

## **Module Content Guide**

# **Taxation (TAX)**

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## TAXATION

### Introduction

This paper is designed to provide students a thorough understanding of the fundamental concepts and principles of the Malaysian taxation system and the relevance of taxation to personal and business decision making.

Students are expected to display an in-depth understanding of the impact of all major taxes on the transactions of individuals, companies and special undertakings and be able to identify, discuss and advise on the tax issues in a particular situation as well as planning opportunities to minimise potential tax liabilities.

At the advanced stage, students must not only be fully conversant with the Malaysian income tax system but also a good understanding of real property gains tax, investment incentives and indirect taxation.

### Module learning outcome

By the end of this module, students should be equipped with:

- (a) An in-depth knowledge and understanding of the concepts and principles of Malaysian taxation.
- (b) The ability to solve practical problems which draw on the interaction of different taxes as well as case law.

### Module requirements

The weightings of assessment for the module are:

Project	20% (marked out of 20)
Exam	80% (marked out of 80)
<p>To pass a technical module, candidates must meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. Pass the exam by achieving at least 40 marks out of 80 and;</li> <li>2. Pass the module overall by achieving at least 50 marks out of 100.</li> </ol>	

### Examination format

A 3-hour written paper comprising 4 compulsory questions.

**Syllabus content****1. Taxation of Companies**

Computation and advice on the tax liabilities of companies drawing on the relevant principles of taxation stated in the syllabus. This includes the computation of allowances/charges related to the relevant qualifying expenditure incurred in the mining, agriculture and timber industries.

**2. Principles of Taxation**

Advanced aspects of taxation including application of case law decisions relating to the assessability of receipts, deductibility of expenses, commencement and cessation of business, capital allowances (including disposals subject to control), arm's length pricing, thin capitalisation provision, etc.

**3. Taxation of Special Cases**

- (a) Sea and air transport undertakings
- (b) Insurance business, including
  - i General insurance
  - ii Life insurance
  - iii Inward re-insurance
  - iv Offshore insurance
  - v Takaful business (Islamic Insurance)
- (c) Banking institutions
- (d) Leasing business
- (e) Co-operative societies, trade associations and clubs
- (f) Property development/construction contracts
- (g) Unit trusts/investment funds
- (h) Investment holding companies, principal hubs
- (i) Operational headquarters company, regional distribution centre, international procurement centre, etc
- (j) Trusts and estates under administration
- (k) Settlements
- (l) Charitable institutions

**4. Cross Border Activities**

- (a) Trading in/with Malaysia
- (b) Withholding taxes
- (c) Principles of avoidance of double taxation
- (d) Bilateral/unilateral credits under Schedule 7
- (e) Double taxation agreements

**5. Real Property Gains Tax**

Principles, scope, chargeable assets/persons, exemptions, tax rates, administrative aspects and computation of tax under the Real Property Gains Tax Act 1976 including transactions involving shares in real property companies.

**6. Investment Incentives**

Incentives under the Promotion of Investments Act 1986 and the Income Tax Act 1967 including venture capital, Multimedia Super Corridor status and BioNexus status incentives.

**7. Labuan as an International Business and Financial Centre**

Principles, scope, administration and computation of tax under the Labuan Business Activity Tax Act, 1990.

**8. Tax Planning**

Identifying opportunities to legally avoid, mitigate or defer the impact of direct taxation, including utilisation of unabsorbed losses and capital allowances, remuneration packages, restructuring of business operations, etc.

**9. Indirect Taxation**

- (a) Organisational structure and powers of the Royal Malaysian Customs Department.
- (b) Principles, scope, administration and computation of goods and services tax under the Goods and Services Tax Act, 2014.
- (c) Stamp duties, customs duties and any other indirect taxes.

**10. Tax Audits and Investigations**

- (a) Distinction between tax avoidance and tax evasion.
- (b) Powers of the Director General of Inland Revenue.
- (c) Procedural and compliance aspects.
- (d) Preparation of capital statement and ascertainment of income understated.

**11. Tax Policies & Other Developments**

Tax reforms and awareness of any recent developments in the field of taxation as well as of transitional provisions, where applicable.

**Required module materials****Recommended basic texts**

MICPA	Advanced Taxation Study Manual	MICPA
Vincent Josef; Dr Veerinderjeet Singh	Malaysia Master Tax Guide 2018, 35 <sup>th</sup> Edition	CCH Malaysia

**Recommended reference text**

Noor Sharoja Sapiei, Mazni Abdullah	Veerinder on Malaysian Tax Theory and Practice, 2018, 4 <sup>th</sup> Edition	CCH Limited
Dr Choong Kwai Fatt	Malaysian Taxation – Principles & Practice, 2018, 24 <sup>th</sup> Edition	Infoworld
Dr Choong Kwai Fatt	Advanced Malaysian Taxation: Principles & Practice	Infoworld

**Tax legislation/Guidelines (As Amended)**

Income Tax Act 1967 and Finance Acts

Real Property Gains Tax Act 1976 (Act 169) and Finance Acts

Promotion of Investments Act 1986 (Act 327) and Amendment Acts

Labuan Business Activity Tax Act 1990 (Act 445)

Goods and Services Tax Act 2014 (Act 762) and amendments/regulations

Income Tax Leasing Regulations 1986

Various orders/rules/regulations made under the various tax legislations

Double Taxation Agreements

Public Rulings and Guidelines issued by the Inland Revenue Board