

**MIA QUALIFYING EXAMINATION
STUDY GUIDE**

TAXATION

NO	CONTENT	LEVEL OF KNOWLEDGE
1.0	GENERAL INTRODUCTION	
1.1	<p>An Introduction to the Malaysian Tax System</p> <ul style="list-style-type: none"> ○ Maxims of taxation ○ Scope of income tax ○ Territorial basis ○ Derived and remittance basis ○ World income basis - Objectives and significance of taxation - Type of direct taxes <ul style="list-style-type: none"> ○ Income Tax ○ Real Property Gains Tax - Type of indirect taxes <ul style="list-style-type: none"> ○ Goods and Services Tax - Basis year, basis period and year of assessment - Tax rates and tax assessment system <ul style="list-style-type: none"> ○ Scale rates ○ Flat rate ○ Self-assessment system 	A
1.2	<p>Tax Administration – Assessment and Collection</p> <ul style="list-style-type: none"> - Organisational structure of Inland Revenue Board <ul style="list-style-type: none"> ○ Power and authority of the Director General of the Inland Revenue Board - Types of return forms <ul style="list-style-type: none"> ○ EA, EC, B, BE, M, C, C1, P, E TF, TP and TJ - Filing of tax returns and collection of taxes <ul style="list-style-type: none"> ○ Due date, payment of taxes and penalties - Self- assessment system <ul style="list-style-type: none"> ○ Features of self-assessment ○ Individuals ○ Companies ○ Partnerships and others - Right of appeal against an assessment <ul style="list-style-type: none"> ○ Filing of forms (Form Q) ○ Procedures in an appeal ○ Time limit for appeal - Responsibility of taxpayers and employers 	A

	<ul style="list-style-type: none"> ○ Submission of return ○ Payment of tax liability ○ Schedular Tax Deduction (STD) - Tax audits and tax investigations <ul style="list-style-type: none"> ○ Meaning of a tax audit and a tax investigation ○ Differences between tax audits and tax investigations 	
1.3	<p>Basis of Assessment</p> <ul style="list-style-type: none"> - Commencement of business, determination of basis period, change of accounting date, cessation of business - Effect of changes of accounting date on a going concern business - Basis periods and change of accounting date 	A
2.0	<p>PRINCIPLES OF TAXATION</p> <ul style="list-style-type: none"> - Distinction between trade and non-trade activities <ul style="list-style-type: none"> ○ Definition of business, profession, vocation and adventure in the nature of trade ○ Badges of trade - Revenue and capital receipts <ul style="list-style-type: none"> ○ Distinction between revenue and capital receipts - Format of arriving at chargeable income <ul style="list-style-type: none"> ○ Adjusted income ○ Statutory income ○ Aggregate income ○ Total income ○ Chargeable income 	A
3.0 3.1	<p>PERSONAL TAXATION</p> <p>Scope of charge and residence status</p> <ul style="list-style-type: none"> - Scope of charge <ul style="list-style-type: none"> ○ Accrual ○ Derivation ○ Receivable ○ Remittance - Determination of residence status <ul style="list-style-type: none"> ○ Section 7 (1) (a) to (d) ○ Meaning of temporary absence ○ Importance of determination of residence status ○ Advantages and disadvantages of being a resident individual 	A
3.2	<p>Employment Income</p> <ul style="list-style-type: none"> - Definition of employment <ul style="list-style-type: none"> ○ Master and servant relationship ○ Distinction between employment and profession 	A

