



## Tax Espresso A snappy delight

## Greetings from Deloitte Malaysia's Tax services group

### Transfer Pricing Compliance Alert: A Reminder

Effective year of assessment 2014, the income tax return form for companies (Form C) has a specific disclosure requirement on availability of transfer pricing documentation (Item R4).

#### Quick links:

[Deloitte Malaysia](#)

[Inland Revenue Board](#)

#### Takeaways:

**Transfer Pricing  
Compliance Alert: A  
Reminder**

**Extension of Deadline  
for Submission of GST  
Returns and Payment  
for the Taxable Period  
of April 2015**

Taxpayers with related party transactions need to declare in Item R4 of the Form C whether they have prepared transfer pricing documentation for the period for which the return is made, in accordance with the Income Tax (Transfer Pricing) Rules 2012 and the Transfer Pricing Guidelines 2012.

According to the existing regulations, taxpayers should prepare transfer pricing documentation on a contemporaneous basis and adhere to a deadline (the tax return filing due date).

The following are the potential implications of a “**No**” response to Item R4 in the Form C, if the taxpayer has related party transactions:

- i) The taxpayer could become a target for transfer pricing audit;
- ii) No penalty protection in the event of a transfer pricing audit;
- iii) A “No” response could be viewed as “willful default” or “negligence” – two circumstances under which the statute of limitation can be revoked.

In the absence of transfer pricing documentation, taxpayers would be subject to 35% penalty on the amount of tax undercharged resulting from a transfer pricing assessment. Depending on the level of documentation prepared, penalties may be mitigated in full. As such, it is important to prepare transfer pricing documentation as prescribed under the Transfer Pricing Guidelines 2012 and the Transfer Pricing Rules 2012.

Transfer pricing documentation should be updated if there are material changes in the factors used to establish the arm’s length transfer price. An annual update of at least the benchmarking study is required where no such material changes take place. What constitutes “material changes” is often a contentious issue with the authorities, as the words

## Guidelines

Guidelines on Tax Treatment of Single-tier Dividends and Investment Income from Deferred Annuity Scheme in the Actuarial Surplus of Life Funds Transferred to Shareholders' Funds

Guidelines on Income Tax Deduction on GST Training Cost

## Important deadlines:

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

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

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

Statutory filing of 2014 tax returns for companies with November year-end (30 June 2015)

“material changes” are not defined in the existing regulations. We recommend that professional advice be sought in determining whether or not there are “material changes”, prior to responding to Item R4 in the Form C.

## **Extension of Deadline for Submission of Goods and Services Tax (GST) Returns and Payment for the Taxable Period of April 2015**

The deadline for submission of the first GST returns for taxable period from 1 April 2015 to 30 April 2015 is on or before 31 May 2015. The Royal Malaysian Customs (RMC) has extended the above deadline to 14 June 2015.

### **Guidelines**

#### **Guidelines on Tax Treatment of Single-tier Dividends and Investment Income from Deferred Annuity Scheme in the Actuarial Surplus of Life Funds Transferred to Shareholders' Funds**

The Inland Revenue Board (IRB) has issued a technical guideline entitled “*Guidelines on Tax Treatment of Single-tier Dividends and Investment Income from Deferred Annuity Scheme in the Actuarial Surplus of Life Funds Transferred to Shareholders' Funds*” (“These Guidelines”) dated 5 May 2015. These Guidelines aim at providing clarification with regard to the treatment of tax exemption on single-tier dividends and investment income from deferred annuity scheme in the actuarial surplus of life funds when transferred to shareholders' funds. These Guidelines supersede the “*Guidelines on Tax Treatment of Single-tier Dividends in the Actuarial Surplus Transferred to Shareholders' Funds*” dated 27 July 2012.

These Guidelines incorporated the Budget 2013 proposal to exempt income from an investment made out of a life fund in respect of a deferred annuity scheme established in accordance with the Retirement Savings Standard approved by the Central Bank of Malaysia with effect from year of assessment 2012 (now legislated via Paragraph 20A of Schedule 6 of the Income Tax Act 1967).

These Guidelines set out the formulas for determining the portion of single-tier dividends and investment income from deferred annuity scheme in the actuarial surplus of life funds transferred to shareholders' funds, from being subject to tax.

