



Tax Alert

March 2016

Welcome to Grant Thornton Malaysia Tax Alert. This newsletter provides information on the latest tax updates.

Contents

- 1 Goods & Services Tax (GST) updates
- 2 New/Revised GST guides
- 3 Direct tax updates



Goods & Services Tax (GST) updates

Notification of penalty due to failure/late payment of GST

In accordance with amendments made to Section 41 of the GST Act 2014, with effect from 1 January 2016 failure to pay the amount of GST to be paid within the period specified will be penalized. The imposition of penalties will start for the taxable period for which tax payments are due and payable on 31 January 2016.

The calculation of the penalty will be based on the number of days the tax due is not paid as per the table below:

NUMBER OF DAYS TAX DUE IS NOT PAID	RATES OF PENALTY (%)
1 - 30	5
1 - 60	15
1 - 90	25
> 90	25 (maximum)



The rate of penalty will be imposed on the original amount of the tax due and payable. It shall begin after the last day when the tax is due.

New/Revised GST guides

The Royal Malaysian Customs has recently uploaded the following new/revised GST Guides:

Industry Guides

Industry Guides	Revised as at
Accommodation Premises and Similar Establishment	15.01.16
Commercial Banking	04.01.16
Construction Industry	02.02.16
Development Financial Institution	05.01.16
Duty Free Shop	14.01.16
Forestry Industry	08.01.16
Hire Purchase and Credit Sale	12.01.16
Islamic Banking	07.01.16
Investment Banking	06.01.16
Leasing	15.01.16
Money Services Business	05.02.16
Moneylenders	17.02.16
Pawnbroking	04.02.16
Petroleum Downstream	17.02.16
Postal and Courier Services	05.01.16
Property Management: Joint Management Bodies (JMBs) & Management Corporations (MCs)	27.01.16
Share Issuing House & Share Registrar	07.01.16
Societies and Similar Organizations	14.01.16
Tertiary Education	18.02.16
Tourist Refund Scheme	03.02.16
Telecommunications Services	19.02.16
Trustee Services	04.01.16
Venture Capital	27.01.16

Industry Guides	New guide issued on
Gaming	16.02.16

Specific Guides

Specific Guide	Revised as at
Registration	24.02.16

Direct Tax updates

(1) Income Tax (Deduction from Remuneration) (Amendment) Rules 2015 [P.U. (A) 311/2015]

- The above Rules were gazetted under [P.U. (A) 311/2015] on 29 December 2015 to amend the Income Tax (Deduction from Remuneration) Rules 1994 [P.U. (A) 507/1994] (the “principal Rules”).
- With effect from 1 January 2016, any person, who without reasonable excuse, fails to comply with subrule 10(1) – Payment of Amounts Deducted and Returns or rule 13 – Employer to Notify Director of Cessation of Payment of Remuneration, shall be guilty of an offence and shall on conviction, be liable to a fine not less than two hundred ringgit and not more than **twenty thousand** ringgit or to imprisonment for a term not exceeding six months or to both.

(2) Income Tax (Deduction from Remuneration) (Amendment) (No. 2) Rules 2014 [P.U. (A) 362/2014]

- In order to determine the amount of Monthly Tax Deduction (MTD) for additional remuneration of previous years, the amount of MTD for additional remuneration before the year 2016 which is received in the current year shall be calculated in accordance with the method and Table of MTD applicable for the year the additional remuneration is received.

The LHDNM has also issued and uploaded the latest [Notes and MTD Schedules 2016](#) on their website.

(3) Income Tax (Exemption) Order 2016 [P.U. (A) 40/2016]

- The Order exempts an individual resident in Malaysia from the payment of income tax of RM2,000 in respect of his chargeable income provided that his total aggregate income shall not exceed RM96,000.
- This Order shall apply for the Year of Assessment 2015 only.

(4) Reduction of Penalty for Voluntary Disclosure and Waiver of Tax Increase for the Settlement of Tax Arrears

The Inland Revenue Board of Malaysia (IRBM) has on 10 February 2016 released a press statement informing that as part of the 2016 Budget Recalibrations’ effort and in encouraging more taxpayers to voluntarily disclose their correct income and to settle their tax arrears, the IRBM is providing the following offers:

i. Reduction of penalty at a specific rate for voluntary disclosure for these cases:

- a. Taxpayers who failed to submit their Income Tax Return Forms (ITRF) or Petroleum Tax Returns (PTR) for previous years of assessment (late submission of ITRF or PTR);
- b. Taxpayers who wish to declare the correct income against the income declared in the ITRF submitted earlier;

- c. Disposers who failed to report the gains obtained from the disposals of real properties within a stipulated period of time; and
- d. Stamp duty payers who failed to present stampable instruments within a stipulated period of time.

ii. Waiver of tax increase to taxpayers

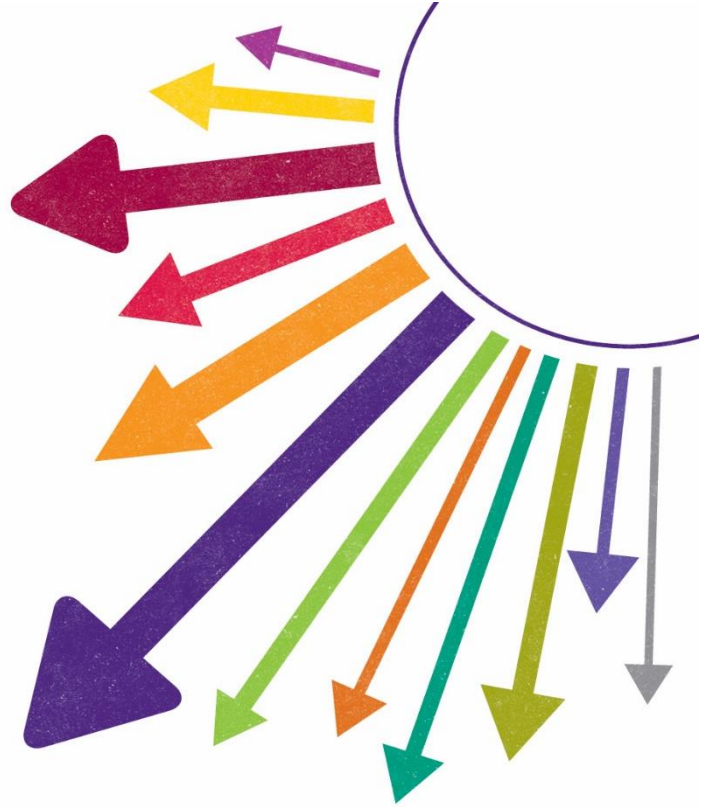
- Taxpayers who wish to settle in full their income tax, petroleum tax, real property gains tax or withholding tax arrears before or on the 15 December 2016.

These offers are effective from 1 March 2016 to 15 December 2016. The eligibility of these offers depend on the merits of the taxpayer's case and are subject to the rules and regulations set forth by the IRBM.

Contact us

For further enquiries on any information included in this Tax Alert, please get in touch with your local Grant Thornton Malaysia team in our offices.





This publication is published as a service to our clients, associates and other interested parties. Please be advised that the information contained herein is for general guidance only. Any reader intending to base a decision on information contained in this publication is advised to consult us before proceeding.



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