

▶▶ Tax Flash



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DTA between Malaysia and The Republic of Kazakhstan

The Double Tax Agreement ["DTA"] between Malaysia and the Republic of Kazakhstan which was signed on 26th June 2006 has recently been ratified and entered into force. Salient points of the DTA include :-

- i. A building site or construction, installation or assembly project will constitute a permanent establishment ["PE"] if it exists for more than 6 months.
- ii. An installation or structure or a drilling rig or a ship used for the exploration of natural resources will constitute a PE if such use lasts for more than 6 months.
- iii. A PE is also deemed to exist if supervisory activities are carried out for more than 6 months in connection with :-
 - a building site or construction, installation or assembly project; or
 - an installation or structure or a drilling rig or a ship used for the exploration of natural resources.
- iv. Withholding tax of not exceeding 10% will be applicable on the following payments :-
 - Dividend (*Note*)
 - Interest
 - Royalties
 - Technical fees
 - Section 4(f) income

The DTA is effective for the year of assessment :-

- beginning on or after 1st January 2011 in respect of income tax; and
- beginning on or after 1st January 2012 in respect of petroleum income tax.

Note : Currently, there is no withholding tax on outbound dividends under the Malaysia Income Tax Act 1967.

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