

In this Issue

- Guidelines on the Submission of Estimate of Tax Payable under Section 107C of the the Income Tax Act 1967
- Double Deduction for Expenditure in relation to Vendor Development Programme

Guidelines on the Submission of Estimate of Tax Payable under Section 107C of the Income Tax Act 1967 [“the Act”]

The Inland Revenue Board [“IRB”] has recently issued the Guidelines on the Submission of Estimate of Tax Payable to provide clarification on the procedure to submit prescribed forms in relation to estimate of tax payable applicable to a company (including small and medium enterprise), limited liability partnership, trust body and co-operative society.

Salient points of the Guidelines include:-

i. Submission of Forms CP204 and CP204A

- Effective year of assesment [“YA”] 2018, a company is required to submit Forms CP204 and CP204A via e-filing
- Effective YA 2019, a limited liability partnership, trust body or co-operative society is required to submit Forms CP204 and CP204A via e-filing
- A non-resident company whose income is solely subject to withholding tax under Section 107A of the Act is required to submit the Form CP204 notifying the IRB of the aforesaid position. No estimate of tax payable is required to be inserted in the Form CP204

Hyperlinks

- [Moore Stephens Malaysia](#)
- [Moore Stephens International](#)
- [Inland Revenue Board](#)

- [Operational Guidelines No. 1/2017 - Submission of Estimate of Tax Payable under Section 107C of the Income Tax Act 1967 \(in Bahasa Malaysia\)](#)

Contact details

Advent MS Tax Consultants Sdn Bhd [703669-U]
Unit 3.3A, 3rd Floor, Surian Tower
No. 1 Jalan PJU 7/3, Mutiara Damansara
47810 Petaling Jaya, Selangor, Malaysia

T +603 7728 1800
F +603 7728 9800
E tax@moorestephens.com.my
www.moorestephens.com.my



Hyperlinks

ii. Furnishing an Estimate of Tax Payable which is Lower than the Minimum Amount Required and Appeal Procedure

- To furnish an estimate of tax payable of less than 85% of the revised estimate or the original estimate (if no revision is made) in respect of the preceding year of assessment, the Form e-CP204 shall be submitted (via e-filing) based on an estimate of not less than 85%. Thereafter, an appeal letter together with the relevant supporting documents shall be submitted to the Information Processing Centre manually for the IRB's approval, not later than 30 days before the beginning of the basis period of the year of assessment
- In the event that the appeal is rejected by the IRB and Form CP205 has been issued by the IRB, further appeal (if necessary) shall be submitted to the IRB before the due date for payment of the first instalment

iii. Notification of Change in Accounting Period

- Where there is a change in accounting period, the taxpayer is required to notify the IRB via submission of Form CP204B manually as follows:-
 - 1 month before the beginning of a new accounting period if the accounting period is shortened; or
 - 1 month before the end of the original accounting period if the accounting period is extended
- The Guidelines provide detailed explanation and various examples in relation to the change in accounting period similar to those provided in the Public Ruling ["PR"] No. 7/2011 – Notification of Change in Accounting Period of a Company / Trust Body / Co-operative Society.

***Note :** For further information relating to the PR No. 7/2011, kindly refer to our Tax Flash – September 2011 issue*

iv. Remittance Slip

- Remittance Slip (Form CP207) should be used for payment made at the IRB's counter
- The following information shall be appended on the reverse side of the payment instrument (cheque, postal order or bank draft):-
 - Name of taxpayer
 - Address
 - Telephone number
 - Income tax reference number
 - Year of assessment
 - Payment code

➤ [Tax Flash – September 2011](#)

Double Deduction for Expenditure in relation to Vendor Development Programme

Pursuant to the Income Tax (Deduction for Expenditure in relation to Vendor Development Programme) Rules 2014, an anchor company is allowed a double deduction on the expenditure incurred to carry out the following activities relating to the Vendor Development Programme in ascertaining its adjusted income from business:-

- activities in relation to product development;
- activities in relation to capability improvement; or
- activities in relation to human capital.

The Income Tax (Deduction for Expenditure in relation to Vendor Development Programme) (Amendment) Rules 2017 has been gazetted to extend the incentive to an anchor company which signs a memorandum of understanding with the Minister of International Trade and Industry under the Vendor Development Programme on or before 31st December 2020.

The above amended Rules shall have effect from YA 2017.

Note: For further information, kindly refer to our *Tax Flash – July 2014 issue*.

Hyperlinks

➤ [Income Tax \(Deduction for Expenditure in relation to Vendor Development Programme\) \(Amendment\) Rules 2017](#)

➤ [Tax Flash – July 2014](#)

This publication is provided gratuitously and without liability. It is intended as a general guide only and the application of its contents to specific situations will depend on the particular circumstances involved. Readers should seek appropriate professional advice regarding any particular problems that they encounter, and this tax update should not be relied on as a substitute for advice. Accordingly, Advent MS Tax Consultants Sdn Bhd assumes no responsibility for any errors or omissions it may contain, whether caused by negligence or otherwise, or for any losses, however caused, sustained by any person that relies on it. Should further information, clarification or advice be required on any of the contents stated herein, please feel free to contact our tax team.