



# TaXavvy

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Issue 25 - 2020 | 17 April 2020

## IRB's FAQ on the Movement Control Order (Updated on 16 April 2020)

### Extension of time for Labuan entities to file Form LE3

Subsequent to the IRB's FAQ dated 10 April 2020 (refer to TaXavvy Issue 24-2020), the IRB has updated its FAQ on 16 April 2020. The FAQ is updated to provide clarification on the extension of time for submission of Form LE3 for Labuan Entities (irrevocable election to be taxed under the Income Tax Act 1967). The question and the IRB's updated answer are set out below (changes denoted in **red-coloured fonts**). An additional example to illustrate a non-December financial year end company has been inserted. The extended deadline to submit the Form LE 3 which is due during the MCO period remains at 31 May 2020.

### Item C8 of FAQ - Question

Will extension of time be given to Labuan entities for the submission of irrevocable election form to be taxed under the ITA 1967 (Form LE3) *where the due date is within the MCO period?*

### Item C8 of FAQ - IRB's answer

Example 1: Accounting period / basis period for a Labuan entity is 01/01/2020 – 31/12/2020. The due date for submission of Form LE3 for Year of Assessment **2021 (Year of Assessment 2020 under the ITA 1967)** is on 31/03/2020.

**Example 2: Accounting period / basis period for a Labuan entity is 01/02/2020 – 31/01/2021. The due date for submission of Form LE3 for Year of Assessment 2022 (Year of Assessment 2021 under the ITA 1967) is on 30/04/2020.**

**If the due date for submission falls within the MCO period, extension of time will be given until 31 May 2020 for the submission of Form LE3 for Year of Assessment 2021 & Year of Assessment 2022.**

### Our comments

In the new Example 2, the due date for submission of the Form LE 3 falls **on 30 April 2020 which is after 28 April 2020 (outside the current MCO period)**. Therefore the extension of time until 31 May 2020 does not apply based on the current MCO period.

References to year of assessments (YA) - The IRB has now indicated in both examples the two relevant YAs which correspond to the accounting period / basis period, i.e. a prior year basis under the Labuan Business Activity Tax Act 1990 and a current year basis under the Income Tax Act 1967.

The IRB's FAQ dated 16 April 2020 can be downloaded from the IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Homepage > Announcement).