

TECHNICAL

Direct Taxation

DORMANT COMPANIES --- FILING OF INCOME TAX RETURN FORM (ITRF)

As mentioned in our [e-CTIM Tech-DT 24/2014](#) dated 1 April 2014, the IRBM confirmed that a dormant company must still file its income tax return form (ITRF). The IRBM will not issue letter to grant concession to taxpayers relieving them from filing ITRF. In the interests of members and taxpayers, the Institute had written a [letter to the IRBM](#) dated 3 July 2014 requesting that the IRBM grant an administrative concession to dormant companies to comply with the requirement to file ITRFs on a prospective basis from the year of assessment (YA) 2014 onwards.

The IRBM has responded, in a [letter dated 18 August 2014](#), that according to the provisions of section 77A(1), Income Tax Act 1967 (ITA), each company, limited liability partnership, trust body or co-operative society is required to submit a prescribed form for each YA within seven months from the end of the accounting period. Nevertheless, referring to the Institute's letter dated 3 July 2014 in relation to the filing of the ITRF specifically for companies, limited liability partnerships, trust bodies and co-operative societies that are dormant, have ceased operations, have not commenced business operations or have received a letter of exemption from filing the ITRF from IRBM branches, the IRBM agrees as a policy to consider the Institute's proposals as follows:

1. Submission of the ITRF prospectively beginning from YA 2014 (following "case-by-case basis" considerations).
2. Subject to section 107C(4) and section 107C(4A), ITA, submission of estimate of tax payable via Form CP204 is to be undertaken prospectively beginning from YA 2016 for companies, limited liability partnerships, trust bodies or co-operative societies that are dormant.
3. Any letter of exemption from filing the ITRF from IRBM branches is cancelled with effect from the date this letter was signed.
4. Companies, limited liability partnerships, trust bodies or co-operative societies that are dormant do not include those that hold investments such as shares, real properties (including stock-in-trade), fixed deposits.

This consideration is not applicable to companies, limited liability partnerships, trust bodies or co-operative societies that are in operation but did not submit the ITRF for prior years. Any companies, limited liability partnerships, trust bodies or co-operative societies that are found to be submitting incorrect information are subject to the provisions of [sections 113](#) and [114](#), ITA.

Members can refer to the [Institute's letter](#) and the [IRBM's letter](#) at the website of the Institute.

The Institute will inform members if there are any developments.

You may write to the Institute at technical@ctim.org.my or secretariat@ctim.org.my in respect of any suggestions, concern or comments you may have on the above document so that we may raise them to the IRBM.

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