

13 July 2015

By Email & Fax

En Mahmood B. Daud
Director, Tax Operation Department
Headquarters Inland Revenue Board of Malaysia
Level 12, Menara Hasil
Persiaran Rimba Permai
Cyber 8, 63000 Cyberjaya
Selangor
Fax No.: 03-8313 7853

Dear En. Mahmood,

REQUIREMENT IN THE YEAR OF ASSESSMENT 2015 INCOME TAX RETURN FORM FOR COMPANIES (FORM C) TO PROVIDE THE DATE OF COMMENCEMENT OF OPERATIONS

We refer to a newly added item, Item VII (Date of commencement of operations) in the year of assessment (YA) 2015 Form C.

1. The Inland Revenue Board of Malaysia (LHDNM), in its email dated 28 April 2015 to the Institute (a copy is attached for your reference), clarified the following in respect of the said Item VII:
 - This item is applicable to all companies irrespective of whether the company commences operations in the basis period for the current YA or prior to that.
 - This item can be left blank in the case of companies which have not commenced operations.
 - Companies which have ceased operations are still required to enter in this item, the date when they first commenced operations.

We also understand from the LHDNM that the requirement to complete the said Item VII is for record purposes so that the LHDNM's records are up to date.

2. The Institute has received feedback/comments from its members that it is onerous to comply with the requirement to complete the said Item VII due to the following reasons:
 - Existing companies which have been in business for many years are unlikely to keep records (including the date of commencement of operations) for more than seven years in accordance with the requirement for keeping records under the relevant legislations such as Section 82 of the Income Tax Act 1967 and Section 167 of the Companies Act 1965.

- It would be time consuming to extract the required information for existing companies in business, especially large groups of such companies.
3. In view of the above, the Institute would like to propose the following suggestions for the LHDNM's consideration:
 - a) Apply the requirement to complete the said Item VII only for companies that commenced operations from YA 2015 onwards; or
 - b) For companies which had been in operations for more than 3 years, complete the said Item VII with the date of incorporation.
 4. The Institute would also like to inquire which date is to be specified in the said Item VII for a company that has different types of businesses which commenced on different dates.
 5. On another matter, the Institute would like to seek clarification from the LHDNM on the meaning of "related companies" for the purpose of completing Part N (Transaction between Related Companies) in the YA 2015 Form C. In this respect, the Institute would like to inquire whether it is acceptable to adopt the definition of "related companies" as provided in Section 6 of the Companies Act 1965 which states:

"Section 6. When corporations deemed to be related to each other.

Where a corporation—

(a) is the holding company of another corporation;

(b) is a subsidiary of another corporation; or

(c) is a subsidiary of the holding company of another corporation,

that first-mentioned corporation and that other corporation shall for the purposes of this Act be deemed to be related to each other."

We would like to thank you for your kind consideration of the matters raised above and we look forward to your favourable response.

Yours sincerely,

CHARTERED TAX INSTITUTE OF MALAYSIA



Aruljothi Kanagaretnam
President

AK/pwk/tvk

Enclosure:

1. The LHDNM's email dated 28 April 2015 to the Institute.

cc:

YBhg. Datuk Sabin B. Samitah
Deputy Chief Executive Officer (Tax Operation)
Headquarters Inland Revenue Board of Malaysia
Level 18, Menara Hasil
Persiaran Rimba Permai
Cyber 8, 63000 Cyberjaya
Selangor
Fax No.: 03-8313 7805

From: SGE
Sent: Tuesday, 28 April, 2015 11:47 AM
To: TVK
Cc: MNA; NAM; MNM; HAT; SI
Subject: RE: Request for clarification on Item VII in the YA 2015 Form C

Dear Sir,

Your e-mail dated 27th April 2015 has reference.

Questions:

- Whether this item is only meant for a company which commenced operations during the current basis period;
- Whether for existing companies which had commenced operations prior to YA 2015, this item may be left blank.

Answer:

This item is applicable to all companies irrespective of whether the company commences operations in the basis period for the current Year of Assessment or prior to that.

Question:

- Whether for dormant companies (including companies which have not commenced operations or which have ceased operations), this item may be left blank.

Answer:

This item can be left blank in the case of companies which have not commenced operations. Companies which have ceased operations are still required to enter in this item, the date when they first commenced operations.

Please note that companies are not considered dormant if they have ceased business operations but still own shares, fixed deposits, real properties, and other similar assets or investments.

Thank you.

SGE

PEGAWAI EKSEKUTIF | JABATAN OPERASI CUKAI | LEMBAGA HASIL DALAM NEGERI MALAYSIA

☎ : 03-8313 8888 | 📠 : 03-83137854

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🌐 : <http://www.hasil.gov.my>

ANDALAH WIRA NEGARA!

HASiL Teman Keceriaan Anda

From: TVK
Sent: Monday, 27 April, 2015 9:37 AM
To: MNA
Cc: MNM; PWK; SSY; PTS; LKS; SY; TK
Subject: Request for clarification on Item VII in the YA 2015 Form C

Dear En MNA,

Greetings!

We refer to a newly added item, Item VII (Date of commencement of operations) in the year of assessment (YA) 2015 Form C. In this respect, we would like to seek clarification on the following:

- Whether this item is only meant for a company which commenced operations during the current basis period;
- Whether for existing companies which had commenced operations prior to YA 2015, this item may be left blank; and
- Whether for dormant companies (including companies which have not commenced operations or which have ceased operations), this item may be left blank.

Your early response to the above-mentioned request is very much appreciated so that our members are clear on the requirements to complete Item VII in the YA 2015 Form C.

Thank you.

Regards,

TVK
Senior Manager, Technical and Public Practice Department

Chartered Tax Institute of Malaysia (225750-T)

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