

Monthly Tax Update

-March 2018-

Highlights:

Income Tax

- 1.0 Return of
Individuals
- 2.0 Digital Economy
- 3.0 Practice Note No.
1/2018

Regional Trade Area

- 4.0 ASEAN-China
Free Trade Area

Goods and Services

Tax (GST)

- 5.0 Guide on
Accounting
Software
Enhancement
towards GST
Compliance
- 6.0 Guide on
Insurance and
Takaful
- 7.0 Application for
Remission of Late
Payment Penalty

INCOME TAX

1.0 Return of Individuals

An individual who is resident in Malaysia in accordance with the provision of *Section 7 Income Tax Act (ITA 1967)* or deemed to be resident under *Subsection 7(1B) ITA 1967* and does not carry on business is compulsorily required to furnish income tax return - Form BE.

The due date for submission of Form BE for the Year of Assessment 2017 is 30 April 2018. Grace period is given until 15 May 2018 for submission via e-Filing.

For more information, please refer to the link below:

http://lampiran2.hasil.gov.my/pdf/pdfam/Explanatory_Notes_BE2017_2.pdf

2.0 Digital Economy

Digital economy refers to an economy that is based on the usage of digital technology. Business in digital economy include any trade transactions conducted via digital technology even though payment and delivery of the transactions may be carried out offline.

Digital economy business category is not merely limited to online trading activities but also include the following activities:

- Advertisement (i.e. blogger, instafamous, insta review)
- Crowd sourcing (i.e. application development projects)
- Digital currency (i.e. Bitcoin, Ripper, Ethereum)
- Retail sales (i.e. dropship, agent, stockiest)

Tax treatment for business in digital economy are the same as other businesses where income from business operations carried out in Malaysia is subject to the *ITA 1967*.

For more information, please refer to the link below:

http://www.hasil.gov.my/bt_goindex.php?bt_kump=5&bt_skum=2&bt_posi=4&bt_unit=1&bt_sequ=3

3.0 Practice Note No. 1/2018

On 16 March 2018, IRBM issued Practice Note No. 1/2018 on Tax Treatment on Digital Advertising Provided by A Non-Resident.

This Practice Note illustrates guidance in regards to withholding tax on income from digital advertising provided by a non-resident.

For more information, please refer to the link below:

http://lampiran1.hasil.gov.my/pdf/pdfam/PN_NO_1_2018.pdf

REGIONAL TRADE AREA

4.0 **ASEAN-China Free Trade Area**

ASEAN-China Free Trade Area (ACFTA) is a free trade area among ten member states of the Association of Southeast Asian Nations (ASEAN) and the People's Republic of China.

It is the largest free trade area in terms of population and the third largest trade volume after the European Economic Area and the North American Free Trade Area.

For Trade in Goods, ASEAN and China members has eliminated all tariffs for tariff lines placed in the Normal Track.

For Trade in Services, ASEAN and China has signed three package specific commitments for expansion of trade in services with improved market access and national treatment in sectors/subsectors where commitments have been made.

The third package specific commitments comprised improvements in the following areas:

- increased foreign equity limitation to 30% from 10% for Multi-Disciplinary Practices (MDP) for engineering and architectural services; and
- new offer on veterinary services with up to 49% foreign equity.

ASEAN-China Investment Agreement was entered into force on 1 January 2010 with the aim to create a favourable environment for investors and their investments from ASEAN and China. The agreement stipulates key protection elements that will provide:

- fair and equitable treatment to investors;
- non-discriminatory treatment on nationalisation or expropriation; and
- compensation for losses.

For more information, please refer to the link below:

<http://www.asean-cn.org/>

GOODS AND SERVICES TAX (GST)

5.0 **Guide on Accounting Software Enhancement towards GST Compliance**

The Guide on Accounting Software Enhancement towards GST Compliance as at 05 February 2018 is withdrawn and replaced by the Guide on Accounting Software Enhancement towards GST Compliance revised as at 08 March 2018.

For more information, please refer to the link below:

http://gst.customs.gov.my/en/ib/SiteAssets/GUIDE_ON_ACCOUNTING_SOFTWARE_08032018.pdf

6.0 Guide on Insurance and Takaful

The Guide on Insurance and Takaful as at 02 November 2017 is withdrawn and replaced by the Guide on Insurance and Takaful revised as at 26 March 2018.

For more information, please refer to the link below:

http://gst.customs.gov.my/en/rg/SiteAssets/industry_guides_pdf/GUIDE%20ON%20INSURANCE%20AND%20TAKAFUL%206032018.pdf

7.0 Application for Remission of Late Payment Penalty

On 26 March 2018, Royal Malaysian Customs Department announced that application for remission of late payment penalty can now be made via Taxpayer Access Point (TAP).

For more information, please refer to the link below:

<http://gst.customs.gov.my/en/hl/SiteAssets/pdf/GUIDE%20ON%20REMISSION%20REQUEST%20UNDER%20SEC%2062252822529%20ACT%20THROUGH%20TAP.pdf>

Disclaimer: interested parties are advised to contact the Company for further details after reading the contents of this tax alert. Neither the company, partners nor member firms, their councils or any their committees shall be held responsible or liable for any claims, loss, damages, costs or expenses arising in any way out of or in connection with any person relying upon such views without referring to the company first.