



Smart decisions. Lasting value.

# Crowe Chat

Vol.3/2022 (Tax)



## Table of Contents

- 01 | Guidelines on the Tax Treatment of Income of Specialist Doctors in Private Hospitals
- 02 | Inland Revenue Board of Malaysia (IRBM)'s Media Release on DuitNow as a Medium for Tax Refund
- 03 | Gazette Order on Exclusion of Foreign Source Income (FSI) from the *Cukai Makmur* Computation
- 04 | An Article on “Reinvestment Allowance (RA) – Latest updates on RA and issues in claiming RA for manufacturing activities in the recent years”

# 1. Guidelines on the Tax Treatment of Income of Specialist Doctors in Private Hospitals

The IRBM has recently issued the [Guidelines on the Tax Treatment of Income of Specialist Doctors in Private Hospitals \(available in Bahasa Malaysia only\)](#) to explain the tax treatment of income received by specialist doctors in private hospitals – whether the income should be assessed as the business income of the specialist doctors in their personal capacity or as the income of the company set up by the specialist doctor.

Based on the Guidelines, the IRBM has issued a letter to the Malaysian Medical Association (MMA) on 28 June 2018 stating that, effective from the year of assessment (YA) 2017, income received by specialist doctors will be treated as the individual business income of the specialist doctor.

# 1. Guidelines on the Tax Treatment of Income of Specialist Doctors in Private Hospitals (cont'd)

## Details of the Guidelines

### Income to be Assessed as a Business Income of the Specialist Doctor

- If a Specialist Doctor sets up a company and enters into an agreement with a private hospital to provide specialist services to patients, the consultation fee and any other form of payment received from the private hospital will be treated as a business income of the Specialist Doctor.  
*\*The principle of tax treatment is the same regardless whether the agreement entered into with a private hospital is in the name of the Specialist Doctor or the Company.*
- If several Specialist Doctors establish a Company and the Company enters into an agreement with a private hospital to provide specialist services to patients, the consultation fees and other fees received from such a private hospital are still considered as business income of the Specialist Doctors in their personal capacity.



# 1. Guidelines on the Tax Treatment of Income of Specialist Doctors in Private Hospitals (cont'd)

## Details of the Guidelines (cont'd)

### Income to be Assessed as a Business Income of the Specialist Doctor

In the following situations where a doctor owns a Specialist Clinic located in the premises of the private hospital, consultancy fees and any other forms of payment received are treated as business income of the doctor:



Patients go to private hospitals for treatment. The patient is referred to a Specialist Doctor who owns a clinic at the hospital to receive appropriate treatment. After the treatment, the patient obtains the medicine from the hospital pharmacy and makes the payment at the hospital payment counter.



Patients come directly to the Specialist Clinic to seek treatment from the Specialist Doctor and patients require surgery or further treatments using hospital facilities such as operating theaters or others.

# 1. Guidelines on the Tax Treatment of Income of Specialist Doctors in Private Hospitals (cont'd)



## Details of the Guidelines (cont'd)

### Income to be Assessed as a Employment Income of the Specialist Doctor

- Consultancy fees and any other forms of payment received by a Specialist Doctor who is an employee (contract of service) of the Specialist Clinic either on a full or part time basis, will be treated as employment income of the Specialist Doctor.
- In the situation where a doctor is the shareholder and director of the Specialist Clinic, the director's remuneration received is treated as employment income of the doctor.
- In the situation where a doctor is the shareholder and director of the Specialist Clinic, but the doctor is not a Specialist Doctor of that Specialist Clinic, the director's remuneration received is treated as employment income of the doctor.

# 1. Guidelines on the Tax Treatment of Income of Specialist Doctors in Private Hospitals (cont'd)

## Details of the Guidelines (cont'd)

### Income to be Assessed under the Company

The following are situations where consultation fees and other fees received are taxable as an income of the Company set up by the Specialist Doctors:



If a doctor owns a Specialist Clinic in a private hospital premises and patients come directly to receive specialist treatment from the clinic without being referred by the private hospital and the doctor does not use any private hospital facilities in carrying out treatment to patients.



If the Specialist Clinic is not in the premises of a private hospital and the services provided to patients do not involve any private hospital.

## 2. IRBM's Media Release on *DuitNow* as a Medium for Tax Refund

The IRBM has recently issued a [Media Release](#) to inform that *DuitNow* has been made available as an additional channel for tax refunds for individual taxpayers.

