

12.0 MALAYSIAN TAXATION II (3 HOURS)

AIM: *To examine the candidate's broad understanding of the advanced aspects of the Malaysian Tax. This covers knowledge about the computation of income tax liability for company and other entities, incentives and allowances, tax treaties, real property gains tax, stamp duty, tax planning, tax audit and investigation, and indirect taxes such as customs duties, and sales and service tax.*

Learning Outcomes:

Upon completion of this subject, the students should be able to:

- *Prepare tax computations for companies and other entities such as clubs, trade association, societies and specialised industries including indirect taxes;*
- *Propose advice on investment incentives, tax planning and tax efficiency to individuals and companies;*
- *Describe and explain the process of tax audit and investigation;*
- *Demonstrate a sound understanding of the basis, scope and administration of indirect taxes and computation of the Sales and Services Tax.*

SYLLABUS

12.1 Taxation of Companies

Principles of current year assessment and collection of tax; computation of income and treatment of losses; capital allowances and deductions; self-assessment system; income arising from abroad e.g. profits, dividends, interest and royalties including relief for foreign tax paid on such income; withholding tax.

12.2 Taxation of Trade Associations, Clubs, Societies and Specialised Industries

Taxation of trade associations and clubs; sea and air transport undertakings, banks, insurance companies; unit trusts, investment holding companies; co-operative societies, trusts and settlements; mining companies, agriculture industry, timber industry; leasing companies and property developers.

12.3 Investment Incentives

Principles and scope of investment incentives under the Income Tax Act, 1967 and the Promotion of Investments Act, 1986, including Multimedia Super Corridor and Venture Capital incentives.

12.4 Taxation Treaties

Computation of double taxation relief including the principles of avoidance of double taxation agreements.

12.5 Tax Planning

The relevance of knowledge of income tax for management decision making and identifying opportunities for corporate tax planning; utilization of investment incentives; tax avoidance principles; restructuring of business operations; tax planning for individuals on remuneration packages; anti-avoidance provisions; utilization of unabsorbed losses and capital allowances.

12.6 Tax Audit and Investigation

Tax compliance strategies, process of tax audit, categories of tax audit, distinction between tax audit and investigation, tax avoidance and tax evasion.

Objects of tax investigation and the procedures in a tax investigation; indicators of fraud and decision to investigate; period of investigation, methods of computing omitted income, negotiation for settlement, termination of investigation and issuance of composite assessment.

12.7 Real Property Gains Tax

Principle, scope, administration and computation of RPGT, including the taxation of RPC shares transaction.

12.8 Sales and Service Tax (SST)

Basis, scope, administration and computation of the Sales Tax and Service Tax (SST); the powers of the Royal Malaysian Customs Department.

12.9 Indirect Taxes

Stamp duty; Customs duties such as Import, Export and Excise duties.

RECOMMENDED READING TEXTS

- 1.0 Thorton, R. & Kanna, T., (2017), *Malaysia Master GST Guide 2017*, (3rd edition), Kuala Lumpur: CCH Asia Pte Limited.
- 2.0 Choong Kwai Fatt, (2018), *Advanced Malaysian Taxation* (Principles & Practice), (19th edition) Kuala Lumpur: Infoworld.
- 3.0 CCH Tax Editors (2018), *Malaysian Master Tax Guide* (35th edition), Kuala Lumpur: CCH Asia Pte Limited.
- 4.0 The Chartered Taxation Institute of Malaysia, Malaysian Institute of Accountants and The Malaysian Institute of Certified Public Accountants, *Budget Commentary & Tax Information* (annually).
- 5.0 The Chartered Taxation Institute of Malaysia, *Tax Guardian* (quarterly).
- 6.0 The Malaysian Institute of Accountants, *Accountants Today* (monthly).

Main Legislation:

1. Income Tax Act 1967 and subsidiary legislations
2. Promotion of Investments Act, 1986
3. Real Property Gains Tax Act, 1976
4. Stamp Act, 1949
5. Public Rulings and Technical Guidelines, Inland Revenue Board
6. Goods and Services Tax (Repeal) Act 2018 (Act 805)
7. Sales Tax Act 2018 (Act 806)
8. Sales Tax Regulations 2018
9. Sales Tax (Customs Ruling) Regulations 2018
10. Service Tax Act 2018 (Act 807)
11. Service Tax (Rate of Tax) Order 2018
12. Service Tax (Customs Ruling) Regulations 2018

INFORMATIVE WEBSITE

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| 1. http://www.hasil.gov.my/ | - Lembaga Hasil Dalam Negri Malaysia |
| 2. http://www.customs.gov.my/ | - Royal Malaysian Customs Department |
| 3. http://www.macs.org.my/ | - Malaysian Association of Company Secretaries |
| 4. http://www.masb.org.my/ | - Malaysian Accounting Standards Board |
| 5. http://www.mia.org.my/ | - Malaysian Institute of Accountants |