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

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<thead>
<tr>
<th>SYLLABUS CONTENT AREA</th>
<th>WEIGHTING</th>
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<tr>
<td>Principles of Taxation</td>
<td>20%</td>
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<tr>
<td>Taxation of Income of Individuals and Companies</td>
<td>40%</td>
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<tr>
<td>Taxation of Partnerships</td>
<td>20%</td>
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<tr>
<td>Goods and Services Tax (GST)</td>
<td>10%</td>
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<tr>
<td>Tax Compliance and Administration</td>
<td>10%</td>
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<td><strong>Total</strong></td>
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### SYLLABUS CONTENT

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| 1. | **Principles of Taxation**  
   a) Scope of income tax – chargeable persons, residence status, basis periods (including change of accounting dates)  
   b) Distinction between capital and revenue receipts/expenses (including case law) |
| 2. | **Taxation of Income of Individuals and Companies**  
   a) Ascertainment of gross income, adjusted income, statutory income aggregate income, total income and chargeable income (excluding bilateral/unilateral credits)  
   b) Computation of capital allowances on plant and machinery and industrial building, including disposals of assets subject to control  
   c) Withholding taxes |
| 3. | **Taxation of Partnerships**  
   a) Existence of a partnership  
   b) Ascertainment of provisional adjusted income  
   c) Divisible income and allocation of income  
   d) Limited Liability Partnership |
| 4. | **Goods and Services Tax (GST)**  
   a) Concept and mechanism of GST  
   b) GST registration  
   c) Taxable period  
   d) Tax invoice  
   e) Debit note, credit note, bad debt relief  
   f) Input tax credit  
   g) GST return  
   h) Special scheme |
| 5. | **Tax Compliance and Administration**  
   a) Organisational hierarchy  
   b) Self-assessment  
   c) Returns  
   d) Assessments  
   e) Collection and recovery  
   f) Appeals  
   g) Offences and penalties |
RECOMMENDED REFERENCE TEXTS

<table>
<thead>
<tr>
<th>AUTHOR</th>
<th>TITLE</th>
<th>PUBLISHER</th>
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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/