

## **FINAL LEVEL ADVANCE TAXATION 2**

### **OBJECTIVE:**

To examine the ability to provide a comprehensive and practical response to specific tax issues.

### **CONTENTS:**

Questions may involve more than one type of tax and the paper as a whole will contain questions requiring knowledge of all of the areas and taxes covered in Personal Taxation, Business Taxation, Advance Taxation 1 and Revenue Law and knowledge of other aspects of law, accountancy, reports, letters or computations that a tax practitioner may encounter.

#### **(A) Double Deduction and Income Tax Incentives:**

1. Double deduction for promotion of export
2. Double deduction for research expenditure
3. Double deduction for approved training
4. Deduction for pre-commencement of business training expenses
5. Income Tax (Deduction for Cost Acquisition of Proprietary Rights) Rules 2002
6. Income tax (Allowance for Increased Export) Rules 1999
7. Tax incentives for export
8. Malaysian International Trading Company (MITC)

#### **(B) Approved Service Sector**

1. Criteria in approving tax incentives for ASP
2. Income tax exemption
3. Investment allowance
4. Tax planning- profit exemption or investment allowance
5. Industrial building allowance
6. Duty exemption on machinery and materials
7. Double deduction on promotion of export services
8. Double deduction for R & D
9. Double deduction on training
10. Tax administration

#### **(C) Multimedia Super Corridor (MSC)**

1. Income tax exemptions
2. Investment tax allowance (ITA)
3. Industrial building allowance (IBA)
4. Duty-free importation of multimedia equipment
5. Research and development grants for local SMEs
6. Withholding tax exemptions
7. Non-financial incentives
8. Administration

#### **(D) Principal Hub**

1. Features
2. Incentives
3. Criteria
4. Additional Benefits

**(E) Tax Incentive on Commercialization of Research and Development Findings**

1. Application
2. Tax administration

**(F) Field Audit and Understatement of Tax**

1. Types of tax audit
2. Provision of reasonable facilities and assistance
3. Keeping of records
4. Understatement of tax
5. Directors' liabilities

**(G) Back Duty Investigations**

1. Matters that trigger off tax investigations
2. Test applied to discover tax evasion
3. Computation methods
4. Powers vested in the DGIR in investigation
5. Period of investigation and time bar
6. Reasonable care and responsibility of tax advisor
7. Offences and penalties
8. Anti-Money Laundering and Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATFPUA)

**(H) Tax Management for Companies**

1. Commencement of business
2. Financing arrangement
3. Related party transactions
4. Disposal of assets
5. Controlled transfer and implications for disposer and acquirer
6. Distinction between business income and investment income
7. Investment income
8. Interest restriction
9. Investment strategy in a company – Equity and debt financing
10. Thin capitalization issues

**(I) Taxation for Company Reorganization, Reconstruction and Amalgamation**

1. Stamp duty and RPGT relief /exemption

**(J) Group Relief Companies**

**(K) Tax avoidance and evasion**

1. Malaysian case laws: principles

**(L) Transfer pricing**

1. Tax authorities' practice
2. Method employed

**(M) Stamp Duty**

1. Legislation
2. Types of stamp duty
3. Instrument chargeable with duty
4. Stamp duty on transfer shares

**(N) Tax Policies**

1. Types of tax systems
2. Role of taxation in economic development
3. Design of tax policy
4. Tax reforms
5. Code of Ethics

