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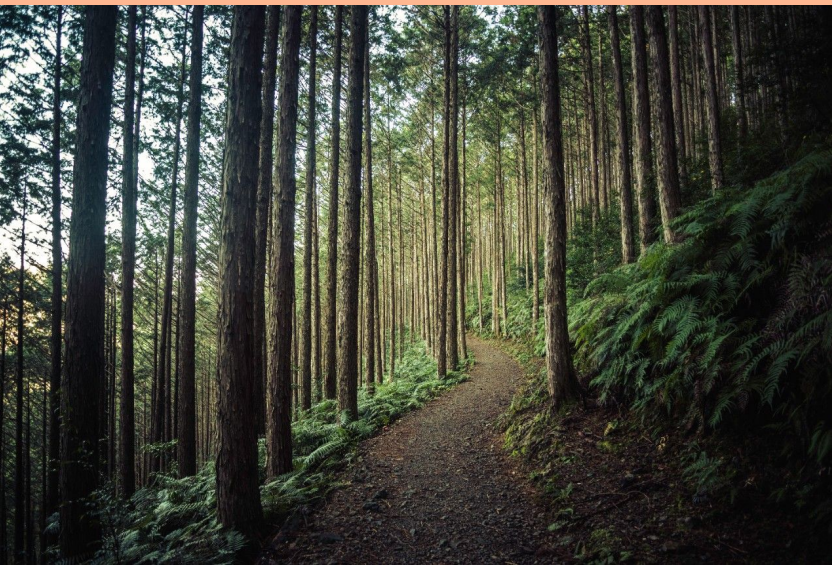
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FAQs on Mutual Agreement Procedures

The Inland Revenue Board (IRB) has previously issued a guideline on Mutual Agreement Procedures which is applicable to bilateral and multilateral Advance Pricing Arrangement in relation to seeking assistance from the Malaysian Competent Authority to resolve international taxation matters which are not in accordance with the tax treaty provisions (refer to [TaXavvy 3/2018](#)). The IRB has now issued FAQs on Mutual Agreement Procedures (MAP).

The following are the key points from the FAQs:

- The time limit (generally 3 years from the first notification of action) for putting in a MAP is calculated from the date of first notice of additional assessment and not the date of the amended notice of assessment (Q 1.2)
- The MAP request must indicate at least 1 Article from the relevant tax treaty and taxpayers are required to show that the element of double taxation is probable and not just a possibility (Q 3)
- Examples of MAP issues include reclassification of business income as royalty according to the domestic provision resulting in double taxation. (Q 4.3.3)
- If the taxpayer withdraws the MAP request before reaching an outcome, the case is considered closed and the taxpayer cannot resubmit another MAP request on the same issue for the same YA. (Q 6.2)



Notification of Changes in TIN Format

The IRB has informed of changes made to the Tax Identification Number (TIN) format.

Based on the IRB’s letter to professional bodies, the TIN format has been changed as follows:

Categories of taxpayers	TIN format (old)	TIN format (new)
Companies, other than companies and, other than individuals	C 50000000XX	C 50000000XX <u>0</u>
	D 20000000XX	D 20000000XX <u>0</u> <i>*Addition of ‘0’ at the end of the TIN</i>
Individuals and employers	IG 50000000XX0	No change to format
	E 96000000XX	

The changes to the TIN formats are effective from 1 January 2023.



Guidelines on Transition of MSC Malaysia Status Company to Malaysia Digital Company

The Malaysia Digital Economy Corporation (MDEC) has issued the Guidelines on Transition of MSC Malaysia Status Company to Malaysia Digital Company (“the Guideline”).

The Guideline is effective from 25 March 2022.

The Government has launched the Malaysia Digital initiative on 4 July 2022, which is a rebranding of the existing MSC Malaysia. Please refer to [TaXavvy 14-2022](#) for details.

MDEC has now issued the Guideline to provide information in relation to the transition from MSC Malaysia status to Malaysia Digital status including the benefits and incentives thereunder, applicable conditions and post approval matters. The salient points of the Guideline are as follows:

Expansion of location and removal of minimum office space requirement

With effect from 25 March 2022, an MSC status company (redesignated as a Malaysia Digital status company) is allowed to operate and undertake its approved activities (as per its approval letter) in any location within Malaysia. Following this, the minimum office space requirement is no longer applicable.

Compliance to Malaysia Digital status conditions

A Malaysia Digital status company is required to continue to adhere to existing conditions for its status as stated in the approval letter and/or Conditions of Grants including any approved variation of conditions. Existing conditions may include the following:

- Undertaking approved activities
- Minimum number or/and percentage of knowledge workers
- Minimum expenditure such as salary, research and development expenditures
- Minimum paid-up capital
- Minimum amount of investment

Any variation of conditions during the tax exemption period shall be subject to approval. The status may be revoked in the event of non-compliance with the conditions and the effective date of revocation of status shall be determined by the approval committee.



Benefits of Malaysia Digital status

Malaysia Digital status companies will continue to enjoy the offerings under the Malaysia Digital Bill of Guarantees (BoGs). Existing approvals for incentives or benefits will continue to subsist subject to compliance with existing applicable conditions.

Post approval matters

Salient points are as follows:

Adding new activities	<ul style="list-style-type: none">• A Malaysia Digital status company may apply to add new Malaysia Digital approved activities.• The process and criteria are similar to a new Malaysia Digital status application which is to be submitted via MDEC’s website.• The approval for additional Malaysia Digital approved activities will be subjected to the same original Malaysia Digital status conditions.
Post approval changes	<p>Matters which require notification to MDEC include changes made to the following:</p> <ul style="list-style-type: none">• Paid-up capital (higher than the minimum condition), equity or shareholding structure of the Company• Name of the company• Name of the product or services (re-branding) stated under the approved activities in the approval letter• Address of business operations

The Guideline is available on MDEC’s website www.mdec.my (Services > Malaysia Digital Status > Malaysia Digital Highlights > Documents and Guidelines).



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