

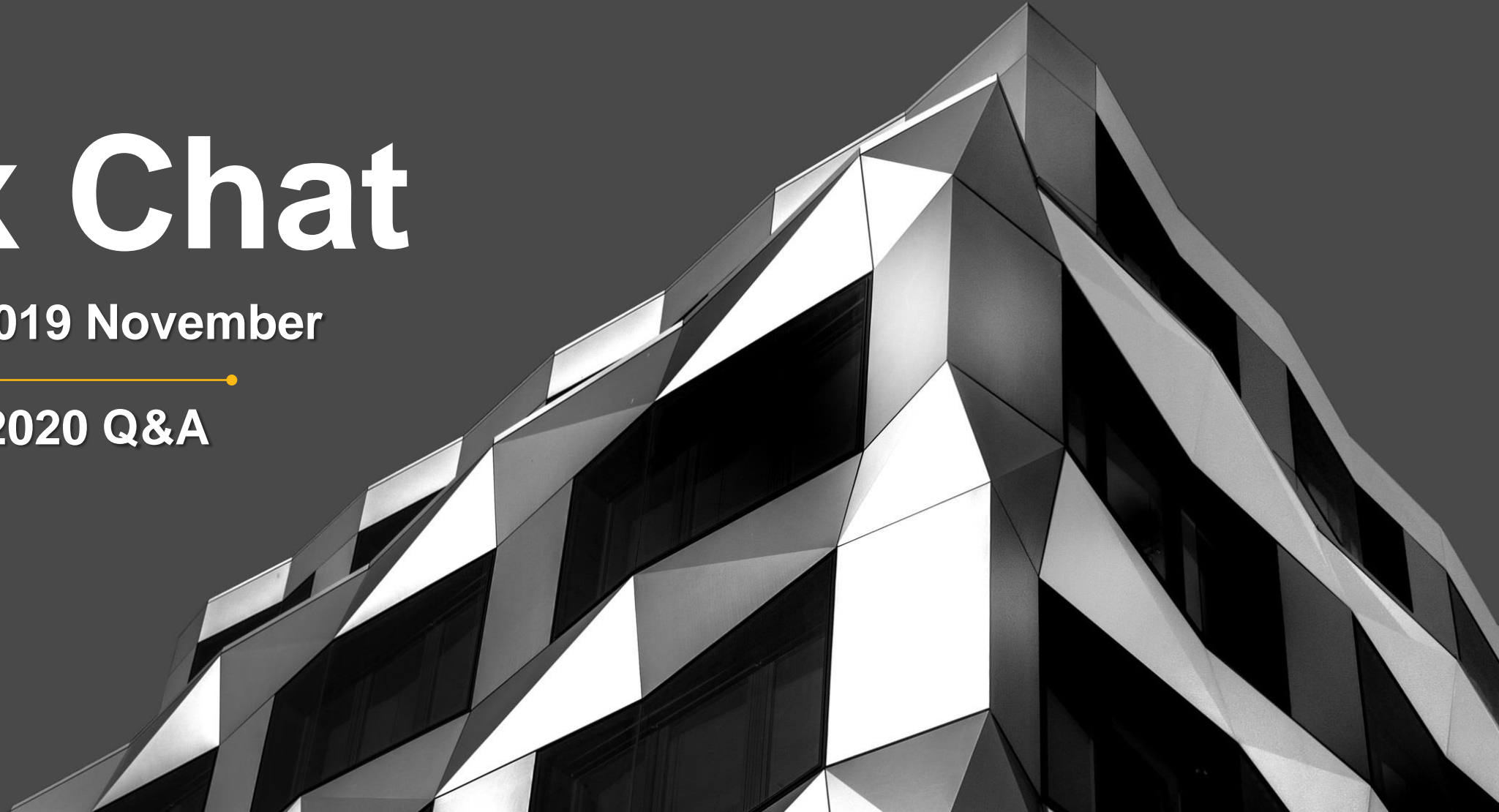


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Tax Chat

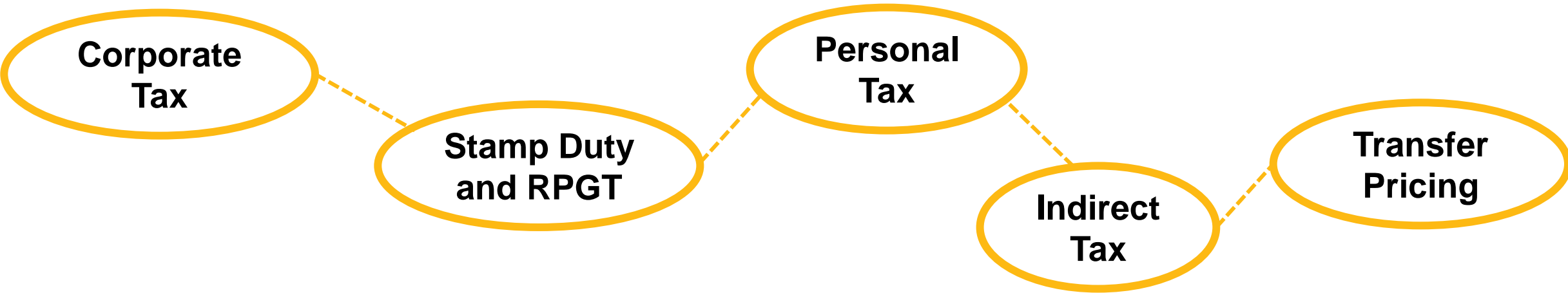
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Budget 2020 Q&A



We have gathered all the unanswered questions during the Question and Answer (Q&A) sessions of the recently concluded Crowe Malaysia's Budget 2020 seminars held in Kuala Lumpur, Penang, Kuching and Johor Bahru.