**(O) Goods and Service Tax (GST)**

1. Introduction, mechanism and type of GST supplies
  - i) The imposition of GST Mechanism
    - a. Output tax
    - b. Input tax
    - c. Input tax credit(ITC)
  - ii) Types of supply
    - a. Standard rate
    - b. Zero rate
    - c. Exempt Supply
2. Elements of the scope of GST
  - i) Supply of goods and service
    - a. Meaning of supply
    - b. Determination of goods and services
    - c. Importation and reverse charge
  - ii) Business
    - a. Business test
  - iii) Taxable person
    - a. Meaning of persons
    - b. Determination of taxable persons
  - iv) Consideration and value
  - v) Time and place of supply
  - vi) Deemed Supply
3. Responsibilities of registered persons
  - i) Issuance of tax invoice
  - ii) Submission of returns
  - iii) Payment of tax
  - iv) Keeping of records
4. Registration
5. Tax Invoices
  - i) Debit Note & Credit Note
  - ii) Record Keeping
  - iii) Accounting Basis
  - iv) Taxable period
6. Acknowledgment and payment by non-taxable persons
  - i) Power to assess
  - ii) Anti-Avoidance Rules
  - iii) Offences and Penalties
  - iv) Types of Audits and GST Appeal Tribunal and Other Appeal Procedures
7. Input Tax Credit
  - i) Input Tax Credit
  - ii) Mechanisms to claim input tax
  - iii) Allowable input tax
  - iv) Criteria for claim
  - v) Blocked input tax
  - vi) Incidental exempt supply
  - vii) Input tax refunds
  - viii) Repayment of Input Tax

- ix) Input tax claim in certain circumstances
  - a. Pre-incorporation
  - b. Pre-registration
  - c. Late registration
  - d. De-registration
  - e. Post registration
- x) Input tax on Special Schemes
  - a. Transfer of going concern
  - b. Joint venture
- xi) Input tax on relating to own use
- xii) Input tax relating to change of use
- 8. Special Schemes
  - i) Approved Traders Scheme
  - ii) Approved Toll Manufacturer Scheme
  - iii) Approved Jeweler Scheme
  - iv) Relief on Second Hands Goods (margin scheme)
  - v) Warehousing scheme
  - vi) Tourist Refund Scheme(TRS)
  - vii) Flat Rate Scheme
- 9. Adjustment for credit note, debit note and bad debt relief
- 10. Partial exemption
- 11. Capital Goods Adjustment

**(P) Tax Mitigation**

**(Q) Double Taxation Agreements (DTA)**

1. Resident vs Source state taxation
2. Permanent establishment and business article Fees for technical services/Technical services
3. Royalty and Interest articles
4. Other Income article
5. Public Ruling 11/2011

**(R) Investment Incentives for Specific Industry**

1. Incentives for Services Sector - under Income Tax Exemption under Section 127 and Investment Allowance under Schedule 7B
2. Allowance for Increased Exports
3. Malaysian International Trading Companies
4. Acquisition for Proprietary Rights
5. Acquisition for Foreign-Owned Companies
6. Incentives for Wellness Zones
7. Venture Capital
8. Single & Double Deductions

**(S) Professional Ethics**

1. Form of practice and matters relating thereto
2. Obligations to clients and confidentiality
3. Matters relating to the affairs of new clients
4. Handling client work and all matters relating thereto
5. Charging for services
6. Matters giving rise to conflict of interest
7. Disclosures in tax returns, computations and correspondence with the Inland Revenue
8. Dealing with Inland Revenue errors in favor of taxpayers, tax evasion, tax avoidance and ethical/moral issues

**READING GUIDE - ADVANCE TAXATION 2**

1. Jeyapalan Kasipillai. **A Guide to Malaysian Taxation.** (Latest edition)
2. Jeyapalan Kasipillai. **A Guide to Advanced Malaysian Taxation.** (Latest edition)
3. Choong Kwai Fatt. **Malaysian Taxation Principles & Practice.** (Latest edition)
4. Choong Kwai Fatt. **Advanced Malaysian Taxation Principles & Practice.** (Latest edition)
5. Veerinderjeet Singh. **Veerinder on Taxation.** (Latest edition)
6. Richard Thornton. **Thornton's Malaysian Tax Commentaries.** (Latest edition)
7. CCH Tax Editors. **Malaysian Master Tax Guide.** (Latest edition)
8. **Income Tax Act 1967** (Latest Reprint)
9. **Public Rulings and Operational Guidelines.** (Latest Reprint)
10. **Tax Guardian**, Journal of the Chartered Tax Institute of Malaysia
11. **Budget Commentary & Tax Information** by CTIM-MIA-MICPA
12. Guides issued by the Government on GST (Latest Reprint)