	<ul style="list-style-type: none"> - Basis of assessment <ul style="list-style-type: none"> o Calendar year basis - Allowable deductions <ul style="list-style-type: none"> o Section 33, 34, etc. o Wholly and exclusively incurred - What constitutes gross income <ul style="list-style-type: none"> o Section 13(1)(a) – cash items o Section 13(1)(b) – benefit-in kind o Section 13(1)(c) – living accommodation provided by employer o Section 13(1)(d) – contributions to unapproved funds o Section 13(1)(e) – compensation for loss of employment o Inland Revenue Board Public Rulings - Exemptions <ul style="list-style-type: none"> o Gratuity o Dental treatment o Medical expenses o Leave passage (domestic and overseas) o Compensation for loss of employment o Others 	
<p>3.3</p>	<p>Non-Business Sources of Income</p> <ul style="list-style-type: none"> - Dividend income <ul style="list-style-type: none"> o Exemption under the Single-Tier-System o Sources of dividend income (Malaysian and foreign derived income) o Basis of assessment o Treatment of foreign dividends received o Deductible expenses attributable to exempt dividends - Interest income and Discounts <ul style="list-style-type: none"> o Source of interest income and discounts o Withholding tax on non-residents o Taxable interest and exempt interest o Tax at source o Basis of assessment o Deductible expenses - Rental and Premium income <ul style="list-style-type: none"> o Gross and adjusted income from rental/premiums o Exemptions o Basis of assessment - Royalty income <ul style="list-style-type: none"> o Adjusted income o Sources of royalty income o Exemptions under Schedule 6 o Basis of assessment 	<p>A</p>

	<ul style="list-style-type: none"> - Pensions, annuities and other periodical payments <ul style="list-style-type: none"> o Sources of income o Basis of assessment o Adjusted income o Exemptions available - Other income subject to income tax 	
3.4	<p>Computation of tax liability</p> <ul style="list-style-type: none"> - Reliefs <ul style="list-style-type: none"> o Types of reliefs o Conditions for claiming reliefs - Rebates <ul style="list-style-type: none"> o Types of rebates o Conditions for claiming rebates - Computation of chargeable income <ul style="list-style-type: none"> o Application of the tax rates for resident and non-resident individuals o Computation of the tax liability of individual taxpayers 	A
4.0	<p>DECEASED PERSONS, ESTATES AND TRUST BODIES</p> <p>(i) Estate under Administration</p> <p>Domiciled status</p> <ul style="list-style-type: none"> o The tax treatment of a deceased individual o Income during period of administration o Basis of apportionment for income o Deceased individual o Executor o Computation of chargeable income <p>(ii) Trust Bodies</p> <ul style="list-style-type: none"> o Resident status of a trust o Types of trust <ul style="list-style-type: none"> - Discretionary trust - Non-discretionary trust - Mixed trust - Trust for accumulation - Computation of total income of a trust body - Distributable income and total income <ul style="list-style-type: none"> o Tax rates - Taxation of beneficiaries under a trust <ul style="list-style-type: none"> o Income of beneficiary –period of administration o Single beneficiary o Several beneficiaries o Section 110(8) set-off <p>(iii) Settlement</p> <ul style="list-style-type: none"> o Settlor o Settlement by court order 	B

	<ul style="list-style-type: none"> ○ Income of settlor ○ Revocable settlement ○ Deemed income of settlor 	
5.0	<p>5A PARTNERSHIPS</p> <ul style="list-style-type: none"> - Definition of partnership <ul style="list-style-type: none"> ○ Partnership agreement ○ Types of partners - Factors in determining the existence of a partnership <ul style="list-style-type: none"> ○ Sharing of profits and losses ○ Contribution of capital ○ Sharing of skills and responsibilities - Computation of total income of partners <ul style="list-style-type: none"> ○ Provisional adjusted income ○ Provisional adjusted loss ○ Capital allowances ○ Divisible income ○ Non-business income ○ Other matters <p>5B LIMITED LIABILITY PARTNERSHIPS (LLP)</p> <ul style="list-style-type: none"> - Definition of Limited Liability Partnership <ul style="list-style-type: none"> ○ Distinction Between A Limited Liability Partnership, A Partnership And A Company - Tax Treatment of A Limited Liability Partnership <ul style="list-style-type: none"> ○ Imposition of Tax ○ Tax rate ○ Restrictions on partner's salary deduction ○ Tax Treatment of Partners of A Limited Liability Partnership ○ Incorporation expenses ○ Losses and capital allowances – including conversion of company to a LLP or from partnership to LLP ○ Special allowances for small value assets ○ Distribution of profits to partners ○ Submission of estimate of tax payable - Computation of chargeable income and income tax liability - Other matters <ul style="list-style-type: none"> ○ Submission of tax estimates and returns ○ Treatment of foreign source income and claim for unilateral and bilateral credits 	B
6.0	<p>BUSINESS AND CORPORATE TAXATION</p> <ul style="list-style-type: none"> - Determination of the residence status of a company <ul style="list-style-type: none"> ○ Section 8 	A

