



INLAND REVENUE BOARD OF MALAYSIA

**NOTIFICATION OF CHANGE OF
ACCOUNTING PERIOD BY A COMPANY /
LIMITED LIABILITY PARTNERSHIP / TRUST
BODY / CO-OPERATIVE SOCIETY**

PUBLIC RULING NO. 4/2025

Translation from the original Bahasa Malaysia text

DATE OF PUBLICATION: 28 NOVEMBER 2025



**NOTIFICATION OF CHANGE OF
ACCOUNTING PERIOD BY A COMPANY/
LIMITED LIABILITY PARTNERSHIP/
TRUST BODY/CO-OPERATIVE SOCIETY**

INLAND REVENUE BOARD OF MALAYSIA

**Public Ruling No. 4/2025
Date of Publication: 28 November 2025**

Published by

Inland Revenue Board of Malaysia

Third edition on 29 December 2021

Second edition on 6 December 2019

First edition on 23 August 2011

© 2025 by Inland Revenue Board of Malaysia

All rights reserved on this Public Ruling are owned by the Inland Revenue Board of Malaysia. One print or electronic copy may be made for personal use. Professional firms and associations are permitted to use the Public Ruling for training purposes only. Systemic or multiple reproduction, distribution to multiple location via electronic or other means, duplication of any material in this Public Ruling for a fee or commercial purposes, or modification of the content of the Public Ruling is prohibited.



**NOTIFICATION OF CHANGE OF
ACCOUNTING PERIOD BY A COMPANY/
LIMITED LIABILITY PARTNERSHIP/
TRUST BODY/CO-OPERATIVE SOCIETY**

INLAND REVENUE BOARD OF MALAYSIA

**Public Ruling No. 4/2025
Date of Publication: 28 November 2025**

| CONTENTS | Page |
|--|-------------|
| 1. Objective | 1 |
| 2. Relevant Provisions of the Law | 1 |
| 3. Interpretation | 1 |
| 4. Estimate of Tax Payable | 2 |
| 5. Notification of Change of Accounting Period | 9 |
| 6. Computation of Revised Tax Instalment After Change of Accounting Period | 12 |
| 7. Increase Related to Tax Instalment Payments and Revised Estimate of Tax Payable | 12 |
| 8. Failure to Notify Change of Accounting Period | 15 |
| 9. Updates and Amendments | 23 |
| 10. Disclaimer | 24 |

DIRECTOR GENERAL'S PUBLIC RULING

Section 138A of the Income Tax Act 1967 (ITA) provides that the Director General is empowered to make a Public Ruling in relation to the application of any provisions of the ITA.

A Public Ruling is published as a guide for the public and officers of the Inland Revenue Board of Malaysia. It sets out the interpretation of the Director General in respect of the particular tax law and the policy as well as the procedure applicable to it.

The Director General may withdraw this Public Ruling either wholly or in part, by notice of withdrawal or by publication of a new Public Ruling.

**Director General of Inland Revenue,
Inland Revenue Board of Malaysia.**

1. Objective

The objective of this Public Ruling (PR) is to explain the requirement to notify the Director General of Inland Revenue (DGIR) on any change of accounting period by a company, limited liability partnership, trust body or co-operative society, which has to make payment by instalments on an estimate of tax payable for a year of assessment (YA).

2. Relevant Provisions of the Law

- 2.1 This PR takes into account laws which are in force as at the date this PR is published.
- 2.2 The provisions of the Income Tax Act 1967 (ITA) related to this PR are sections 2 and 107C, subsections 21A(3A), 21A(8) and 112(3A) and paragraph 120(1)(i).

