

## **INTERMEDIATE LEVEL BUSINESS TAXATION**

### **OBJECTIVE:**

To examine the principles and application of Malaysian income tax law on businesses.  
Reference is also made to case law

### **CONTENTS:**

#### **(A) Business Source**

1. Definition of business
2. Badges of trade
3. Commencement and cessation of business
4. Basis of assessment
5. Capital and revenue receipts where cases are included
6. Deductibility of expenses; cases are included
7. Computation of business income

#### **(B) Special Classes of Income**

#### **(C) Capital Allowances**

1. Plant and Machinery:
  - i) Definition of plant and machinery
  - ii) Determination of Initial Allowance, Annual Allowance, Notional allowance, Balancing Allowance and Balancing Charge
  - iii) Claw back of Capital Allowances and the exception
2. Industrial Building Allowances (IBA):
  - i) Definition of Industrial Building
  - ii) Determination of Initial Allowance, Annual Allowance, Notional Allowances, Balancing Allowance and Balancing Charge
3. Agriculture Allowance
4. Forest Allowance
5. Controlled sales
6. Disposals subject to control

#### **(D) Basis Periods**

1. Commencement of accounting period
2. Changes of accounting date
3. Failure years and overlapping period
4. Legislative changes

#### **(E) Partnerships**

1. Existence of a partnership
2. Characteristics of a partnership
3. Ascertainment of provisional adjusted income/ loss, divisible income/ loss
4. Change in partners
5. Computation of partners total income, chargeable income and tax payable

#### **(F) Limited Liability Partnership**

1. Transition from partnership to LLP
2. Differences between partnership & company
3. Tax treatment of remuneration
4. Tax treatment of LLP

**(G) Withholding Tax**

1. Section 107A: Contract payment to non-resident contractors in respect of services under a contract
2. Section 109 Payment of interest and royalty to non-residents
3. Section 109A Payment to non-resident public entertainers
4. Section 109B Payments to non-residents for :
  - i) Services in connection with use of property
  - ii) Technical services
  - iii) Rents for use of movable property
5. Section 109F Gains and profits falling under sec 4(f) ITA

**(H) Corporate Taxation**

1. Determination of residence status of companies
2. Significance of residence status
3. Self-assessment system

**(I) Computation of Tax Liability**

1. Treatment of losses
2. Determination of chargeable income
3. Computation of tax payable
4. Allowable and disallowed expenses
5. Double deductions
6. Specific deductions

**READING LIST - BUSINESS TAXATION**

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