



TAX FLASH

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Finance Act 2021

The *Finance Act 2021* has been gazatted on 31st December 2021 to take effect the proposed amendments made in the Finance Bill 2021 with no material changes.

- Moore Malaysia
- Moore Global
- Inland Revenue Board

PR No. 6/2021 – Notification of Change of Accounting Period of a Company / LLP / Trust Body / Co-operative Society

The Inland Revenue Board ["IRB"] has recently issued the *Public Ruling ["PR"] No. 6/2021 – Notification of Change of Accounting Period of a Company / Limited Liability Partnership ["LLP"] / Trust Body / Co-operative Society* to provide guidance on the requirement to notify the Director General of Inland Revenue ["DGIR"] on any change of accounting period by a company, LLP, trust body or co-operative society, which has to make payment by instalments on an estimate of tax payable for a year of assessment. This new PR replaces the PR No. 8/2019 issued on 6th December 2019.

Salient points of the abovementioned new PR include:-

i. Notification of Change in Accounting Period

- A company, trust body or co-operative society is required to notify the DGIR on the change in its accounting period by way of a prescribed Form CP204B. The due date for the submission of the Form CP204B is as follows:-
 - Accounting Period Shortened
 - 30 days before the end of the new accounting period if the new accounts are less than 12 months and is closed before the end of the original accounting period.
 - Accounting Period Extended
 - 30 days before the end of the original accounting period if the new accounts are more than 12 months and is closed after the end of the original accounting period
 - Change of accounting period following the liquidation of the company
 - For a company under liquidation, liquidator's account (liquidator's Account of Receipts & Payments & a Statement of the Position of the Winding-Up) must be prepared for a period of 6 months from the date of appointment of the liquidator and thence, for every subsequent period of 6 months
 - The Form CP204B must be furnished not later than 30 days after the appointment of a liquidator together with the letter of appeal to the DGIR to avoid a penalty or increase in tax payment being imposed due to failure to notify the change of accounting period within the prescribed period.

ii. Computation of Revised Tax Instalment After Change of Accounting Period

- The computation of revised tax instalment after change of accounting period is provided in the Operational Guidelines No.1/2021 – Submission of Estimate of Tax Payable under Section 107C of the Income Tax Act 1967 ["ITA" 1967"] [in *Bahasa Malaysia*].

iii. Increase in Tax Related to Tax Instalment Payments and Revised Estimate of Tax Payable

- Increase in tax under Section 107C(9) of the ITA 1967
 - If a company, LLP, trust body or co-operative society fails to pay the monthly instalments on the estimate of tax payable within the stipulated period, an increase of 10% would be imposed on the unpaid monthly instalments without the issuances of any further notices
- Increase in tax under Section 107C(10) of the ITA 1967
 - Where the actual tax payable exceeds the revised or deemed revised estimate or the original tax estimate by an amount exceeding 30% of the actual tax payable, a 10% increase in tax would be imposed on the amount in excess of the 30% margin allowed.
- Section 107C (10A) of the ITA 1967
 - An increase of 10% in tax under Section 107C(10A) of the ITA 1967 will be imposed on tax payable if:
 - No estimate is furnished by a company, trust body or co-operative society and no direction is given by DGIR to make payment by instalment under subsection 107C(8) of the ITA 1967;

- No prosecution under paragraph 120(1)(f) of the ITA 1967 has been instituted in relation to failure to furnish such estimate; and
- That tax is payable by the company, trust body, or co-operative society pursuant to an assessment for that year of assessment.

iv. Failure to Notify Change of Accounting Period

- If a company, LLP, trust body or co-operative society fails to furnish the Form CP204B in the prescribed period, the following actions will be taken by the DGIR:-
 - 10% increase under Section 107C(9) of the ITA 1967 in relation to the taxpayer's failure to make the instalment payments;
 - 10% increase under Section 107C(10) of the ITA 1967 in respect of the 30% difference between the actual tax payable and the revised or deemed revised tax estimate or the original tax estimate;
 - penalty under Section 112(3) of the ITA 1967 in respect of estimated assessment raised under Section 90(3) of the ITA 1967; or
 - prosecution under Section 120(1) of the ITA 1967 in respect of failure to notify the DGIR a change of accounting period within the prescribed period.

