

TAXATION

INTRODUCTION

This course is designed to develop an understanding among candidates of the concepts and principles of personal, business and corporate income taxation, taxation of specialised entities, withholding taxes, etc. Besides these, legislation relating to real property gains tax and investment incentives will also be covered.

Candidates are expected to display an understanding of the impact of all major taxes on the transactions of individuals, companies and special undertakings and be able to identify and discuss the tax issues in a particular situation as well as planning opportunities.

OBJECTIVE

To equip candidates with the knowledge and understanding of the concepts, principles and current tax practices in Malaysia as well as the ability to solve practical problems and to be familiar with aspects of other relevant legislation.

LEARNING OUTCOMES

Upon successfully completing the course, candidates should be able to:

- Explain how the Malaysian Tax System operates.
- Determine the taxability of receipts and deductibility of expenses in accordance with the tax legislation.
- Prepare the computation of tax liability for individuals, companies, trusts, partnerships, limited liability partnerships, estates, clubs, co-operative societies and other specialised businesses.
- Explain the major tax incentives available to tax payers and investors.
- Prepare computations of and advice individuals and companies on issues relating to real property gains tax.
- Explain the application of exemptions and reliefs and advise tax payers accordingly.

SYLLABUS WEIGHTAGE

No	Syllabus Content Area	Weighting
1.0 2.0	General Introduction Principles of Taxation	15%
3.0 4.0 5.0	Personal Taxation Deceased persons, Estate and Trust Bodies Partnerships / Limited Liability Partnerships (LLP)	20%
6.0 7.0	Business / Corporate Taxation Relief on capital expenditure	25%
8.0 9.0 10.0 11.0	Investment Incentives Withholding Taxes Indirect Taxes (Goods and Services Tax) Cross Border Activities	20%
12.0 13.0 14.0	Specialised Industries Real Property Gains Tax Tax Planning	20%
	Total	100%

ASSESSMENT

Workshop	40%
Examination	60%
Total	100%

FINAL EXAMINATION FORMAT

A 3-hour written paper comprising 5 to 6 compulsory questions.

SYLLABUS CONTENT

NO	CONTENT	LEVEL OF KNOWLEDGE
1.0 1.1	GENERAL INTRODUCTION An Introduction to the Malaysian Tax System <ul style="list-style-type: none"> - Objectives of taxation - Direct and Indirect taxes - Basis of charge/ what is taxable/ who is taxable - Basis period/ Basis year/ Year of assessment - Tax rates 	A
1.2	Tax Administration – Assessment and Collection <ul style="list-style-type: none"> - Organisational structure - Power and authority of the Director General of the Inland Revenue Board - Filing of tax returns and collection of taxes - Self- assessment system - Appeals - Responsibility of taxpayers and employers - Tax audits and tax investigations 	A
1.3	Basis of Assessment – Commencement, Cessation and Change of Accounting Dates <ul style="list-style-type: none"> - Basis periods - Commencement and cessation of operations - Change of accounting dates 	A
2.0	PRINCIPLES OF TAXATION <ul style="list-style-type: none"> - Distinction between trade and non-trade activities - Distinction between revenue and capital receipts and its assessability. - Distinction between revenue and capital expenditure and its deductibility. - Format of arriving at chargeable income 	A
3.0 3.1	PERSONAL TAXATION Scope of charge and residence status <ul style="list-style-type: none"> - Scope of charge - Importance and determination of residence status 	A
3.2	Employment Income <ul style="list-style-type: none"> - Definition of employment / Derivation - Distinction between employment and profession - Gross employment income - Treatment of benefits - Adjusted income - Basis Period 	A

	- Exemptions	
3.3	Non-Business Sources of Income Dividend, interest, discounts, rent, premiums, royalty and other income sources <ul style="list-style-type: none"> - Derivation - Basis periods - Exemptions - Adjusted income - Statutory income 	A
3.4	Computation of tax liability <ul style="list-style-type: none"> - Determination of aggregate income - Determination of total income - Personal reliefs - Determination of chargeable income - Tax rates - Rebates - Determination of income tax payable/repayable 	A
4.0	DECEASED PERSONS, ESTATE AND TRUST BODIES <ul style="list-style-type: none"> - Basis periods - Computation of chargeable income of a deceased individual, and estate under administration - Types of trusts - Taxation of trust bodies - Computation of chargeable income of trust bodies - Tax rates 	B
5.0	5A PARTNERSHIPS <ul style="list-style-type: none"> - Existence of a partnership - Calculation of provisional adjusted income - Divisible income and adjusted income of partners - Changes in partnership accounting dates 5B LIMITED LIABILITY PARTNERSHIPS (LLP) <ul style="list-style-type: none"> - Tax treatment of LLP and for Partners in a LLP 	B
6.0	BUSINESS/ CORPORATE TAXATION <ul style="list-style-type: none"> - Business source - Adjusted income - Statutory income - Calculation of chargeable income - Tax rates - Single-tier system 	A