Check out our Tax Chat Vol. 11/2019 where our subject matter experts address your questions in the following areas:



Corporate Tax

By Wong Man Yee,
Executive Director, Tax Compliance
Crowe KL Tax Sdn Bhd





The Special Voluntary Disclosure Programme (SVDP) has ended. Is the Inland Revenue Board (IRB) more aggressive with tax audits and investigations now?

The CEO of the IRB, Datuk Seri Dr. Sabin Samitah announced on 6 November 2019 that the IRB has commenced field audits to track tax evaders since October 2019, i.e. upon completion of the SVDP. It appears that there will be heightened activity on tax audits after the SVDP period.



What happens if a loss making company who has not been submitting its tax return for the past years decides to submit the tax returns? What could be the exposure of that company?

If the company is convicted by the court, the company will be liable to a fine of not less than RM1,000 and not more than RM20,000 for a year of assessment or to imprisonment for a term not exceeding six (6) months or to both.



What is the procedure for taxpayers to do voluntary disclosure after SVDP?

If the voluntary disclosure is made within six (6) months from the due date of submission of a tax return, the Company may complete and submit the Amended Return Form C to the IRB. Otherwise, a letter together with the relevant details and supporting documents should be submitted to the IRB when making a voluntary disclosure.



The tax investigation framework has no time limit but the statutory documents retention period is 7 years. So, actually how long should taxpayers keep the documents?

Based on Section 82(1)(a) of the Income Tax Act, 1967, every person carrying on a business shall keep and retain in safe custody sufficient records for a period of seven (7) years from the end of the year in which any income from that business relates to.

Stamp Duty & RPGT

By Mervyn Ong,
Executive Director, Tax Advisory
Crowe KL Tax Sdn Bhd





Stamp Duty Remission for transfer of real property - If a property is passed on by an aunt (i.e. based on her will) to a niece or nephew, is stamp duty applicable?

Yes, stamp duty is payable on the transfer of real property from the aunt to a niece or nephew even if the real property is transferred by way of a will. Stamp duty will be levied on the instrument of transfer i.e. Memorandum of Transfer.



If the Sales and Purchase Agreement (SPA) was signed in 2012 but the consideration was only paid in 2017, how will the RPGT be calculated?

Any chargeable gain or loss arising from the disposal of real property is deemed to accrue to or suffered by the disposer at the time of disposal whether the consideration is received or not. Hence, assuming the date of disposal is based on the date of the SPA, the chargeable gain or loss will be deemed to accrue or suffered in year 2012 and the relevant RPGT rate as at year 2012 shall apply.

Personal Tax

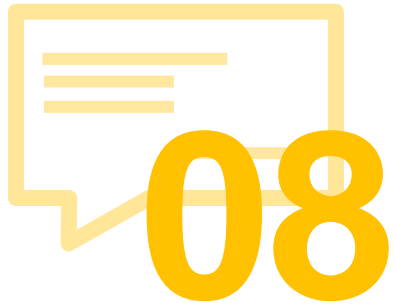
By Shalina Jaafar,
Director, Employee Management Services
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Childcare centre tax relief – One (1) family has two (2) children, can each parent claim RM2,000 per child?

The amount of deduction allowed is restricted to a maximum of RM2,000 effective from the year of assessment 2020 regardless of the number of children sent to the child care centre or kindergarten. This deduction can only be claimed by a husband or wife and must be supported by the birth document of the child such as MyKid or birth certificate and receipts of the monthly fees issued by such child care centre or kindergarten. Where a husband and a wife are assessed separately, the tax deduction under this paragraph can only be claimed either by the husband or the wife who incurs the expenses.



Will companies enjoy any special deduction on the incentive for women returning to work after a career break?

Based on the 2020 Budget Speech, employers who hire women returning to work after a career break will receive a hiring incentive of up to RM300 per month for a period of two (2) years, subject to certain conditions to be determined by the government.

Indirect Tax

By Chris Yee,
Director, Indirect Tax & Business Outsourcing
Crowe KL Tax Sdn Bhd





Is subscription to Facebook for advertising services considered imported services?

Yes, and the recipient should be liable to account for Service Tax, irrespective of whether the recipient is registered for Service Tax or not.



As a supplier, do I have the responsibility to monitor my customer's Sales Tax exemption? If yes, how to handle one amount of exemption for multiple suppliers?

No, you are not required to monitor your customer's tax exemption. The liability for wrongly using an exemption lies with the purchaser and not the manufacturer that sells the taxable goods.

However, for good control measures, it would also be a good idea to ensure that your customer is genuinely entitled for the exemption.



For ocean freight charged by a foreign company to a Malaysian company, is this charge treated as an imported taxable service?

No, services in relation to transportation are not taxable.



My company supplies general workers for logistic and warehouse operations, is this subject to SST?

Yes, this may potentially be subject to Service Tax. Depending on the business arrangement, your Company could be treated as providing manpower services or warehouse management services.

Transfer Pricing

By Song Sylvia,
Director, Transfer Pricing
Crowe KL Tax Sdn Bhd





Company A charged management fees to its related companies. For transfer pricing purposes, it is not recommended to use revenue as the charging basis. What is the preferred method to be used?

Pursuant to Chapter VI of the Malaysian Transfer Pricing Guidelines, in determining the arm's length prices for intragroup services, the service provider may apply the Cost Plus Method as the most appropriate method for the allocation of management fee.

The Cost Plus method uses costs incurred in providing intragroup services as the base for further cost attribution, plus an arm's length mark-up rate. The mark-up rate should be supported with a benchmarking analysis.

Start the Conversation with Us

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