Note : For further information relating to the Operational Guidelines No. 1/2021 – Submission of Estimate of Tax Payable under Section 107C of the ITA 1967 and the previous PR No. 8/2019, kindly refer to our [Tax Flash – March 2021](#) and [January 2020 issues](#) respectively.

PR No. 7/2021 – Partnerships Taxation Part I – Determination of the Existence of a Partnership

The IRB has recently issued the [PR No. 7/2021 – Partnerships Taxation Part I – Determination of the Existence of a Partnership](#) to provide clarification on the determination of the existence of a partnership for income tax purposes.

The salient points of the abovementioned PR include:-

i. Definition and Characteristics of a Partnership

- Generally, a partnership is an agreement of 2 or more persons to carry on business in common with a view of profit.
- The PR provides the definition and characteristics of a partnership in accordance with Partnership Act 1961 and the ITA 1967

ii. Existence of a Partnership

- Factors / Consideration of facts in determining the existence of a partnership
 - The determination of the existence of a partnership is a question of law based on the facts of each case. The facts to be considered in determining the existence of a partnership include:
 - whether there is a formal partnership agreement i.e. a deed of partnership
 - whether the partnership is registered with any appropriate body (such as CCM, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants)
 - whether the terms of the deed of partnership indeed followed
 - how are profits shared
 - the bank account of the partnership is in whose name
 - what arrangements are in force in respect of the partners' remuneration (if any), share of profits and drawings
 - what capital (if any) has each individual partner contributed and what is the interest rate allowable to that partner

- Co-ownership and Partnership

- A co-owner of property (e.g. building or land) may not necessarily be a partner. The main distinctions between a co-ownership and a partnership are as follows:

Items	Co-ownership	Partnership
Agreement	An agreement may not necessarily result in co-ownership of a property.	A partnership is bound by the terms of written or oral agreement between partners.
Sharing profit and loss	Terms of co-ownership may not involve profit and loss.	Sharing of profit / loss is a characteristic of a partnership and it involves carrying on of a business.
Transfer of interest	A co-owner can transfer his interest with or without the consent of the other co-owners.	Transfer of interest of a partner depends on the deed of the partnership. A partner cannot transfer his interest without the knowledge or
Lien (legal right)	A co-owner has no lien on the property co-owned, for expenses, or for what may be due from others as their share of a common debt.	A partner has a lien on anything owned in common, for outlays or expenses, or for what may be due from others as their share of a common debt.
Right to divide property	A co-owner can claim partition of property owned between himself and other co-owners.	A partner has no right to partition in specie and on dissolution of a partnership, he may take legal action for his share in the partnership property.
Purpose of existence	The purpose of co-ownership is not necessarily to generate a profit or gain.	The purpose of forming a partnership is to generate profits or gains to be shared among its partners.

- Deed of Partnership

- the mere existence of a deed of partnership does not create a relationship between the partners. If the terms of the agreement have not been carried on and put into effect, the partnership does not exist
- a deed of partnership is drawn up to define the rights, duties and interests of the partners

iii. Partnership Accounts

- The accounts of a partnership business are normally kept along the same lines as the accounts of a sole proprietorship except for the following:-
 - separate capital and drawing accounts are kept for each partner. Where a partner's capital or drawings account is overdrawn, he is debited with interest (instead of being credited with interest), any corresponding credit to profit and loss account must be deducted in the income tax computation
 - at the end of each accounting period, the net profit or loss is apportioned in accordance with the profit-sharing ratio as per the deed of partnership
 - if a partner is entitled to remuneration, profit and loss account is debited and the partner's drawing account is credited
 - when interest is allowed on partners' capital, profit and loss account is debited and the relevant capital account (or drawings account) credited
 - conversely, when interest is charged on overdrawn capital, profit and loss account is credited and the relevant capital account (or drawings account) debited
- Partners' remuneration and interest on capital are appropriations of the partnership profits, and not expenses of the business. Such items that are debited into the profit and loss account will be disallowed in computing the provisional adjusted income of the partnership.

