

# Taxation 1

Module Outline

MICPA Conversion Programme

## TAXATION 1

### AIM

1. To introduce basic concepts, philosophy and practices of taxation in Malaysia
2. To understand and be able to compute the tax payable for an individual taxpayer and companies
3. To understand the principles of taxation of a partnership
4. To understand the mechanism of Goods & Services Tax (GST) and be able to compute it
5. To understand tax compliance and administration for individuals and companies

### INTRODUCTION

This paper deals with the fundamentals of taxation in Malaysia in the perspective of an individual taxpayer, company and partnership. The main emphasis of this paper is to enable students to understand in depth the principles, foundation and the execution of income tax in Malaysia. Students will be introduced to the rights and obligation of a taxable person in Malaysia.

This paper also covers introduction to Goods & Services Tax (GST), tax compliance and administration for both individuals and companies.

### EXAMINATION FORMAT

A 3-hour written paper comprising 5 – 6 compulsory questions

### SYLLABUS WEIGHTING

<b>SYLLABUS CONTENT AREA</b>	<b>WEIGHTING</b>
Principles of Taxation	20%
Taxation of Income of Individuals and Companies	40%
Taxation of Partnerships	20%
Goods and Services Tax (GST)	10%
Tax Compliance and Administration	10%
<b>Total</b>	<b>100%</b>

**SYLLABUS CONTENT**

NO	TOPIC
1.	Principles of Taxation <ul style="list-style-type: none"> <li>a) Scope of income tax – chargeable persons, residence status, basis periods (including change of accounting dates)</li> <li>b) Distinction between capital and revenue receipts/expenses (including case law)</li> </ul>
2.	Taxation of Income of Individuals and Companies <ul style="list-style-type: none"> <li>a) Ascertainment of gross income, adjusted income, statutory income aggregate income, total income and chargeable income (excluding bilateral/unilateral credits)</li> <li>b) Computation of capital allowances on plant and machinery and industrial building, including disposals of assets subject to control</li> <li>c) Withholding taxes</li> </ul>
3.	Taxation of Partnerships <ul style="list-style-type: none"> <li>a) Existence of a partnership</li> <li>b) Ascertainment of provisional adjusted income</li> <li>c) Divisible income and allocation of income</li> <li>d) Limited Liability Partnership</li> </ul>
4.	Goods and Services Tax (GST) <ul style="list-style-type: none"> <li>a) Concept and mechanism of GST</li> <li>b) GST registration</li> <li>c) Taxable period</li> <li>d) Tax invoice</li> <li>e) Debit note, credit note, bad debt relief</li> <li>f) Input tax credit</li> <li>g) GST return</li> <li>h) Special scheme</li> </ul>
5.	Tax Compliance and Administration <ul style="list-style-type: none"> <li>a) Organisational hierarchy</li> <li>b) Self-assessment</li> <li>c) Returns</li> <li>d) Assessments</li> <li>e) Collection and recovery</li> <li>f) Appeals</li> <li>g) Offences and penalties</li> </ul>

**RECOMMENDED REFERENCE TEXTS**

<b>AUTHOR</b>	<b>TITLE</b>	<b>PUBLISHER</b>
Choong Kwai Fatt	Malaysian Taxation, Principles and Practice, Twenty Fourth Edition, 2018	Infoworld
Choong Kwai Fatt	Advanced Malaysian Taxation, Principles and Practices, Nineteenth Edition, 2018	Infoworld
Jeyapalan Kasipillai	A Guide to Malaysian Taxation, Fourth Edition, 2017	McGraw-Hill
Jeyapalan Kasipillai	A Guide to Malaysian Goods and Services Tax, 2015	McGraw-Hill

**OTHER REFERENCES**

Income Tax Act 1967 (Act 53) and Finance Acts

Public Rulings issued by Inland Revenue Board (IRB)

Pekeliling LHDN

IRB's website at <http://www.hasil.gov.my/>

Customs' website at <http://gst.customs.gov.my/>