



# TaXavvy

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## FAQ on implementation of Global Minimum Tax

The Inland Revenue Board (IRB) has issued an updated FAQ on implementation of Global Minimum Tax in Malaysia (previously covered in [TaXavvy 19/2024](#)).

The FAQ is available on IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Top Pages > GloBE Rules)

Key updates to the FAQ are as follows:

1. Zakat is not a covered tax for GloBE Rules as it is not a compulsory payment to the Government.
2. Real Property Gains Tax is a covered tax as it is a tax which is related to the GloBE income.
3. Constituent Entities are not allowed to claim Substance-based Income Exclusion on their tangible assets that are not put in use during the financial year, including assets that are work-in-progress.
4. A Multinational Enterprise Group can use either one of the following for Simplified Effective Tax Rate computation:
  - a. the accounts used to prepare the Consolidated Financial Statements of the Ultimate Parent Entity for all entities in the tested jurisdiction; or
  - b. separate financial statements of each Constituent Entity for all entities in the same tested jurisdiction provided that they are prepared in accordance with an Acceptable Financial Accounting Standard or Authorised Financial Accounting Standard if the information contained in such statements is maintained based on that accounting standard and it is reliable.
5. The utilisation of tax losses which arise from unrecognized deferred tax assets is to be treated as an increase in the adjusted covered taxes. The deferred tax asset must be brought into account at the lower of 15% or the applicable domestic tax rate.





## FAQs on implementation of e-Invoice

The IRB has updated the following FAQs in relation to e-Invoice:

- General FAQ for the implementation of e-Invoice
- FAQ on the implementation of e-Invoice for the aviation industry

### General FAQ for the implementation of e-Invoice

The following are the key updates:

#### Details of Supplier and Buyer

IRB notes that taxpayers face difficulties in providing the new business registration number from the Companies Commission of Malaysia and hence has temporarily disabled the business registration number validation requirement from the e-Invoice submission process, effective from 19 July 2024.

#### Issuance of e-Invoices

Suppliers are allowed to issue consolidated e-Invoice for transactions where the buyer does not require e-Invoice. This is regardless of whether transaction is for B2B, B2C or B2G, except for transactions listed under section 3.7 of the e-Invoice Specific Guideline.

#### Adjustment to e-Invoices

Where a mistake is made, and discovered within 72 hours from the time of validation, the issuer can:

- cancel the issued and validated e-Invoice and re-issue a new e-Invoice, or
- issue a credit note / debit note / refund note e-Invoice to reflect the adjustments to the original e-Invoice. The Unique Identifier Number of the original e-Invoice is to be included in the credit note / debit note / refund note issued.

Where the mistake is discovered after the 72 hour timeframe, the adjustment is to be made by way of issuance of a credit note / debit note / refund note as above.

#### Import / export of goods or services

- In relation to low value goods, IRB has provided a concession to allow taxpayers to exclude the electronic Pre-Alert Manifest (e-PAM) reference number from the “Reference Number of Customs Form No. 1, 9, etc.” field and exclude such field when issuing self-billed invoice.
- For goods imported via loose container load shipment, IRB has allowed taxpayers a concession to exclude the “Reference Number of Customs Form No. 1, 9, etc.” when issuing a self-billed e-Invoice.



## General FAQ for implementation of e-Invoice (con't)

### e-Invoice for Micro, Small and Medium Enterprise (MSME)

The threshold for MSME to issue serially numbered receipts has been revised to gross takings exceeding MYR150,000 for goods sold or services performed (previously MYR100,000 for services performed). MSME below this threshold are not required to issue receipts or consolidated e-Invoice to IRB.

### FAQ on the Implementation of e-Invoice for the aviation industry

The FAQ for the aviation industry was previously covered in [TaXavvy 24/2024](#). Following that, IRB has updated the FAQ. The key changes are indicated in *coloured italics*:

As Buyer's personal information may not be made available in this industry due to data protection regulations (e.g. European Union's General Data Protection Regulation, etc), IRB has allowed the following concession on the Buyer's details *for flight tickets or private air charters that do not require an e-Invoice*:

- a. Buyer's name: Supplier to input "General Public" in the e-Invoice.
- b. Buyer's Tax Identification Number: Supplier to input "E100000000020" in the e-Invoice, regardless of whether the Buyer is local or foreign.
- c. *Buyer's Business Registration Number (BRN) (regardless of whether Buyer is an individual or a business): Supplier to input "NA" in the e-Invoice.*
- d. Other Buyer's details (i.e. address, contact number, SST registration number): Supplier to input "NA" in the e-Invoice.

