

Monthly Tax Update

-January 2018-

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INCOME TAX

1.0 Imposition of 100% penalty

Effective 1 January 2018, Inland Revenue Board Malaysia (IRBM) has clarified that current maximum penalty of 45% imposed for offence in regards to failure to declare income and correct information which is subject to tax will be increased to 100% of unpaid tax.

Examples of cases that will be subject to 100% penalty are:

- repeat offenders who under declared or incorrectly declared income;
- taxpayers who refuse to cooperate in an audit or investigation process;
- failure to provide information or documents requested in an audit or investigation process;
- involvement in organized tax evasion scheme; or
- committing an offence for which the taxpayers has previously been audited or investigated by IRBM.

For more information, please refer to the link below:

http://lampiran1.hasil.gov.my/pdf/pdfam/KenyataanMediaLHDNM_17042017_2.pdf

2.0 Public Ruling No. 12/2017

On 29 December 2017, IRBM issued Public Ruling (PR) on Appeal Against An Assessment And Application For Relief. This PR replaces PR No. 7/2015 dated 22 October 2015.

This PR illustrates:

- procedures with regard to appeal and application for relief;
- Form Q and Form N appeal procedures; and
- procedure and application for relief.

For more information, please refer to the link below:

http://lampiran1.hasil.gov.my/pdf/pdfam/PR_12_2017.pdf

3.0 Mutual Agreement Procedure Guidelines

On 19 December 2017, IRBM has updated Mutual Agreement Procedure Guidelines to be aligned with the BEPS Action 14 minimum standards.

For more information, please refer to the link below:

http://lampiran1.hasil.gov.my/pdf/pdfam/MediaRelease_11012018_Mutual_Agreement_Procedure_MAP_Guidelines_2.pdf

REGIONAL TRADE AREA

4.0 **ASEAN Free Trade Area**

ASEAN Free Trade Area (AFTA) is a trade bloc agreement initiated by the Association of Southeast Asian Nations (ASEAN) to support local manufacturing sector in all ASEAN countries.

ASEAN members have made significant progress in lowering intra-regional tariffs through Common Effective Preferential Tariff (CEPT).

CEPT Rules of Origin and Operational Certification Procedures have been revised in order to make it more attractive to regional businessmen and prospective investors. The revised features include:

- a standardized method of calculating local/ASEAN content;
- a set of principles for determining the cost of ASEAN origin and the guidelines for costing methodologies;
- treatment of locally-procured materials; and
- improved verification process, including on-site verification.

For more information, please refer to the link below:

<http://asean.org/asean-economic-community/asean-free-trade-area-afta-council/>

GOODS AND SERVICES TAX (GST)

5.0 **Public Ruling No. 01/2018**

On 11 January 2018, Royal Malaysian Customs Department (RMCD) issued PR on Supply of Commercial Residential Premise.

This PR is to determine whether the supply of commercial residential building or premise on commercial land will be classified as either a residential or commercial property. If the supply of commercial residential building or premise is determined as residential property, then the supply is exempted from GST.

For more information, please refer to the link below:

http://gst.customs.gov.my/en/rg/SiteAssets/gst_publicruling/PR%20Supply%20of%20Commercial%20Residential%20Premise%201%202018.pdf

6.0 **Guide on Lodging or Holiday Accommodation Services**

The Guide on Accommodation Premises and Similar Establishments as at 22 November 2017 is withdrawn and replaced by the Guide on Lodging or Holiday Accommodation Services as at 23 January 2018.

For more information, please refer to the link below:

http://gst.customs.gov.my/en/rg/SiteAssets/industry_guides_pdf/GUIDE%20ON%20LODGING%20OR%20HOLIDAY%20ACCOMODATION%20230118.pdf

7.0 **Bi-Monthly taxable period**

Registrants with a monthly taxable period may request for a two months taxable period (Bi-Monthly) subject to the following conditions:

- registrants under cash basis industries such as retailing are not allowed to apply; and
- all applications will be subject to Director General's condition and approval.

All applications must be made via Taxpayer Access Point (TAP).

For more information, please refer to the link below:

http://gst.customs.gov.my/en/rg/SiteAssets/TAP_GuideBiMonthlyApplication16118.pdf

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