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TaXavvy

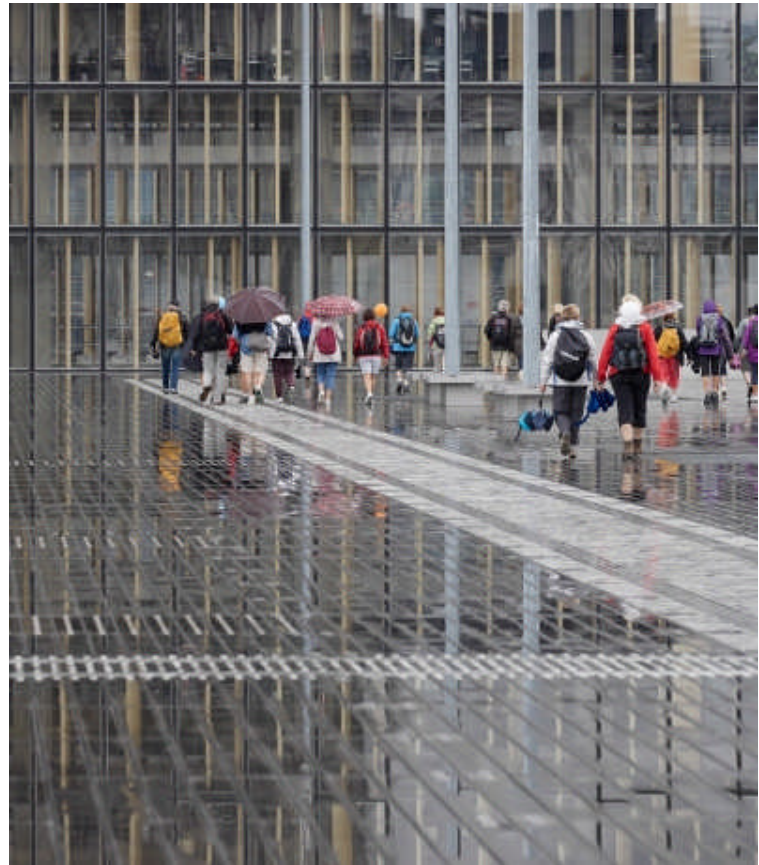
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Verification of medical devices or other facilities used for the purpose of private healthcare facility promoting healthcare travel

Income tax return form for companies (Form C)

Public ruling 2/2016 – Venture capital tax incentives

Public ruling 3/2016 – Tax treatment on interest income received by a person carrying on a business



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Verification of medical devices or other facilities used for the purpose of private healthcare facility promoting healthcare travel

Further to our TaXavvy issue 21-2015 on the list of qualifying capital expenditure items issued by Malaysian Investment Development Authority (MIDA) for the purpose of the application for verification to be submitted to the Ministry of Health (MOH), MIDA has issued the guideline for the application for verification and revised the forms & checklist.

According to the guidelines, the MOH will only verify facilities and capital expenditures which are medical and patient related. Medical devices to be verified are those described under the Medical Device Act 2012 that are worth more than RM50,000 each.

The forms and guidelines can be downloaded from MIDA's website www.mida.gov.my (Resources > Forms and Guidelines > Services Sector)

Income tax return form for companies (Form C)

The Inland Revenue Board (IRB) has recently published sample income tax return form for companies (Form C) for year of assessment (YA) 2016 in their website.

The following are the new items in the Form C for YA 2016:

Page	New items
Page 1	X – Status of business XVI – Claim incentive under section 127 XVII – Carry on e-Trading business XVIII – Claim Input Tax from the Royal Malaysian Customs Department XIX – Goods & Services Tax registration no.
Page 8	L26A – Input tax not claimable from Royal Malaysian Customs Department
Page 14	R6 – Has subsidiary company or related company in Labuan F.T.

Public ruling 2/2016 – Venture capital tax incentives

The IRB has issued *Public Ruling 2/2016 - Venture capital tax incentives* (“PR 2/2016”) dated 9 May 2016 to explain the tax incentives relevant to venture capital industry in Malaysia. PR 2/2016 covers:

- The regulatory framework for the venture capital industry,
- Incentives for a venture capital company, individual or company investing in a venture company,
- Incentive for a venture capital management corporation, and
- Application for certification of investment.

PR 2/2016 is generally consistent with the following gazette orders which set out the relevant rules for tax incentives available to venture capital industry players:

- Income Tax (Exemption) (No. 11) Order 2005 [PU (A) 75/2005]
- Income Tax (Deduction for Investment In a Venture Company) Rules 2005 [PU (A) 76/2005]
- Income Tax (Exemption) (No. 12) Order 2005 [PU (A) 77/2005]

Public ruling 3/2016 – Tax treatment on interest income received by a person carrying on a business

The IRB has published *Public Ruling 3/2016 – Tax treatment on interest income received by a person carrying on a business* (“PR 3/2016”) dated 16 May 2016, to explain the tax treatment in respect of interest income received by a person carrying on a business. Specifically, PR 3/2016 explains when interest income can be classified as business income under section 4(a) or passive income under section 4(c) pursuant to amendments made to the Income Tax Act 1967 via sections 4B and 24(5) which took effect from YA 2013.

The following are the situations where the IRB treats the interest arising therefrom as interest under Section 4(c):

- Interest charged on overdue trade debt
- Easy payment plan (EPP) arrangements – the difference between price offered through EPP and cash price is treated as interest
- Interest from Housing Development Account of property developers
- Interest from fixed deposits placed as security for the purpose of obtaining a bank loan to finance working capital
- Interest from excess cash from working capital
- Interest received from loan given to employees
- Interest received by an estate administrator after the death of a money lender

The public rulings are available on IRB’s website www.hasil.gov.my (Internal link > Public ruling).

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