



Tax Espresso A snappy delight

Greetings from Deloitte Malaysia Tax Services

**Key changes under the Finance Bill 2015
that may impact your tax position (including
estimate of tax payable)**

Quick links:

[Deloitte Malaysia](#)

[Inland Revenue Board](#)

Takeaways:

**Key changes under the
Finance Bill 2015 that may
impact your tax position
(including estimate of tax
payable)**

The Finance Bill 2015 has proposed several amendments to the Income Tax Act 1967 (ITA) which may have an impact on your tax position (including the estimate or revised estimate of tax payable). Some of the major amendments are as follows:

Debt arising from services to be rendered or use of property to be dealt with

Section 24(1) of the ITA is to be amended to take effect from year of assessment (YA) 2016 whereby a debt will be treated as gross income in the basis period the debt arises although the services are to be rendered or the use of property is to be dealt with in the future basis period. The calculation of estimate of tax payable for YA 2016 onwards should include such debts, if any.

Deferred income/advance receipts taxed in the year of receipt

The proposed new Section 24(1A) of the ITA provides that effective YA 2016, when a person receives advance payment for any services to be rendered or the use or enjoyment of any property to be dealt with in the course of carrying out its business, the amount that is received shall be treated as gross income of that person in the basis period the amount is received notwithstanding that the service or use of the property has yet to be rendered or dealt with. Such advance receipts have to be imputed in the estimate of tax payable by the company, if any.

Where the deferred income/advance receipts that had been brought to tax is refunded in a basis period for a YA in the future, the said amount shall be deducted from the relevant gross income of the relevant person in the year of refund.

Events

Deloitte TaxMax – the 41st series – Melaka
Date: 18 November 2015
Venue: Ramada Plaza
Melaka

OECD / G20 Base Erosion and Profit Shifting Project Workshop
Date: 23 November 2015 & 14 December 2015
Venue: Menara LGB
Kuala Lumpur

Important deadlines:

Due date for 2016 tax estimates for companies with December year-end (1 December 2015)

6th month revision of tax estimates for companies with May year-end (30 November 2015)

9th month revision of tax estimates for companies with February year-end (30 November 2015)

Statutory filing of 2015 tax returns for companies with April year-end (30 November 2015)

Notification to claim interest tax deduction when it is due to be paid

With effect from YA 2014, interest payable for a basis period is deductible only if the interest is due to be paid and the deduction would be given in the year the interest is payable. Interest that is accrued in the accounts but not payable as yet has to be added back in calculating the estimate of tax payable.

The proposed Section 33(5) of the ITA is introduced to take effect from YA 2016 where a person shall notify the Inland Revenue Board (IRB) in writing for a tax deduction on the interest payable not later than 12 months from the end of the basis period for the YA when the said interest is due to be paid.

Effect of GST on income tax computation

Upon gazette of the Finance Bill 2015, the following budget proposals on the treatment of Goods and Services Tax (GST) for income tax purposes will affect the tax estimate and tax payable for YA 2015 and the effect is critical for a company whose financial year ended after 1 April 2015:

i) Tax implication arising from GST input tax on revenue expense

Effective YA 2015, a new Section 39(1)(o) is introduced in the ITA to disallow a deduction for any amount paid or to be paid as goods and services input tax (GST input tax) by a person if he is:

- ✓ Liable to be registered under the Goods and Services Tax Act 2014 (GST Act 2014) and has failed to do so, or
- ✓ Entitled under GST Act 2014 to credit that amount as GST input tax.

ii) Implications arising from GST input tax treatment on qualifying expenditure (QE) for the purpose of capital allowance (CA) under Schedule 3, reinvestment allowance (RA) under Schedule 7A, investment allowance (IA) under Schedule 7B and investment tax allowance under Promotion of Investment Act 1986 (PIA)

A. Exclusion of GST input tax from QE

Effective YA 2015, GST input tax paid or to be paid by a person is to be excluded from the amount of QE if the person is:

- ✓ Liable to be registered under the GST Act 2014 and has failed to do so; or
- ✓ Entitled under the GST Act 2014 to credit on that amount as input tax.

B. Effect of adjustment to input tax on QE

Effective YA 2015, QE of an asset shall only be adjusted (as a result of any adjustment to input tax under the GST Act 2014) in the basis period for a YA in which the period of adjustment related to the asset as provided under the GST Act 2014 ends.

In the case of an asset that has been disposed, the QE of the asset shall be adjusted in the YA the disposal is made.

If the above adjustment results in:

- ✓ An additional amount – the amount shall be deemed to be part of the QE and included in residual expenditure.
- ✓ A reduced amount – the amount shall be treated as follows:

For CA purpose	For RA, IA and investment tax allowance purposes
The relevant amount shall be reduced from the QE and residual expenditure. If the reduced amount exceeds the residual expenditure, the excess shall be treated as part of the statutory business income. The excess amount shall not exceed the total amount of allowances given under Schedule 3.	The allowances given on the reduced amount shall be deemed as part of the statutory business income.