7.0	RELIEF ON CAPITAL EXPENDITURE	
7.1	Capital Allowance on Plant, Machinery and Industrial Buildings <ul style="list-style-type: none"> - Definition of Plant, Machinery and Industrial buildings - Qualifying expenditure - Eligibility for capital allowances - Date when the expenditure is incurred - Types of allowances - Residual expenditure - Plant and machinery bought on hire purchase - Disposals - Controlled transfers 	B
7.2	Agriculture/ Forest Allowances <ul style="list-style-type: none"> - Qualifying agricultural expenditure - Computation of agricultural allowances and charges - Qualifying forest expenditure - Computation of forest allowances and charges 	B
8.0	INVESTMENT INCENTIVES	
8.1	Incentives under Promotion of Investments Act 1986 <ul style="list-style-type: none"> - Pioneer status - Investment Tax Allowance - Export incentives 	B
8.2	Incentives under Income Tax Act 1967 <ul style="list-style-type: none"> - Reinvestment Allowance - Special and Double Deductions - Acquisition of proprietary rights - Group relief - Promotion of exports 	B
8.3	Labuan International Financial Centre <ul style="list-style-type: none"> - Trading and non-trading activities - Tax rates - Exemptions 	B
9.0	WITHHOLDING TAXES <ul style="list-style-type: none"> - Types of income - Derivation - Exemptions - Rate of tax - Penalties for non-compliance 	B

10.0	INDIRECT TAXES (GOODS AND SERVICES TAX) <ul style="list-style-type: none"> - Scope of charge - Standard Rate and Zero Rate and Exempt Supplies - Deemed Supplies - Time of Supply - Types of Registrations - Input tax and Output tax - Types of Tax Invoices - Taxable periods and filing of returns - Penalties - Appeals 	B
11.0	CROSS BORDER ACTIVITIES <ul style="list-style-type: none"> - Double taxation agreements i.e. main articles in such agreements - Meaning of Permanent Establishment - Taxation of employees and exemptions - Withholding taxes - Trading in/ with Malaysia - Double tax relief 	B
12.0	SPECIALISED INDUSTRIES <ul style="list-style-type: none"> - Basis periods - Calculation of chargeable income - Calculation of income tax payable - Exemptions <p>This includes</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	REAL PROPERTY GAINS TAX <ul style="list-style-type: none"> - Basic principles - Definition of real property - Determination of acquisition and disposal price and date of disposal - Chargeable gain - Allowable loss 	B

	<ul style="list-style-type: none"> - Circumstances where disposal price equals acquisition price - Exemptions including inter-company transfers - Returns and Assessment 	
14.0	<p>TAX PLANNING</p> <ul style="list-style-type: none"> - Anti-avoidance provisions - Corporate structure and dividend flows - Disposal of business operations - Transfer of real properties - Brief overview of real property company and stamp duty implications on transfer / disposal - Employment versus Self- employment - Remuneration packages 	B

TEXTS AND REFERENCES

Main Text

1. MIA QE Study Text

Recommended References

1. Jeyapalan Kasipillai, A Guide to Malaysian Taxation: McGraw Hill
2. Jeyapalan Kasipillai, A Guide to Advanced Malaysian Taxation: McGraw Hill
3. Veerinderjeet Singh, Malaysian Taxation: Administrative and Technical Aspects, Malaysia: Pearson
4. Malaysian Master Tax Guide: CCH
5. Choong Kwai Fatt, Malaysian Taxation, Principles and Practice, Malaysia: Infoworld
6. Choong Kwai Fatt, Advanced Malaysian Taxation: Principles and Practice, Malaysia: Infoworld
7. Richard Thornton and Thenesh Kannaa, Malaysia Master GST Guide: CCH

Legislation, Regulations and Rulings

1. Income Tax Act 1967
2. Real Property Gains Tax Act 1976
3. Promotion of Investments Act 1986
4. Labuan Business Activities Tax Act 1990
5. Goods and Services Tax Act 2014
6. Income Tax (Capital Allowance and Charges) Rules 1969
7. Income Tax Leasing Regulations 1986
8. Various orders/rules made under the Income Tax Act 1967
9. Double Taxation Agreements
10. Public Rulings and Guidelines issued by the Inland Revenue Board

11. Guides and other decisions/rules issued by Royal Malaysian Customs Department

** Candidates are to refer to the latest edition of texts, references and materials.*

Note:

Legislation

Questions involving knowledge of legislation will be based on Malaysian legislation and candidates are expected to have knowledge of any current changes in legislation. However, no questions on new legislation will be set until at least six (6) months have elapsed since the last day of the month in which Royal Assent was given to the new legislation or from the time the particular order is gazetted.