iv. Filing of Income Tax Return Form

- The profits of a partnership business are not taxed at the partnership level. Although a partnership is not a taxable person, all partnerships are required to file an Income Tax Return Form (Form P) annually to the DGIR not later than 30th June in the year following a year of assessment
- The responsibility to file in the Form P lies with:-
 - the precedent partner (*Note*) of the partnership; or
 - any attorney, agent, manager or factor of the partnership in Malaysia if there is no acting partner present in Malaysia

Note : *The precedent partner is also responsible for issuing the Apportionment of Partnership Income in Form CP30 to each and every partner. The Form CP30 has to be provided to each partner to enable them to declare their partnership income within the stipulated period.*

PR No. 8/2021 – Partnerships Taxation Part II – Computation and Allocation of Income

The IRB has recently published the [*PR No. 8/2021 – Partnerships Taxation Part II – Computation and Allocation of Income*](#) to provide guidance on the computation of provisional adjusted income or loss of a partnership and the ascertainment of the respective partners' share of the income or loss.

Salient points of the abovementioned PR include: -

i. Chargeable Person

- A partnership is not a chargeable person for income tax purposes as it is not a "person" in law. A partner in a partnership is a chargeable person and he will be taxed on his respective share of the partnership income.

ii. Computation of Partnership Income

- The gross income and the adjusted income of the partnership would be computed as though the partnership was a sole proprietor. In ascertaining the adjusted income or loss for a partnership from each source, expenses that are incurred wholly and exclusively during that period in the production of gross income are deductible pursuant to Section 33(1) of the ITA 1967 but subject to any specific prohibitions under Section 39(1) of the ITA 1967.
- The computation of income or loss of a partnership is the same as the computation of adjusted business income or loss except that no deductions shall be allowed for the following expenses in arriving at the provisional adjusted income or loss of the partnership: -
 - partner's remuneration;
 - interest payable to a partner on partner's capital or money borrowed; and
 - partner's private or domestic expenses incurred, or reimbursements of private or domestic expenses incurred.
- The divisible income or loss of a partnership for a basis period is the provisional adjusted income or loss of a partnership less: -
 - partner's remuneration;
 - interest payable to a partner on partner's capital or money borrowed; and
 - partner's private or domestic expenses incurred, or reimbursements of private or domestic expenses incurred.
- The allocation of divisible income or loss to a partners should be in accordance with the profit sharing provisions of the deed of a partnership. In the absence of a deed of partnership, the partners are entitled to equal shares in the partnership.
- The adjusted income of a partner from a partnership for a basis period for a year of assessment is the total of his:-
 - remuneration;
 - interest payable to him on his share of capital contribution;
 - expenses payable to or incurred in relation to the partner; and
 - share of the divisible income for that basis period.
- In the event of an agreed change in the profit sharing ratios among the partners in the basis period for a year of assessment, the divisible income is deemed to have accrued evenly over the relevant basis period. The divisible income will then be allocated on a time basis to the periods before and after the change in the profit sharing arrangements. The divisible profits allocated to each period is then divided among the partners in accordance with the arrangements during the respective periods. The relevant amounts are then aggregated to arrive at the adjusted income of each partner for the basis period of the relevant year of assessment.

iii. The PR also explains the treatments under the following circumstances:-

- when there are changes in a partnership
- sole proprietor becoming a partnership
- partnership is a partner in another partnership (the main partnership)

iv. Non-business Income

- Non-business income received by a partnership would not be included in the computation of provisional adjusted income or loss for the partnership and it would be apportioned among the partners in accordance with the agreed profit ratio.

v. Partnership Losses

- If a partnership suffers business loss for the basis period for a year of assessment and result in provisional adjusted loss and a divisible loss, the divisible loss will be divided among the partners in accordance with the agreed profit sharing ratio.

vi. Capital Allowances

- For the purpose of computation of capital allowance in respect of expenditure incurred on the capital assets in the basis period, the said asset has to be owned by the partnership and in use for the purposes of the partnership business at the end of the basis period.
- The PR provides clarifications and examples to demonstrate the allocation of capital allowances in the case of continuing partnership and changes in a partnership.

vii. Partner Incurring Own Capital Expenditure in Partnership

- A partner may on his own have incurred qualifying expenditure on an asset for the purpose of the business of the partnership and entitle to the appropriate capital allowances of charges in respect of the asset.