3. Interpretation

The term used in this PR have the following meaning:

- 3.1 "Revised estimate" means a revised estimate made in the eleventh month of the basis period or if there is no revised estimate made in the eleventh month of the basis period, the revised estimate made in the ninth month of the basis period or if there is no revised estimate made in the ninth month of the basis period, the revised estimate made in the sixth month of the basis period.'
- 3.2 "Trust body", in relation to a trust, means the trust body provided for by section 61 of the ITA.
- 3.3 "Co-operative society" means any co-operative society registered under any written law relating to the registration of co-operative societies in Malaysia.
- 3.4 "Operations" in relation to a company, limited liability partnership, trust body or co-operative society means an activity which consists:
- (a) of the carrying on of a business;
 - (b) wholly in the making of investments;
 - (c) of both the carrying on of a business and the making of investments; or
 - (d) of the making of investments prior to the commencement of a business or after the cessation of a business.
- 3.5 "Limited liability partnership" means a limited liability partnership registered under the Limited Liability Partnerships Act 2012 [Act 743].

- 3.6 "Company" means a body corporate and includes any body of persons established with a separate legal identity by or under the laws of a territory outside Malaysia and a business trust.
- 3.7 "Related company" means a company which has a paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the basis period for a YA.
- 3.8 "Due date" means the fifteenth day of a calendar month.

4. Estimate of Tax Payable

4.1 Determination of an estimate of tax payable

A company, limited liability partnership, trust body or co-operative society has to make an estimate of its tax payable for each YA as follows:

4.1.1 New operations

An estimate of tax payable for a company, limited liability partnership, trust body or co-operative society which has just commenced operations in the first YA must be based on the estimated company profits. The estimated tax payable for that first YA will be the basis for the determination of estimate of tax payable for the following YA.

4.1.2 Existing operations

An estimate of tax payable for a company, limited liability partnership, trust body or co-operative society that has commenced operations for a YA must not be less than 85% of the revised estimate of tax payable or estimate of tax payable (if there is no revised estimate of tax payable furnished) for the immediately preceding YA.

Example 1 - Determination of an estimate of tax payable

Alpha Emas Sdn. Bhd. has furnished an estimate of tax payable of RM80,000 for YA 2024. In the 6th month of the basis period, the company revised the estimate of tax payable to RM200,000.

Therefore, for the YA 2025, Alpha Emas Sdn Bhd has to furnish an estimate of tax payable of not less than RM170,000 (85% of the revised estimate of tax payable of RM200,000 for the YA 2024).

4.2 Submission of estimate of tax payable

4.2.1 An estimate of tax payable for a YA by a company, limited liability partnership, trust body or co-operative society must be made in the prescribed form i.e. the Estimate of Tax Payable Form (Form CP204) and, in cases where paragraph 4.2.2 (a) or (c) below does not apply, that Form CP204 must be furnished to the DGIR via the electronic medium not later than 30 days before the beginning of the basis period for that YA.

4.2.2 Due date for submission of the Form CP204 are as follows:

(a) New operations (basis period is not less than 6 months)

A company where paragraph 4.2.2(c) below does not apply, limited liability partnership, trust body or co-operative society which first commences operations in a YA and the basis period for that year is not less than 6 months must furnish Form CP204 to the DGIR within 3 months from the date of commencement of its operations.

The estimate of tax payable furnished in Form CP204 has to be paid to the DGIR in equal monthly instalments determined according to the number of months in the basis period. Each instalment has to be paid not later than the due date beginning from the 6th month of the basis period for the YA in respect of which that estimate has been furnished.

Example 2 - Basis period for new operation is not less than 6 months

Co-operative Beribu Bintang was incorporated on 25.2.2025. The Co-operative commenced operations on 1.4.2025 and the first accounting period ends on 31.12.2025 (9 months).

Co-operative Beribu Bintang has to furnish Form CP204 for YA 2025 not later than 30.6.2025, which is 3 months from the date of commencement of its operations.

The instalments payment will begin from the 6th month in the basis period for the YA 2025, i.e. September 2025 until May 2026 that is, in equal installments according to the number of months in the basis period (9 months). The monthly instalments payment must be made not later than the fifteenth day of each month.