The FAQs are available on IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Top Pages > e-Invoice).





# Extension of tax exemption on shipping profits

The Income Tax (Exemption for Malaysian Ship) Order 2024 (“the Order”) providing tax exemption on shipping profits has been gazetted.



The Order extends the tax exemption on shipping income from a Malaysian ship for another three years from year of assessment (YA) 2024 to YA 2026 (previously until YA 2023).

The salient points from the Order are as follows:

Qualifying person	<ul style="list-style-type: none"><li>• Resident in Malaysia.</li><li>• Carries on the business of:<ul style="list-style-type: none"><li>- transporting passengers or cargo by sea on a Malaysian ship; or</li><li>- letting out on charter a Malaysian ship owned by him on a voyage or time charter basis.</li></ul></li></ul>
Tax exemption	Statutory income derived from a source of business consisting of a Malaysian ship.
Qualifying conditions	<p>Required to obtain an annual verification from the Ministry of Transport that the following have been fulfilled:</p> <ul style="list-style-type: none"><li>• Incurred annual operating expenditure of at least MYR250,000 for each Malaysian ship</li><li>• Minimum number of full-time employees in Malaysia per Malaysian ship:<ul style="list-style-type: none"><li>◦ <i>Shore employees</i> - At least four of the following employees and majority of the employees shall be Malaysians:<ul style="list-style-type: none"><li>▪ Chief executive officer</li><li>▪ Administrative and finance officer</li><li>▪ Operating officer</li><li>▪ Health, protection, safety and environmental affairs officer</li></ul></li><li>◦ <i>Ship personnel under Part III of the Merchant Shipping Ordinance 1952</i> - Subject to minimum requirement specified in the Safe-Manning Certificate issued by the Marine Department of Malaysia.</li></ul></li></ul>

# Operational Guideline No. 3/2024 - Procedure on Submission of Amended Return Form

The IRB has recently issued its Operational Guideline No. 3/2024 - Procedure on Submission of Amended Return Form (GPHDN No. 3/2024) which revokes the Operational Guideline No. 1/2020 - Procedure on Submission of Amended Return Form.



The GPHDN No. 3/2024 was updated to bring the contents up to date with the prevailing law, specifically:

- the new section 30C of the Petroleum (Income Tax) Act 1967 (PITA 1967) which provides for the amendment of the exploration tax return; and
- amendment to section 77B of the Income Tax Act 1967 whereby self-amendment can be made to correct mistakes in the income tax return form in relation to the disposal of capital assets.

Salient points from the GPHDN No. 3/2024 are as follows:

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*Key criteria for a completed Amended Return Form CPE*

- Specify the additional amount of qualifying exploration expenditure incurred by a chargeable person; or contain such particulars as may be required by the Director General of Inland Revenue (DGIR).
- Amendments to the following amount of the Form CPE for the following years are only allowed on the Form CPE submitted in 2022:
  - Part A1b: amount of the adjustment of qualifying exploration expenditure
  - Part A1c: actual amount brought forward of qualifying exploration expenditure
  - Part A2b: amount of the adjustment of qualifying capital expenditure
  - Part A2c: actual amount brought forward of qualifying capital expenditure
- With effect from 2023, amendments are only allowed on eligible expenses during the exploration period for the current year amount only.

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*Mode of submission of amended return form*

- Electronic filing of amended return forms is made mandatory for companies, limited liability partnerships, trust bodies and co-operative societies from YA 2024.
  - The amended return form for capital gains tax must be submitted electronically from 1 March 2024.
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*Mode of submission of amended return form (cont'd)*

- For petroleum income tax cases, Amended Petroleum Return Form under section 30 of the PITA 1967 (Form CPP) is mandatory from YA 2023 while manual submission of Amended Petroleum Return Form under section 30A of the PITA 1967 (Form CPE) is permitted until electronic filing is made available / mandated.

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*Alternative methods for amending a return*

- Where the requirements for submission of an amended return form are not met by the taxpayer, the amendment can still be made through voluntary disclosure in writing or electronically at any time before the commencement of an audit. However, the amendment is subject to the tax audit framework that is in force.

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*Appeal*

- The deemed assessment for the amended return form cannot be appealed unless the taxpayer disagrees with the treatment stated in public rulings or known stand, rules and practices of the DGIR prevailing at the time when the assessment is made.
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The GPHDN No. 3/2024 is available on IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Legislation > Guidelines > Operational Guidelines).



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