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Crowe Chat

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1.

PR 2/2022 – Tax Incentive for Organizing Conferences in Malaysia

Introduction

Income Tax (Exemption) (No.53) Order 2000 provides tax exemption to a resident company, association or organisation whose main activities are promoting and organising conferences in Malaysia. This exemption was effective from the year of assessment (YA) 1997. In the Budget 2020, the government extended this income tax exemption to a qualifying person whose main activity does not include promoting and organising conferences in Malaysia from YA 2020 to YA 2025.

New PR

The Inland Revenue Board of Malaysia (IRBM) issued [PR 2/2022 – Tax Incentive for Organising Conferences in Malaysia](#) on 29 July 2022.



1.

PR 2/2022 – Tax Incentive for Organizing Conferences in Malaysia

Details of new PR

The objective of this PR is to provide an explanation on the tax incentive available to:

- conference promoter promoting and organising conferences in Malaysia as its main activity; and
- qualifying person whose main activities are other than promoting and organising conferences in Malaysia.

	Income Tax (Exemption) (No.53) Order 2000	Income Tax (Exemption) (No.4) Order 2021
Tax incentive	Tax exemption granted is on 100% of the statutory income derived from organising conferences held in Malaysia and attended by at least 500 foreign participants.	
Period of exemption	YA 1997 onwards	YA 2020 – YA 2025
Eligibility criteria	Resident company, association or organisation whose main activities are promoting and organising conferences in Malaysia	Resident company, association or organisation which carries on a business or activity other than the business or activity of promoting and organising conferences

2.

PR 3/2022 – Taxation of Foreign Fund Management Company

Introduction

A foreign fund management company is a company incorporated in Malaysia and licensed under the Capital Markets and Services Act 2007 to provide fund management services to its clients.

Previous PR

The previous [PR 7/2019 - Taxation Of Foreign Fund Management Company](#) was issued on 3 December 2019.

New PR

The IRBM issued [PR 3/2022 - Taxation Of Foreign Fund Management Company](#) on 29 July 2022.





2. PR 3/2022 – Taxation of Foreign Fund Management Company

Details of new PR

The objective of this PR is to explain the tax treatment of income received by a foreign fund management company that provides fund management services to foreign and local investors.

This new PR incorporates the gazette orders on the income tax exemptions on income from the business of providing fund management services to local and foreign investors in Malaysia. The gazette orders have been updated as follows:

- extension of the exemption period for another 3 (three) years, from YA 2021 to YA 2023; and
- the exemption is provided on condition that the company obtains an annual certification from the Securities Commission of Malaysia that the following conditions have been fulfilled:
 - a) The company provides fund management services to local and foreign investors in Malaysia in accordance with Shariah principles;
 - b) The company has at least two full-time employees in Malaysia of which one of the employees holds a Capital Markets Services Representative Licence under the Capital Markets and Services Act 2007; and
 - c) The company incurs annual operating expenditure of at least RM250,000 in Malaysia.

3.

Guideline on the Tax Treatment for Developers or Management Bodies for the Maintenance and Management of Buildings and Common Property

Introduction

Management and maintenance of buildings and common property covers all types of buildings that will and have been divided and issued strata title.

Previous Guideline

The previous [Guideline on the Tax Treatment Common Property Management and Maintenance Charges Received by Developers, Joint Management Bodies and Management Corporations](#) was issued on 21 May 2012.

New Guideline

The IRBM issued [Guideline on the Tax Treatment for Developers or Management Bodies for the Maintenance and Management of Buildings and Common Property](#) on 18 July 2022.



Guideline on the Tax Treatment for Developers or Management Bodies for the Maintenance and Management of Buildings and Common Property

Details of new Guideline

The salient points highlighted in this new Guideline are:

- The mutuality principle also applies between the owners of the property units and the developers and/or management bodies that maintain and manage the buildings and common property. Therefore, maintenance charges, contributions to the sinking fund and any other receipts from mutual dealings with property owners will not be subject to tax under Section 53A of the Malaysian Income Tax Act, 1967 (MITA). Similarly, any attributable expenses or capital expenditure will be disregarded for tax purposes.
- Other income (other than that mentioned above) will be subject to tax and the relevant deductions can be claimed accordingly. This includes rental income received from owners of the property units who operate a cafeteria in common areas and income received from non-property unit owners.
- Management bodies are taxed at the scaled rates prescribed under Paragraph 1, Part I of Schedule 1 of the MITA and are required to submit the income tax return form (Form TF).
- Developers are taxed at the prevailing tax rates that apply to companies as prescribed under Paragraphs 2, 2A or 2B, Part 1 of Schedule 1 of the MITA. Developers are required to maintain separate accounts for their business and for the maintenance and management of buildings and common property.



Featured Article:

Tax Professionals: What are Their Potential Liabilities?

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A thumbnail for an article. It features the Crowe logo at the top. Below it is the article title: "Tax Professionals: What Are Their Potential Liabilities?". Under the title is the date "6 September 2022". The background of the thumbnail is a photograph of a person standing on a high, rocky cliff edge, looking out over a vast, misty valley. At the bottom of the thumbnail, there are two small text blocks: "Audit / Tax / Advisory" on the left and "Smart decisions. Lasting value." on the right. A large red button at the bottom right of the thumbnail contains the white text "Read now".



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