
TECHNICAL

Direct Taxation

LHDNM MEDIA RELEASE - CLARIFICATION ON INCOME TAX TREATMENT FOR ONLINE BUSINESSES

In their [Media Release](#) dated 23 May 2016, the Inland Revenue Board of Malaysia (LHDNM) drew attention to the tax issues of online businesses which had been the subject of much discussion. The LHDNM clarified that there is no special income tax treatment for online businesses in Malaysia. The LHDNM has taken the position that the income tax treatment for online businesses is the same as the income tax treatment for offline/conventional businesses.

For online businesses carried out by individuals, the income tax rate is based on scaled rates from 0% to 28% (year of assessment 2016 onwards). As for online businesses carried out by companies, the income tax rates are 19% and/or 24% (year of assessment 2016 onwards).

The LHDNM has issued the [Guidelines on Taxation of Electronic Commerce](#) in 2013 (reported in our [e-CTIM TECH 33/2013](#) dated 13 March 2013) on the income tax treatment in respect of electronic commerce. In addition to that, the LHDNM has also published a [tax brochure on e-Commerce](#) annually for the public's reference in conducting their tax affairs.

The LHDNM advises all online traders to register their businesses with the relevant agencies, to register an income tax file with the LHDNM and to keep all their business documents. The income from online businesses is required to be declared in the Income Tax Return Form (ITRF) and income tax ascertained is required to be paid to the LHDNM every year.

For more information, please visit the Official Portal of the LHDNM at www.hasil.gov.my or call the LHDNM Customer Service Centre at 1-800-88-5436 or raise matters via the LHDNM feedback form at <http://maklumbalas.hasil.gov.my/>.

Members may read the Media Release in full at the websites of the [Institute](#) and the [LHDNM](#).

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