



▶ CHANGES AFFECTING INDIVIDUALS

▶ CHANGES AFFECTING COMPANIES AND UNINCORPORATED BUSINESSES

▶ CHANGES IN TAX PROCEDURES

Budget 2012

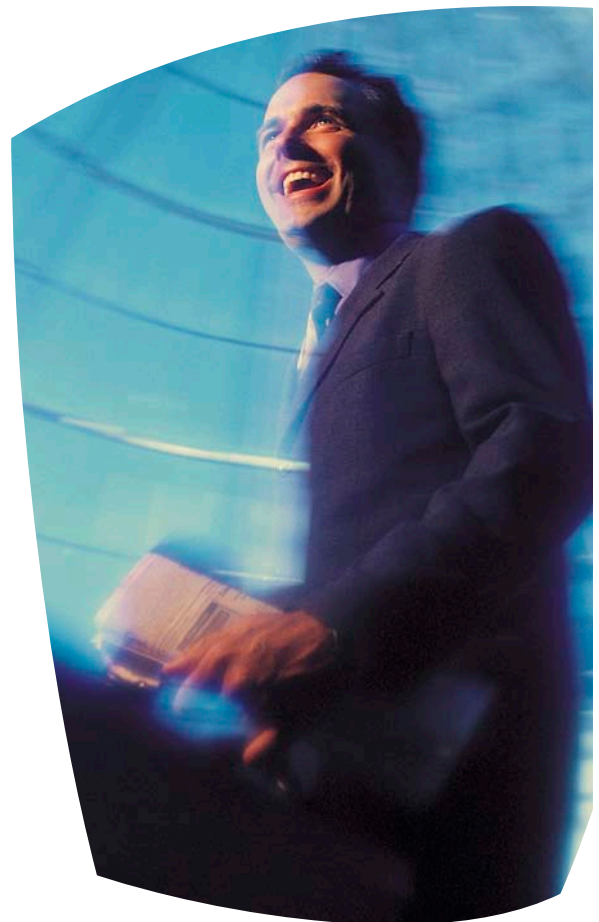
Selected Summary of Tax Budget 2012

Personal tax

- ❖ *Preferential tax rate of 15% (flat rate) for a period of 5 years for Malaysian professionals who returned from overseas to work in Malaysia under Returning Expert Programme. (w.e.f. YA2012)*
- ❖ *The statutory rate for employer's EPF contribution be increased from 12% to 13%. (effective date unknown)*
- ❖ *Additional relief of RM3,000 given on contributions made to a private retirement scheme (approved by securities commission) or deferred annuity premium. (w.e.f. YA 2012 to 2021)*
- ❖ *Individual taxpayers be allowed to furnish tax returns through e-filing via mobile devices. (w.e.f. YA2012)*
- ❖ *Personal Form BE to be pre-filled based on information furnished by employers of salaried tax payers. (w.e.f. YA 2012)*
- ❖ *Foreign expatriate is to be allowed to withdraw EPF (from Account no. 2) to purchase a house in Malaysia. (effective date unknown)*

Corporate tax

- *Tax deduction be given on franchise fee for local franchise brands from YA 2012 onwards.*



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Corporate tax (cont')

- Tax exemption for Malaysia shipping companies to be reduced from 100% to 70% of its statutory income. (w.e.f. YA2012)
- Tax deduction is given on financial contributions made to registered primary and secondary schools and places of worship. (effective date unknown)
- Final withholding tax of 10% on dividend income distributed by REIT listed on Bursa Malaysia and received by foreign institutional investors or individuals be extended for another 5 years to 31 December 2016.

For more information,
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07-3328335

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- Compensation of 2% per annum on the amount of tax refunded late by the IRB be given to taxpayers who have filed their tax returns within the stipulated time. If whole or part of the compensation ought not to have been paid due to incorrect return, the IRB may require the taxpayer to return the amount of compensation together with a 10% increase on that amount. (w.e.f. YA 2013)
- Double deduction is given on expenses incurred on:-
 - structured internship programme
 - scholarships
 - participation in career fairs abroad(w.e.f. YA 2012 to 2016)
- Definition of "factory" in Schedule 7A of the ITA, 1967 for reinvestment allowance ("RA") purposes. (w.e.f. YA 2012)
- New tax incentives for:-
 - 4 and 5 stars hotels in Peninsular Malaysia
 - Providers of industrial design services in Malaysia
 - Profit oriented private schools and international schools
- Properties disposed within 2 years and 5 years from acquisition date will subject to RPGT of 10% and 5% respectively and RPGT is exempted for properties in which holding period exceeding 5 years. (w.e.f. YA 2012)

Tax procedures

- ✓ The IRB be empowered to disregard wholly or partly of such information or particulars furnished after the expiry of the time specified in a notice issued by the IRB. (w.e.f. Finance (No. 2) Act 2011)
- ✓ The IRB be empowered to have full access computerised data, be provided with the necessary password, encryption code and other means to enable the comprehension of the computerised data. (w.e.f. 1 Jan 2012)
- ✓ Prescribed form containing particulars of payment made, to be sent to agents, dealers or distributors not later than 31 March of the following year. (w.e.f. YA 2012)
- ✓ The IRB be empowered to direct a person to make payment by instalments on account of tax in a prescribed form if that person fails to furnish a return or making incorrect return. (w.e.f. Finance (No. 2) Act 2011)
- ✓ The IRB be empowered to require a person who is appointed as an agent by the IRB under Section 68 of the ITA, 1967, to remit to him any accessible moneys to recover the tax due from the person, notwithstanding that no assessment has been made in the name of that agent. (effective date unknown)
- ✓ Time bar for tax audit be reduced from 6 years to 5 years. (w.e.f. YA 2013)