

26 August 2014 | Issue 17-2014

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tax return forms and forms
CP 204 for dormant
companies

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(Delivery System of Inland
Revenue) meeting



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Requirement to file income tax return forms and forms CP 204 for dormant companies

The Chartered Tax Institute of Malaysia (“CTIM”) had written to the Inland Revenue Board (“IRB”) on 3 July 2014 to request that the IRB grants dormant companies the following administrative concessions:

- to file income tax return forms (“ITRF”) on a prospective basis from year of assessment (“YA”) 2014, and
- to submit estimates of tax via Form CP204 on a prospective basis from YA 2015.

The IRB has issued a written reply dated 18 August 2014 to confirm the following for companies, limited liability partnerships, trust bodies and co-operatives which are dormant:

1. The ITRF is to be submitted on a prospective basis commencing from YA 2014 (on a case-by-case basis).
2. Submission of the estimate of tax via Form CP204 is to be made on a prospective basis from YA 2016.
3. Any letter issued by various IRB branches exempting the submission of ITRFs is cancelled with effect from the date of the IRB’s reply (i.e. 18 August 2014).
4. Companies, limited liability partnerships, trust bodies or co-operatives which are dormant will not include those which own investments such as shares, land (including stock-in-trade), fixed deposits.

For further information, please refer to <http://www.ctim.org.my> (for CTIM members only).

Updates from DESIRE (Delivery System of Inland Revenue) meeting

The IRB has released its minutes of the DESIRE (Delivery System of Inland Revenue) meeting held on 10 June 2014 between the IRB and professional bodies. Amongst the items clarified, please note the following:

1. Transfer pricing documentation disclosure in the income tax return form C

The IRB has clarified the following in relation to item R4 of the ITRF C (whether transfer pricing (TP) documentation has been prepared):

- Where a taxpayer had previously prepared TP documentation (e.g. up to YA 2012) and there are no material changes to the controlled transactions and no updates to the TP documentation in YA 2013 and YA 2014, the taxpayer is to tick “yes” in item R4 of the ITRF C for YA 2014.

- Where the taxpayer opts not to prepare the TP documentation (below the turnover and related party transaction thresholds stipulated in the Transfer Pricing Guidelines 2012), the taxpayer is to tick “no” in item R4. In the case of a TP audit, the taxpayer is required to prove that its transactions are at arm’s length.

2. Monthly tax deduction table

Due to the reduction in individual income tax rates from YA 2015, and in line with the treatment of the monthly tax deduction (“MTD”) as final tax, the IRB has clarified that a new MTD table for YA 2015 will be published on IRB’s website on or before 31 December 2014, upon gazetting of the MTD order.

The MTD table is only to be used by employers on manual payroll. Whereas, for employers using the payroll system, the IRB will be sending an email to provide the list of the software providers whose systems have been verified by the IRB to have been updated with the latest changes.

3. Tax clearance letter for expatriates

The IRB clarified the position in respect of obtaining a tax clearance letter for expatriates under the following situations:

- Where the expatriate has resigned from a Malaysian company, but is employed by another Malaysian company and therefore has not left the country, Form CP22A (tax clearance form for cessation of employment of private sector employees) is to be used.
- Where the expatriate has resigned and will be leaving the country, Form CP21 (notification by employer of departure of an employee from the country) is to be used.

For details of other items clarified, please refer to <http://www.ctim.org.my> (for CTIM members only).

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