PR No. 9/2021 – Private Retirement Scheme

The IRB has recently issued the [PR No. 9/2021 – Private Retirement Scheme](#) [“PRS”] to provide guidance on the tax treatment of the PRS contributions by an individual and the employer, income of the PRS fund as well as the withdrawal of contributions to PRS. This new PR replaces the PR No. 9/2014 dated 24th December 2014.

Salient amendments, updates and additional explanation included in the new PR are:-

i. Withdrawal of Sub-Account B [Paragraph 4.7.4 of the new PR]

- Effective 1st January 2020, withdrawals can be made from sub-account B for healthcare and housing.
- Withdrawal for healthcare purposes is allowable for illnesses listed in Schedule J of the Guidelines for PRS issued by the Securities Commission [“SC”] or any other illnesses as may be specified by the SC. The withdrawal can also be made for local or foreign treatment.
- Application for the withdrawal for housing purposes can be made provided there is a minimum balance of RM500 in sub-account B for:-
 - Financing the purchase or building of a residential property in Malaysia;
 - Redeeming or reducing housing loan; or
 - Financing a rent-to-own scheme or any other housing schemes in Malaysia specified by the SC.
- Pre-retirement withdrawal from sub-account B for purposes in relation to healthcare and housing can only be requested by a member of the PRS once per calendar year provided that they have been a member of the particular PRS for at least one year.

ii. Tax Deduction for PRS Fund Contributions [Paragraph 5.1.1 of the new PR]

- The maximum deduction of RM3,000 (inclusive of deferred annuity) for the contributions paid to the PRS fund by an individual resident in Malaysia has been extended for the period from year of assessment [“YA”] 2012 to YA 2025 (previously until YA 2021).

iii. Withholding Tax Exemption on Pre-Retirement Withdrawal [Paragraph 5.3.4 of the new PR]

- Besides the existing conditions for the withholding tax (final tax) exemption on the pre-retirement early withdrawals, exemption from withholding tax is also given for the pre-retirement (before reaching the age of 55) withdrawals from sub-account B under the Income Tax (Exemption) (No. 3) Order 2020 for the period from 30th April 2020 until 31st December 2020, subject to a maximum of RM1,500 from each PRS provider.

Note : For further information relating to the previous PR No. 9/2014 and the Income Tax (Exemption) (No. 3) Order 2020, kindly refer to our [Tax Flash – January 2015](#) and [June 2020 issues](#) respectively.

Discontinuation of the Concession under FAQ on International Tax Issues Due to COVID-19 Travel Restrictions

In conjunction with the Government's announcement on the reopening of international border and in line with the practices of several countries which have lifted travel restrictions due to COVID-19, the IRB has decided not to extend the tax treatment concessions given under the earlier Frequently Asked Questions ["FAQ"] on International Tax Issues Due to COVID-19 Travel Restrictions after 31st December 2021.

The IRB has uploaded the [FAQ on International Tax Issues Due to COVID-19 Travel Restrictions \(updated on 24th December 2021\)](#) to reflect the above. Following this, the provisions of the ITA 1967 and Double Taxation Avoidance Agreement with the relevant counties will apply in relation to tax residence status, permanent establishment and cross border employment income.

Note : For further information on the [FAQ on International Tax Issues Due to COVID-19 Travel Restrictions \(as of 9th February 2021\)](#), kindly refer to our [Tax Flash – March 2021 issue](#).

Deduction for Expenses in Relation to Secretarial Fee and Tax Filing Fee

Under the Income Tax (Deduction for Expenses in Relation to Secretarial Fee and Tax Filing Fee) Rules 2020, a deduction on the secretarial fee and tax filing fee (subject to certain criteria) which are "incurred and paid" in a year of assessment up to a maximum of RM15,000 is allowed in ascertaining the adjusted income of a person resident in Malaysia from his business in the basis period for that year of assessment.