## Guidelines on Income Tax Deduction on GST Training Cost

The Ministry of Finance (MOF) has issued "Guidelines on Income Tax Deduction on GST Training Cost". Double deduction for GST training cost can be claimed by a company / employer under the Income Tax (Deduction for Cost Relating to Training for Employees for the Implementation of Goods and Services Tax) Rules 2014 [P.U.(A) 334/2014]. These guidelines clarify the eligibility requirements for training cost that qualifies for double deduction under the gazette order P.U.(A) 334/2014 and the application procedure for approval of the training module by the RMC.

To be eligible for double deduction, the GST training must be conducted in years of assessment 2014 and 2015 by professional bodies, academic institutions, accounting firms, industrial / trade associations and in-house training by qualified trainers as approved by the RMC. All applications for RMC's approval must be submitted to the Director of the GST Division in RMC Headquarters or to the State Customs Director not later than 29 February 2016.

We invite you to explore other tax related information at:

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

## Contact Us

Services	Name	Email	Telephone
<b>Business Tax Compliance &amp; Advisory</b>	<b>Yee Wing Peng</b>	wpyee@deloitte.com	(603) 7610 8800
	<b>Ng Lan Kheng</b>	lkng@deloitte.com	(604) 218 9888
	<b>Julie Tan</b>	jultan@deloitte.com	(603) 7610 8847
<b>Business Model Optimisation</b>	<b>Hisham Halim</b>	hihalim@deloitte.com	(603) 7610 8832
<b>Financial Services</b>	<b>Chee Pei Pei</b>	pechee@deloitte.com	(603) 7610 8862
<b>International Tax</b>	<b>Tan Hooi Beng</b>	hooitan@deloitte.com	(603) 7610 8843
<b>Oil &amp; Gas</b>	<b>Toh Hong Peir</b>	htoh@deloitte.com	(603) 7610 8808
<b>Mergers &amp; Acquisitions</b>	<b>Sim Kwang Gek</b>	kgsim@deloitte.com	(603) 7610 8849

<b>R&amp;D and Government Incentives</b>	<b>Hisham Halim</b>	hihalim@deloitte.com	(603) 7610 8832
<b>Real Estate</b>	<b>Tham Lih Jiun</b>	ljtham@deloitte.com	(603) 7610 8875
<b>Tax Audit &amp; Investigation</b>	<b>Chow Kuo Seng</b>	kuchow@deloitte.com	(603) 7610 8836
<b>Global Employer Services</b>	<b>Ang Weina</b>	angweina@deloitte.com	(603) 7610 8841
<b>Indirect Tax</b>	<b>Tan Eng Yew</b>	etan@deloitte.com	(603) 7610 8870
	<b>Fan Kah Seong</b>	kfan@deloitte.com	(603) 7610 8859
	<b>Robert Tsang</b>	robsang@deloitte.com	(+65) 6530 5523
<b>Transfer Pricing</b>	<b>Theresa Goh</b>	tgoh@deloitte.com	(603) 7610 8837
	<b>Ian Clarke</b>	iaclarke@deloitte.com	(603) 7610 8824
	<b>Hisham Halim</b>	hihalim@deloitte.com	(603) 7610 8832

<b>Branches</b>	<b>Name</b>	<b>Email</b>	<b>Telephone</b>
<b>Penang</b>	<b>Ng Lan Kheng</b>	lkng@deloitte.com	(604) 218 9888
	<b>Everlyn Lee</b>	evelee@deloitte.com	(604) 218 9913
<b>Ipoh</b>	<b>Ng Lan Kheng</b>	lkng@deloitte.com	(604) 218 9888
	<b>Lam Weng Keat</b>	welam@deloitte.com	(605) 253 4828
<b>Melaka</b>	<b>Fan Kah Seong</b>	kfan@deloitte.com	(603) 7610 8859
	<b>Gabriel Kua</b>	gkua@deloitte.com	(606) 281 1077
<b>Johor Bahru</b>	<b>Chee Pei Pei</b>	pechee@deloitte.com	(603) 7610 8862
	<b>Thean Szu Ping</b>	spthean@deloitte.com	(607) 222 5988
<b>Kuching</b>	<b>Tham Lih Jiun</b>	ljtham@deloitte.com	(603) 7610 8875
	<b>Chai Suk Phin</b>	spchai@deloitte.com	(608) 246 3311
<b>Kota Kinabalu</b>	<b>Tham Lih Jiun</b>	ljtham@deloitte.com	(603) 7610 8875
	<b>Cheong Yit Hui</b>	yicheong@deloitte.com	(608) 823 9601

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](http://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 210,000 professionals are committed to becoming the standard of excellence.

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.

© 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.