

## **Module Content Guide**

# **Taxation**

All our rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of MICPA.

## Module Components and Detailed Syllabus

The Module Content Guide (MCG) provides detailed information on the syllabus for this module.

### 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:

Focus sessions	No marks – attendance of focus sessions is a requirement
Project	20% (marked out of 20)
Exam	80% (marked out of 80)
To pass a technical module, candidates must meet three requirements: 1. Attend all four focus sessions and; 2. Pass the exam by achieving at least 40 marks out of 80 and; 3. Pass the module overall by achieving at least 50 marks out of 100.	

### Examination format

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

## Syllabus content

### 1. Taxation of Individuals and Companies

Computation and advice on the tax liabilities of individuals and 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
- 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
- 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 Customs Department.
- b Principles, scope, administration and computation of sales tax and service tax under the Sales Tax Act, 1972 and the Service Tax Act, 1975
- 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
CCH Tax Editors	Malaysian Master Tax Guide	CCH Asia Ltd

### **Recommended reference text**

Veerinderjeet Singh	Veerinder on Taxation	Arah Pendidikan
---------------------	-----------------------	-----------------

### **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)  
Sales Tax Act 1972 (Act 64) and amendments/regulations  
Service Tax Act 1975 (Act 151) 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

## Examinable material

### Legislation

Questions involving knowledge of legislation will be based on Malaysian legislation and students are expected to have knowledge of any current changes in legislation. However, no questions on new legislation will be set until at least 6 months have elapsed since the last day of the month in which Royal Assent was given to the new legislation.

### Candidates' responsibilities

Within the Program, you are expected to adhere to and abide by the Code of Academic Conduct, Code of Electronic Conduct, Plagiarism Policy and requirements of attendance at all four focus sessions. The Code of Professional Conduct applies to you as well as members of the Institute.

You can access the Code of Professional Conduct by going to our secure site: <[charteredaccountants.com.au](http://charteredaccountants.com.au)>.

### Policies, regulations and legal considerations

Ensure that you are familiar with, understand and comply with all of the Institute's policies, regulations and legal considerations in relation to the Program.

We may impose severe penalties if you act in a manner contrary to the policies and regulations.

### What are the Program Regulations?

The R1 Chartered Accountants Program Regulations outline the procedures and rules to be followed when studying the Program. You should read these in conjunction with the Guidelines for the Qualifying Service Period, the R2 Regulations Relating to Membership Admission and the MICPA examination regulations.

You can access these in the *Members' Handbook* via our website <[charteredaccountants.com.au](http://charteredaccountants.com.au)>.

### What is the Code of Academic Conduct?

The Code of Academic Conduct sets out our expectations of Program candidates regarding academic conduct.

You can access the Code via *myCA* <[myCA.charteredaccountants.com.au](http://myCA.charteredaccountants.com.au)> → Chartered Accountants Program → Chartered Accountants Program Info.

### What is the Code of Electronic Conduct?

The Code of Electronic Conduct sets out our expectations of Program candidates regarding electronic conduct on *myCA* and other online platforms.

You can access the Code via *myCA* <[myCA.charteredaccountants.com.au](http://myCA.charteredaccountants.com.au)> → Chartered Accountants Program → Technology.

## **Plagiarism**

Plagiarism is copying verbatim or otherwise using the work of other people (including fellow candidates) without acknowledging the source, and submitting this as your own work. You should be extremely careful about citing all sources.

The Code of Academic Conduct lists examples of plagiarism.

Penalties for infringement are severe and are determined through an investigative process.

It is essential to reference work when you are using information or an idea that is not your own. This not only protects you from copyright infringement, but it is ethical practice. If an idea is worth repeating, you should acknowledge the source. It also helps other people track your sources.