The [Income Tax \(Deduction for Expenses in Relation to Secretarial Fee and Tax Filing Fee\) \(Amendment\) Rules 2021](#) has been gazetted to provide that:-

- i. The fees as mentioned above are deductible in a basis period for the year of assessment when the fees are incurred (instead of "incurred and paid").
- ii. Any secretarial fee and tax filing fee incurred in the basis periods for the YA 2020 and 2021 must be paid before a claim for tax deduction can be allowed.

The above amendment Rules shall have effect from YA 2022.

Note : For further information on the [Income Tax \(Deduction for Expenses in Relation to Secretarial Fee and Tax Filing Fee\) Rules 2020](#), kindly refer to our [Tax Flash – June 2020 issue](#).

Special Deduction for Reduction of Rental of Business Premises Offered to SME and Non-SME Tenants

Under the Income Tax (Special Deduction for Reduction of Rental to a Small and Medium Enterprise ["SME"]) Rules 2021 and the Income Tax (Special Deduction for Reduction of Rental to a Tenant Other Than a SME) Rules 2021, landlords who offer at least 30% reduction of rental of business premises to SME and Non-SME tenants during the periods from April 2020 to December 2020 and from January 2021 to December 2021 respectively are eligible for special deduction of the rental reduction.

Following the 2022 Budget announcement, the following have been gazetted to provide for extension of the special deduction for reduction of rental of business premises offered to SME and Non-SME tenants for another 6 months, until June 2022:-

- [Income Tax \(Special Deduction for Reduction of Rental to a SME\) \(Amendment\) Rules 2021](#); and
- [Income Tax \(Special Deduction for Reduction of Rental to a Tenant Other Than a SME\) \(Amendment\) Rules 2021](#)

The above amendment Rules come into operation on 1st January 2022.

Note : For further details, kindly refer to our [Tax Flash – October 2021 issue](#).

Tax Deduction on Costs of Renovation and Refurbishment of Business Premises

The Income Tax (Costs of Renovation and Refurbishment of Business Premise) Rules 2020 provides for a deduction of the costs of renovation and refurbishment of business premises incurred by a person from 1st March 2020 to 31st December 2021, subject to a maximum of RM300,000.

Following the Budget 2022 announcement, the [Income Tax \(Costs of Renovation and Refurbishment of Business Premise\) \(Amendment\) Rules 2021](#) has been gazetted to extend the period for the costs of renovation and refurbishment of business premises incurred for another year, i.e. until 31st December 2022.

Note: For further information on the [Income Tax \(Costs of Renovation and Refurbishment of Business Premise\) Rules 2020](#), kindly refer to our [Tax Flash – January 2021 issue](#).

Tax Exemption of Income Derived from Carrying on a Commercialisation Project

Pursuant to the Income Tax (Exemption) (No.13) Order 2013, a qualifying company is exempted from payment of income tax in respect of the statutory income derived from a business of carrying on a commercialisation project of research and development findings for non-resource based activities or products for 10 consecutive years of assessment.

Following the Budget 2021 announcement, the [Income Tax \(Exemption\) \(No.13\) 2013 \(Amendment\) Order 2021](#) has been gazetted to expand the incentive for undertaking commercialization of research and development findings for non-resource based activity of product by a public or private institution of higher learning (previously only public institution of higher learning).

Note : For further information relating to tax exemption of income derived from carrying on a commercialisation project, kindly refer to our [Tax Flash – October 2013 issue](#).

Stamp Duty Exemption on Insurance Policies or Takaful Certificates with Small Annual Premium or Takaful Contribution Value

Following the Budget 2022 announcement, the following have been gazetted to provide for exemption of stamp duty on insurance policies or *takaful* certificates for products issued by a licensed insurer or a licensed *takaful* operator with small annual premium or *takaful* contribution value:-

- i. [Stamp Duty \(Exemption\) \(No. 15\) Order 2021](#)
 - Stamp duty exemption is given to micro enterprise or small and medium enterprises [“MSME”] on the purchase of any insurance policies or *takaful* certificates with an annual premium or *takaful* contribution not exceeding RM250.

ii. *Stamp Duty (Exemption) (No. 16) Order 2021*

- Stamp duty exemption is given to individuals on the purchase of any insurance policies or *takaful* certificates with an annual premium or *takaful* contribution not exceeding RM150.