Example 3 - Basis period for a new operation is less than 6 months

Citra Maju LLP commenced operations on 1.8.2025 and the first accounting period ends on 31.12.2025 (5 months).

Citra Maju LLP is not required to furnish an estimate of tax payable for the YA 2025 as the limited liability partnership's basis period for the YA 2025 is less than 6 months [subsection 107C(4) of the ITA].

(b) Existing operations

A company, limited liability partnership, trust body or co-operative society with existing operations should furnish Form CP204 for a YA not later than 30 days before the beginning of the basis period for that YA.

The estimate of tax payable furnished in Form CP204 has to be paid to the DGIR in equal monthly instalments determined in accordance with the number of months in the basis period. Each instalment has to be paid not later than the due date beginning from the 2nd month of the basis period for the YA in respect of which that estimate has been furnished.

Example 4 - Form CP204 furnished for an existing operation

Dedaun Lebar, a trust body commenced operations since 2010 and closes its business accounts on 30 June annually. The basis period of Dedaun Lebar for YA 2025 is from 1.7.2024 until 30.6.2025.

Dedaun Lebar has to furnish Form CP204 to the DGIR not later than 30 days before the beginning of the basis period for YA 2025 which is on 31.5.2024.

The instalment payments will begin from the 2nd month of the basis period for the YA 2025, i.e. August 2024 until July 2025 in equal instalments according to the number of months in the basis period. The monthly instalment payments must be made not later than the fifteenth day of each month.

(c) Company with paid-up capital in respect of ordinary shares of not more than RM2.5 million first commences operation

A company resident and incorporated in Malaysia which first commences operation in a YA is not required to furnish Form CP204:

- (i) for that YA and the immediate following YA;
- (ii) for the immediate two following YAs if the company has no basis period for that YA:

provided that at the beginning of the basis period for the YAs mentioned in paragraph (i) above or for the immediate two following YAs mentioned in paragraph (ii) above, the paid-up capital in respect of ordinary shares of the company does not exceed RM2.5 million.

- (iii) for that YA and the immediate two following YAs if the company has no basis period for that YA and for the immediate following YA:

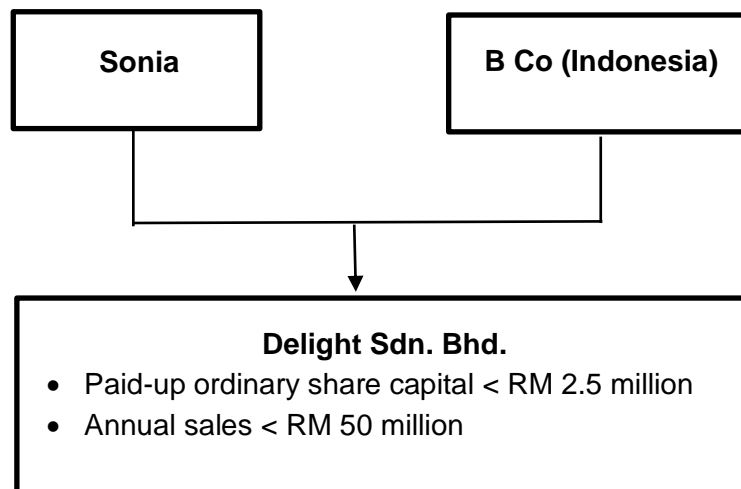
provided that at the commencement of the operation and at the beginning of the immediate two following YAs, the paid-up capital in respect of ordinary shares of the company does not exceed RM2.5 million.