### Details of the Media Release

#### Major points highlighted in the Media Release are:

- Taxpayers who submit their Income Tax Return Form for YA 2021 starting 1 March 2022 can choose to receive their tax refund via *DuitNow*.
- Taxpayers need to register *DuitNow* with their respective banks by using their MyKad Number/ Passport Number as the Identity Number. *DuitNow* registration using mobile phone number will not be accepted by the IRBM for tax refund purposes.
- The *DuitNow* refund option is now only made available for individual taxpayers and will be gradually extended to corporate taxpayers by using the respective ROC Number as an Identity Number.
- If the tax refund by *DuitNow* fails, the refund will be made via Electronic Fund Transfer (EFT) by using the taxpayer's bank account number and name based on the existing record and data with the IRBM.



### 3. Gazette Order on Exclusion of FSI from the *Cukai Makmur* Computation

As part of the Budget 2022 measure and pursuant to the Finance Act 2021, a one-off corporate income tax rate of 33% known as *Cukai Makmur* is to be levied on chargeable income exceeding RM100 million on companies other than small and medium enterprises for the YA 2022.

The Ministry of Finance had earlier issued a press release on 30 December 2021 to clarify that FSI received in YA 2022 would be excluded from the tax calculation for the purpose of the one-off *Cukai Makmur*.

#### New Income Tax Order

To legislate the announcement, [Income Tax \(Exemption\) Order 2022](#) was gazetted on 5 April 2022.



### 3. Gazette Order on Exclusion of FSI from the *Cukai Makmur* Computation (con't)

#### Details of the New Income Tax Order

- This Order is applicable to FSI received in Malaysia from 1 July 2022 and is only applicable for the YA 2022.
- A prescribed formula is provided in the Order to exclude the chargeable income in relation to the FSI from the *Cukai Makmur* computation as follows:

$$\frac{A}{B} \times C$$

<b>A</b>	<b>Statutory income</b> in relation to the income received in Malaysia from outside Malaysia in the basis period for the YA 2022
<b>B</b>	<b>Aggregate income</b> in the basis period for the YA 2022
<b>C</b>	<b>Chargeable income</b> of the company in the basis period for the YA 2022

- The remaining chargeable income of the company of up to RM100 million will be taxed at the prevailing corporate income tax rate of 24% and the chargeable income exceeding RM100 million will be subject to *Cukai Makmur* at the rate of 33%.



**Featured Article:**

# Reinvestment Allowance (RA)

The latest updates and issues in claiming RA for manufacturing activities in recent years

Written by:



**Eric Lai**  
Manager, Tax Advisory  
eric.lai@crowe.my



Crowe Perspectives:

## Reinvestment Allowance (RA)

The latest updates and issues in claiming RA for manufacturing activities in recent years

25 April 2022

Audit / Tax / Advisory

Smart decisions. Lasting value.

[Read now](#)

## Start the conversation with us

### Corporate Tax Compliance

Foo Meng Huei  
Executive Director  
[menghuei.foo@crowe.my](mailto:menghuei.foo@crowe.my)  
+603 2788 9898 Ext 2501

Voon Yuen Hoong  
Executive Director  
[yuenhoong.voon@crowe.my](mailto:yuenhoong.voon@crowe.my)  
+603 2788 9898 Ext 2522

Wong Man Yee  
Executive Director  
[manyee.wong@crowe.my](mailto:manyee.wong@crowe.my)  
+603 2788 9898 Ext 2519

Liza Ooi Yap Lin  
Director  
[liza.ooi@crowe.my](mailto:liza.ooi@crowe.my)  
+603 2788 9898 Ext 2557

### Tax Advisory

Chong Mun Yew  
Executive Director  
[munyew.chong@crowe.my](mailto:munyew.chong@crowe.my)  
+603 2788 9898 Ext 2523

Mervyn Ong Hean Chong  
Executive Director  
[mervyn.ong@crowe.my](mailto:mervyn.ong@crowe.my)  
+603 2788 9898 Ext 2587

### Indirect Tax

Fam Fui Chien  
Manager  
[fuichien.fam@crowe.my](mailto:fuichien.fam@crowe.my)  
+603 2788 9898 Ext 2504

### Transfer Pricing

Song Sylvia  
Executive Director  
[sylvia.song@crowe.my](mailto:sylvia.song@crowe.my)  
+603 2788 9898 Ext 2514

### Global Mobility Services

Shalina Binti Jaafar  
Executive Director  
[shalina.jaafar@crowe.my](mailto:shalina.jaafar@crowe.my)  
+603 2788 9898 Ext 2505

### Business Outsourcing

Esther Chan  
Senior Manager  
[esther.chan@crowe.my](mailto:esther.chan@crowe.my)  
+603 2788 9898 Ext 2546



## Our offices (West Malaysia)

### **Kuala Lumpur**

Level 16, Tower C,  
Megan Avenue 2,  
12 Jalan Yap Kwan Seng,  
50450 Kuala Lumpur.

+603 2788 9898 Main  
+603 2788 9899 Fax

### **Klang**

Suite 50-3, Setia Avenue,  
No. 2, Jalan Setia Prima SU13/S,  
Setia Alam, Seksyen U13,  
40170 Shah Alam, Selangor.