The insurance or *takaful* products approved by the Central Bank of Malaysia to be offered by a licensed insurer or *takaful* operator are as follows:-

- fire insurance or *takaful*;
- fire business interruption insurance or *takaful*;
- personal accident insurance or *takaful*;
- travel insurance or *takaful*;
- liability insurance or *takaful*; and
- engineering insurance or *takaful*.

For the purpose of the above Orders:-

“Licensed insurer” has the same meaning assigned to it in Subsection 2(1) of the Financial Services Act 2013.

“Licensed *takaful* operator” has the same meaning assigned to it in Subsection 2(1) of the Islamic Financial Services Act 2013.

“MSME” means micro enterprises or SME as may be determined by the National Entrepreneur and Small and Medium Enterprises Development Council established under Section 2A of the Small and Medium Industries Development Corporation Act 1995.

The above exemption applies to insurance policies or *takaful* certificates issued on or after 1st January 2022 but not later than 31st December 2025.

Stamp Duty Exemption for Instrument of Investment Note or Islamic Investment Note for P2P Financing

Following the Budget 2022 announcement, the *Stamp Duty (Exemption) (No. 17) Order 2021* has been gazetted to provide for stamp duty exemption on instrument of investment note or Islamic investment note for peer to peer [“P2P”] financing executed by MSME or executed between MSME and investor, or a person authorized to act on behalf of the investor.

“P2P platform” means an electronic platform that facilitates directly or indirectly the issuance, execution or offering of an investment note or an Islamic investment note specified in the Guidelines on Recognized Markets issued or revised from time to time by the SC.

To be eligible for the exemption, the following conditions must be fulfilled:-

- The P2P platform is operated by a P2P operator registered with SC; and
- The investment note or Islamic investment note is executed from 1st January 2022 to 31st December 2026.

Stamp Duty Exemption for *Perlindungan Tenang* Products

The Stamp Duty (Exemption) (No. 5) Order 2018 provides for stamp duty exemption on any insurance policies and *takaful* certificates for *Perlindungan Tenang* products issued by a licensed insurer or a licensed *takaful* operator with an annual premium or *takaful* contribution not exceeding RM100 from 1st January 2019 to 31st December 2020. The period of exemption was extended until 31st December 2025 via the Stamp Duty (Exemption) (No. 5) 2018 (Amendment) Order 2020.

Following the Budget 2022 announcement, the *Stamp Duty (Exemption) (No. 5) 2018 (Amendment) Order 2021* has been gazetted to provide for exemption the insurance policies and *takaful* certificates for *Perlindungan Tenang* products with annual premium or *takaful* contribution not exceeding RM150.

The amendment Order has effect from 1st January 2022.

Note : For further details relating to the extension of stamp duty exemption for *perlindungan tenang* products, kindly refer to our *Tax Flash – January 2021 issue*.

Service Tax Guides

The Royal Malaysian Customs Department [“RMCD”] has published the following guides:-

- *Guide on Food and Beverages* dated 27th December 2021;
- *Guide on Motor Vehicle Service or Repair* dated 28th December 2021;
- *Guide on Parking Services* dated 10th January 2022; and
- *Guide on Advertising Services* dated 19th January 2022.

Service Tax Policy No. 3/2021

Subsequent to the 2022 Budget proposals, RMCD has published *Service Tax Policy No. 3/2021* dated 31st December 2021 in relation to Service Tax Exemption on Brokerage Services related to Trading of Shares Listed in Bursa Malaysia. The salient points extracted from the Policy are as follows:-

- i. The recipients of brokerage services related to trading of shares are exempted from payment of service tax, subject to the following matters:-
 - Brokerage services are related to trading of shares listed in Bursa Malaysia; and
 - The exemption is effective for brokerage services rendered effective 1st January 2022.
- ii. Other brokerage service fees such as money brokerage, insurance and other financial service industries are subject to service tax.
- iii. The brokerage services that have been provided before 1st January 2022 are not entitled to the service tax exemption, thus, the brokerage service providers are required to account for the service tax.