	<ul style="list-style-type: none"> ○ Meaning of management and control ○ Board of Directors meetings - Expenditure <ul style="list-style-type: none"> ○ Allowable ○ Non-allowable ○ Specific deductions ○ Double deductions - Incorporation expenses <ul style="list-style-type: none"> ○ Paid-up capital more than RM2.5 million ○ Paid-up capital of not more than RM2.5 million - Computation of chargeable income <ul style="list-style-type: none"> ○ Adjusted income ○ Statutory income ○ Aggregate income ○ Total income and Chargeable income - Computation of tax liability <ul style="list-style-type: none"> ○ Application of the tax rates (including concession rates) - Single-tier system <ul style="list-style-type: none"> ○ Tax implications on dividend distribution 	
7.0	RELIEF ON CAPITAL EXPENDITURE	
7.1	Capital Allowance on Plant, Machinery and Industrial Buildings <ul style="list-style-type: none"> - Plant and Machinery <ul style="list-style-type: none"> ○ Definition of Plant and Machinery ○ Definition of Qualifying Plant Expenditure ○ Type of capital allowances – Initial allowance, Annual allowance, Notional allowance - Conditions for claiming capital allowances <ul style="list-style-type: none"> ○ New Plant and Machinery ○ Used Plant and Machinery (Para 2A and 2C) - Rate of capital allowance <ul style="list-style-type: none"> ○ Initial allowance ○ Annual allowance ○ Computation of residual expenditure - Motor vehicle as plant and machinery <ul style="list-style-type: none"> ○ Licensed as commercial vehicles ○ Licensed as non-commercial vehicles ○ Restriction of qualifying expenditure - Methods of acquisition <ul style="list-style-type: none"> ○ Cash ○ Hire-purchase ○ Lease - Balancing adjustments <ul style="list-style-type: none"> ○ Computation of balancing charge 	B

	<ul style="list-style-type: none"> ○ Computation of balancing allowance - Disposal of assets <ul style="list-style-type: none"> ○ Disposal within two years of acquisition ○ Disposal after two years of acquisition - Controlled Transfers <ul style="list-style-type: none"> ○ Meaning of controlled transfer ○ Conditions for application of controlled transfer rules ○ Computation of capital allowances ○ The effect of controlled transfers - Industrial Building <ul style="list-style-type: none"> ○ Definition of an industrial building ○ Buildings deemed as industrial buildings ○ Definition of qualifying building expenditure ○ Type of capital allowances - Conditions for claiming capital allowances <ul style="list-style-type: none"> ○ Constructed building ○ Purchased building - Balancing adjustments <ul style="list-style-type: none"> ○ Computation of balancing charge ○ Computation of balancing allowance - Disposal of assets <ul style="list-style-type: none"> ○ Disposal within two years of acquisition ○ Disposal after two years of acquisition 	
7.2	<p>Agriculture/ Forest Allowances and charges</p> <ul style="list-style-type: none"> - Meaning of qualifying expenditure <ul style="list-style-type: none"> ○ Agriculture allowance ○ Forest allowance ○ Computation of allowances and charges - Meaning of disposals <ul style="list-style-type: none"> ○ Disposal less than 5 years ○ Disposal more than 5 years ○ Agriculture charges ○ Forest charges ○ Spreading back of charges 	B
8.0	<p>INVESTMENT INCENTIVES</p> <p>(i) INCENTIVES UNDER THE PROMOTION OF INVESTMENTS ACT, 1986</p> <ul style="list-style-type: none"> - Pioneer status - Investment tax allowance <p>(ii) INCENTIVES UNDER THE INCOME TAX ACT 1967</p> <ul style="list-style-type: none"> - Reinvestment allowance - Double deductions - Acquisition of proprietary rights 	B