+603 3343 0730 Main  
+603 3344 3036 Fax

### **Ipoh**

A-2-16, 2nd Floor, Wisma MFCB  
1, Persiaran Greentown 2  
Greentown Business Centre  
30450 Ipoh, Perak Darul Ridzuan.

+605 238 0411 Main

### **Penang**

Level 6, Wisma Penang Garden,  
42 Jalan Sultan Ahmad Shah,  
10050 Penang.

+604 227 7061 Main  
+604 227 8011 Fax

### **Melaka**

52 Jalan Kota Laksamana 2/15,  
Taman Kota Laksamana, Seksyen 2,  
75200 Melaka.

+606 282 5995 Main  
+606 283 6449 Fax

### **Johor Bahru**

E-2-3 Pusat Komersial Bayu Tasek,  
Persiaran Southkey 1,  
Kota Southkey,  
80150 Johor Bahru,  
Johor.

+607 288 6627 Main  
+607 338 4627 Fax

### **Muar**

8, Jalan Pesta 1/1,  
Taman Tun Dr. Ismail 1,  
Jalan Bakri, 84000 Muar,  
Johor.

+606 952 4328 Main  
+606 952 7328 Fax



## Our offices (East Malaysia)

### **Kuching - iCom Square**

2nd Floor, C378, Block C,  
iCom Square, Jalan Pending,  
93450 Kuching,  
Sarawak.

+6082 552 688 Main  
+6082 266 987 Fax

### **Kuching - Brighton Square**

2nd Floor, Lots 11994 - 11996,  
Brighton Square,  
Jalan Song,  
93350 Kuching,  
Sarawak.

+6082 285 566 Main  
+6082 285 533 Fax

### **Miri**

Lot 2395, Block 4,  
Bulatan Business Park,  
Jalan Bulatan Park, 98000 Miri,  
Sarawak.

+6085 658 835 Main  
+6085 655 001 Fax

### **Bintulu**

1st floor, Lot 4542-4543,  
Jalan Abang Galau Shophouse,  
Kampung Masjid, 97000 Bintulu,  
Sarawak.

+6086 333 328 Main  
+6086 334 802 Fax

### **Sibu**

1st & 2nd Floor,  
No. 1 Lorong Pahlawan 7A2, Jalan  
Pahlawan, 96000 Sibu, Sarawak.

+6084 211 777 Main  
+6084 216 622 Fax

### **Labuan**

Lot 36, Block D, Lazenda Centre,  
Jalan OKK Abdullah,  
P.O. Box 81599, 87025, Labuan.

+6087 417 128 Main  
+6087 417 129 Fax

### **Kota Kinabalu**

Damai Plaza 3, 3rd Floor, C11,  
Jalan Damai 88300, P.O. Box 11003,  
88811 Kota Kinabalu, Sabah.

+6088 233 733 Main  
+6088 238 955 Fax

### **Tawau**

No.194, 2nd Floor, Block B,  
Wisma DS, Jalan Bakau  
91000 Tawau  
Sabah.

+6089 771 040 Main



Crowe Malaysia PLT  
Level 16, Tower C  
Megan Avenue 2  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Malaysia

Tel. +603 2788 9999

[www.crowe.my](http://www.crowe.my)

### **About Crowe Malaysia PLT**

Crowe Malaysia PLT is the 5th largest accounting firm in Malaysia and an independent member of Crowe Global. The firm in Malaysia has 15 offices, employs over 1,200 staff, serves mid-to-large companies that are privately-owned, publicly-listed and multinational entities, and is registered with the Audit Oversight Board in Malaysia and the Public Company Accounting Oversight Board in the US.

### **About Crowe Global**

Crowe Global is one of the top 10 accounting networks with over 200 independent accounting and advisory firms in more than 145 countries. For almost 100 years, Crowe has made smart decisions for multinational clients working across borders. Our leaders work with governments, regulatory bodies and industry groups to shape the future of the profession worldwide. Their exceptional knowledge of business, local laws and customs provide lasting value to clients undertaking international projects.

This communication is prepared and issued by Crowe Malaysia PLT, it is meant for general information purposes only and it is not intended to be professional advice. Recipients should not act upon this communication and please consult qualified advisors for professional advice and services. Crowe Malaysia PLT or any of Crowe's entities will not be responsible for any loss or consequences of anyone acting in reliance on this communication or for decisions made based on this communication.

Crowe Malaysia PLT is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe is a separate and independent legal entity. Crowe Malaysia PLT and its affiliates are not responsible or liable for any acts or omissions of Crowe or any other member of Crowe and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe or any other Crowe member.

© 2022 Crowe Malaysia PLT