Special Voluntary Disclosure and Amnesty Program for Indirect Taxes

The RMCD has published the *Guide Voluntary Disclosure and Amnesty Programme [“VA Programme”] for Indirect Taxes* dated 31st December 2021 and *FAQ in respect of VA Programme*. The salient points extracted from the Guide are as follows:-

- i. The VA Programme is applicable to duty / tax / levy / penalty / surcharge liabilities that arise and remain outstanding as at 31st October 2021 under the following legislations administered by RMCD:-

- Customs Act 1967 – import duty and export duty;
- Sales Tax Act 1972 / 2018 – sales tax;
- Service Tax Act 1975 / 2018 – service tax (including imported services and digital services);
- Excise Act 1976 – excise duty;
- Goods and Services Tax Act 2014 – goods and services tax;
- Tourism Tax Act 2017 – tourism tax; and
- Departure Levy Act 2019 – departure levy.

ii. The VA Programme does not cover the following:-

- Anti-dumping duty;
- Safeguard duty;
- Windfall profit levy;
- All duty / tax / levy / penalty / surcharge liabilities that are being or have been investigated by the Enforcement Division of RMCD; and
- Companies / individuals who have been approved for duty / tax / levy remission by the Ministry of Finance.

iii. The VA Programme is categorised into the following categories:-

- Voluntary disclosure – for errors unknown / undiscovered by RMCD;
- Amnesty – for offences that have been identified by RMCD and bills of demand have been issued.

iv. The duration for the VA Programme and the general rates of the duty / tax / levy remission or exemption and penalty remission are as follows:-

Phases	Period	General Rates of Duty / Tax / Levy Remission or Exemption	General Rate of Penalty Remission
1	1 st January 2022 to 30 th June 2022 (6 months)	10% - 30%	100%
2	1 st July 2022 to 30 th September 2022 (3 months)	5% - 15%	50%

Note : Please refer to Appendix 1 to the Guide for the detailed information on the rates of duty / tax / levy remissions or exemptions and penalty remissions.

v. A minimum compound will be imposed on compoundable offence and must be paid within the stipulated period in order to enjoy the remission incentive:-

Voluntary Disclosure Amount RM	Compound Values RM
< RM100,000	RM500 for each voluntary disclosure
≥ RM100,000	RM1,000 for each voluntary disclosure

vi. The table below sets out the various scenarios of the remission and the exemption rate eligible under the VA Programme:-

Scenario	Registered In	Full Payment Made under the VA Programme (Including Compound) In	Remission Incentive / Exemption Rate Eligible under the VA Programme
1	Phase 1	Phase 1	Rates offered under Phase 1
2	Phase 1	Phase 2	Rates offered under Phase 2
3	Phase 2	Phase 2	Rates offered under Phase 2
4	Phase 2	After Phase 2	None

Approved Major Exporter Scheme

The RMCD has on 16th January 2022 updated the conditions and application procedures for *Approved Major Exporter Scheme* ["AMES"], as summarised below:-

- i. Companies that wish to apply for AMES must fulfill *the conditions prescribed by RMCD*;
- ii. Any eligible company can make an application by submitting the following documents:-
 - *AMES Application Form*; and
 - *Template Excels Goods Information for Sections D, F and G*.
- iii. Effective 1st January 2022, the completed application form together with supporting documents must be submitted to *Bahagian Cukai Dalam Negeri*, the zone/state control station where the applicant's premises operate. The application via email will no longer be accepted by RMCD.
- iv. RMCD will notify the applicant on the status of its application within 14 days from the date of receipt of **complete submission** of the application form together with supporting documents.

Note : For further details, kindly refer to our *Tax Flash – July 2020 issue*.

For other issues of our Tax Flash, please go to:
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