	<ul style="list-style-type: none"> - Promotion for exports - Group relief <p>(iii) Labuan International Financial Centre</p> <ul style="list-style-type: none"> - Trading and non-trading activities - Tax rates - Exemptions 	
9.0	<p>WITHHOLDING TAX</p> <ul style="list-style-type: none"> - The scope of withholding taxes <ul style="list-style-type: none"> o Types of income (royalty, special classes of income, interest, contract payments and public entertainer and other income) o Withholdings tax rates o Derivation - Responsibilities of the payer <ul style="list-style-type: none"> o Time limit for the payment of withholding tax o Penalties for non-compliance - Exemptions available <ul style="list-style-type: none"> o Conditions to be fulfilled o Type of income affected 	B
10.0	<p>INDIRECT TAXES (GOODS AND SERVICES TAX)</p> <ul style="list-style-type: none"> o Scope of charge o Standard Rate and Zero Rate and Exempt Supplies o Deemed Supplies o Time of Supply o Types of Registrations o Input tax and Output tax o Types of Tax Invoices o Taxable periods and filing of returns o Penalties o Appeals 	B
11.0	<p>CROSS BORDER ACTIVITIES</p> <ul style="list-style-type: none"> - The objectives of double taxation agreements <ul style="list-style-type: none"> o Reducing the burden of double taxation o Double taxation agreements i.e. main articles in such agreements o The standard format of a double taxation agreement - 'Trading in' or 'Trading with' Malaysia – distinction and effect - Permanent Establishment and other Aspects <ul style="list-style-type: none"> o Meaning of permanent establishment o Deemed permanent establishment 	B

	<ul style="list-style-type: none"> ○ Taxation of employees and exemptions ○ Conflict between domestic tax legislation and double taxation agreement - Conditions for double tax reliefs <ul style="list-style-type: none"> ○ Bilateral relief – Section 132 ○ Unilateral relief – Section 133 	
12.0	<p>SPECIALIZED INDUSTRIES</p> <ul style="list-style-type: none"> (i) Sea and air transport (ii) Unit trust – including Reinvestment Estate Investment Trust (REIT) (iii) Hire and hire purchase trading (iv) Leasing business (v) Investment holding company - Listed and Not listed (vi) Trade association (vii) Charitable institutions and concept of mutuality (viii) Co-operative societies (ix) Club (x) Insurance (xi) Bank 	B
13.0	<p>REAL PROPERTY GAINS TAX (RPGT)</p> <ul style="list-style-type: none"> - Taxation of RPGT gains - Definitions - Chargeable person - Exemptions - Gifts - No-gain no-loss situations - Disposal within 5 years from date of acquisition - Exemption order - Chargeable gains - RPGT rates - Acquisition price - Disposal price - Date of disposal and acquisition - Administration of RPGT - Submission of returns - RPGT forms 	B
14.0	<p>TAX PLANNING</p> <ul style="list-style-type: none"> - Objectives of tax planning <ul style="list-style-type: none"> ○ Minimising tax burden ○ Maximising the benefits available - Tax evasion versus Tax avoidance <ul style="list-style-type: none"> ○ Anti-avoidance provisions 	B

	<ul style="list-style-type: none">- The significance of corporate structure<ul style="list-style-type: none">o The single tier system- Disposal of business operations- Transfer of real properties- Brief overview of real property company and stamp duty implications on transfer / disposal- Remuneration packages<ul style="list-style-type: none">o Payment of cash allowanceso Benefits -in-kindo Share option and share option schemeso Compensation for loss of employmento Retirement gratuityo Design of remuneration packages- Employment versus self-employed<ul style="list-style-type: none">o Basis of assessmento Scope of charge	
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