CP58 as income in the year the incentive is received. In general, the amount of incentives given is allowed as a deduction to the payer under S33(1) of the ITA.
- The types of incentives to be included, as found in Examples provided in the Guidelines, are listed in the table below:

Example (No.)	Type of incentive
	Cash incentive
1.	Commission paid to agents Note that paragraph 1.3 of the Guidelines refers to "commission and bonus" as examples of cash incentives.
	Non-cash incentives
2.	Tour package to New Zealand for dealers
3.	Same as above (package awarded to Dealer A is passed on to Dealer B as a gift)

4	Sponsorship of seminar for dealers
5	Residential property awarded to a dealer
6	Own product awarded to dealers by company dealing in cosmetics
7	Lucky draw for dealers for the prizes of a house, a car and a computer

- In the following examples, the filing of Form CP58 is not required:

Example (No.)	Type of incentive
	Not to be included as 'incentives'
8	Bulk discount given by a company dealing in health products to a supermarket on the wholesale purchase of health products by the supermarket.
9	Credit rebate given to the supermarket in Example 8 for prompt payment of trade debt.
	Recipient not an 'Agent'
10	Gift of a purse for customers under "Customer get customer" promotion by a company dealing in branded bags.

You may write to the Institute at technical@ctim.org.my or secretariat@ctim.org.my in respect of any concern or comments you may have on the Guidelines.

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