C. Computation or recomputation of investment tax allowance under PIA

Effective YA 2015, the Director General is empowered to make a computation or recomputation of investment tax allowance under PIA or the amount of statutory business income for a YA with regard to adjustment made on input tax under the GST Act 2014, in the basis period for the YA the adjustment is made or at any time as may be necessary to give effect to such adjustment.

iii) Tax treatment for GST output tax

Effective YA 2015, a new Section 39(1)(p) is proposed in the ITA to disallow a deduction for any amount of output tax paid or to be paid under the GST Act 2014 which is borne by a person who is registered or liable to be registered under the GST Act 2014.

We invite you to explore other tax related information at:

<http://www2.deloitte.com/my/en/services/tax.html>

Contact Us

Services / Names	Designation	Email	Telephone
Business Tax			
Compliance & Advisory			
Yee Wing Peng	Managing Director	wpyee@deloitte.com	(603) 7610 8800
Julie Tan	Executive Director	jultan@deloitte.com	(603) 7610 8847
Business Model Optimisation			
Hisham Halim	Executive Director	hihalim@deloitte.com	(603) 7610 8832
Business Process Solutions			
Julie Tan	Executive Director	jultan@deloitte.com	(603) 7610 8847
Gabriel Kua	Director	gkua@deloitte.com	(606) 281 1077
Financial Services			
Chee Pei Pei	Executive Director	pechee@deloitte.com	(603) 7610 8862
International Tax			
Tan Hooi Beng	Executive Director	hooitan@deloitte.com	(603) 7610 8843
Oil & Gas			
Toh Hong Peir	Executive Director	htoh@deloitte.com	(603) 7610 8808
Mergers & Acquisitions			
Sim Kwang Gek	Executive Director	kgsim@deloitte.com	(603) 7610 8849
R&D and Government Incentives			
Hisham Halim	Executive Director	hihalim@deloitte.com	(603) 7610 8832
Real Estate			
Tham Lih Jiun	Executive Director	ljtham@deloitte.com	(603) 7610 8875
Tax Audit & Investigation			
Chow Kuo Seng	Executive Director	kuchow@deloitte.com	(603) 7610 8836

Services / Names	Designation	Email	Telephone
Global Employer Services			
Ang Weina	Executive Director	angweina@deloitte.com	(603) 7610 8841
Indirect Tax			
Tan Eng Yew	Executive Director	etan@deloitte.com	(603) 7610 8870
Fan Kah Seong	Executive Director	kfan@deloitte.com	(603) 7610 8859
Robert Tsang	Executive Director	robsang@deloitte.com	(+65) 6530 5523
Transfer Pricing			
Theresa Goh	Executive Director	tgoh@deloitte.com	(603) 7610 8837
Ian Clarke	Executive Director	iaclarke@deloitte.com	(603) 7610 8824
Hisham Halim	Executive Director	hihalim@deloitte.com	(603) 7610 8832
Branches / Names	Designation	Email	Telephone
Penang			
Ng Lan Kheng	Executive Director	lkng@deloitte.com	(604) 218 9888
Everlyn Lee	Director	evelee@deloitte.com	(604) 218 9913
Ipoh			
Ng Lan Kheng	Executive Director	lkng@deloitte.com	(604) 218 9888
Lam Weng Keat	Director	welam@deloitte.com	(605) 253 4828
Melaka			
Fan Kah Seong	Executive Director	kfan@deloitte.com	(603) 7610 8859
Gabriel Kua	Director	gkua@deloitte.com	(606) 281 1077
Johor Bahru			
Chee Pei Pei	Executive Director	pechee@deloitte.com	(603) 7610 8862
Thean Szu Ping	Director	spthean@deloitte.com	(607) 222 5988
Kuching			
Tham Lih Jiun	Executive Director	ljtham@deloitte.com	(603) 7610 8875
Chai Suk Phin	Senior Manager	spchai@deloitte.com	(608) 246 3311
Kota Kinabalu			
Tham Lih Jiun	Executive Director	ljtham@deloitte.com	(603) 7610 8875
Cheong Yit Hui	Manager	yicheong@deloitte.com	(608) 823 9601



Yee Wing Peng



Julie Tan



Hisham Halim



Chee Pei Pei



Tan Hooi Beng



Toh Hong Peir



Sim Kwang Gek



Tham Lih Jiun



Chow Kuo Seng



Ang Weina



Tan Eng Yew



Fan Kah Seong



Robert Tsang



Theresa Goh



Ian Clarke



Ng Lan Kheng



Everlyn Lee



Lam Weng Keat



Gabriel Kua



Thean Szu Ping



Chai Suk Phin



Cheong Yit Hui

Deloitte Malaysia | Add Deloitte as a safe sender



Deloitte
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur, Malaysia

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/my/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients,

delivering the insights they need to address their most complex business challenges. Deloitte's more than 220,000 professionals are committed to making an impact that matters.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

About Deloitte in Malaysia

In Malaysia, services are provided by Deloitte Tax Services Sdn Bhd and its affiliates.

© 2015 Deloitte Tax Services Sdn Bhd

To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line.