However, that company is required to furnish Form CP204 if more than:

- (i) 50% of the paid-up capital in respect of ordinary shares of that company is directly or indirectly owned by a related company; or
- (ii) 50% of the paid-up capital in respect of ordinary shares of the related company is directly or indirectly owned by the that company; or
- (iii) 50% of the paid-up capital in respect of ordinary shares of that company and the related company is directly or indirectly owned by another company; or
- (iv) 20% of the paid-up capital in respect of ordinary shares of the company at the beginning of the basis period for a YA is directly or indirectly owned by one or more companies incorporated outside Malaysia or by one or more individuals who are not citizens of Malaysia (this condition comes into effect from YA 2024)

Example 5

Delight Sdn. Bhd. (DSB) commenced its operations on 1.1.2024, with its first accounting period ending in the same year. DSB is owned by shareholders as shown in the diagram below:



B Co (Indonesia) is a company incorporated in Indonesia and holds 50% of the ordinary shares of DSB.

Before the amendment to subsection 107C(4B) of the ITA, DSB is eligible for exemption from submitting CP204 for YAs 2024 and 2025.

However, starting from YA 2024, DSB is not eligible for the exemption from submitting CP204 under subsection 107C(4A) of the ITA since more than 20% of the company's shares is held by a company incorporated outside Malaysia.

Therefore, DSB needs to submit CP204 for YA 2024 and subsequent years of assessment.

Example 6

The same facts as in Example 5.

DSB commenced business operations on 1.1.2023. DSB was exempted from submitting CP204 for YA 2023 which is the first YA of its operation.

Starting from YA 2024, DSB is required to submit CP204 for YA 2024 as the company is no longer eligible to enjoy the exemption under subsection 107C(4A) of the ITA in the second year of its operation.

This paragraph does not apply to a company with a paid-up capital in respect of ordinary shares of RM2.5 million and less which converts to a limited liability partnership with a capital contribution of RM2.5 million and less (even if the business is regarded as continuous business).

- 4.2.3 A company, limited liability partnership, trust body or co-operative society that receives gains or profits from the disposal of capital asset is not subject to the estimate of tax payable and installment payments under the new provision, which is subsection 107C (11C) ITA.

4.3 Revision of estimate of tax payable

Revision of an estimate of tax payable by a company, limited liability partnership, trust body or co-operative society may be furnished to the DGIR in the 6th, 9th or 11th month or in all three months of the basis period for a YA by using the Revised Estimate of Tax Payable Form (CP204A) via the electronic medium. Any balance of the amount of tax instalments payable after the revision shall be adjusted in accordance with the following approach:

- (a) if the revised estimate of tax payable exceeds the amount of instalments which is payable in that year prior to that revised estimate of tax payable, the difference shall be payable in the remaining instalments in equal proportion. However, if there is a cent value when the instalment balance is divided by the remaining instalment balance, the amount of cent (if any) must be added to the last instalment; or
- (b) if the revised estimate of tax payable is lesser than the amount of instalments which is payable in that year prior to that revised estimate of tax payable, payment of the amounts in the remaining instalments which exceed the difference payable based on the revised estimate of tax payable shall cease immediately.

4.4 DGIR's direction to make instalment payments

4.4.1 By virtue of subsection 107C(8) of the ITA, the DGIR may at any time by the issuance of the Notice of Instalment Payments (CP205), direct any amount of instalment payments on account of tax which is or may be payable for a YA to be made by a company, limited liability partnership, trust body or co-operative society and that amount directed by DGIR is deemed to be the revised estimate by that company, limited liability partnership, trust body or co-operative society. Among the circumstances under which the DGIR may issue a CP205 is when the:

- (a) taxpayer failed to furnish Form CP204 within the period provided under the law; or
- (b) taxpayer notifies a change of accounting period through Form CP204B to the DGIR.

4.4.2 If the DGIR issues CP205 to a company, limited liability partnership, trust body or co-operative society before the 11th month of the basis period for that YA, that company, limited liability partnership, trust body or co-operative society may furnish a revised estimate of tax payable for that YA in accordance with subsection 107C(7) of the ITA.

Example 7- Late submission of Form CP204

Era Gemilang Sdn Bhd has been in operation since 2000 with an accounting period ending on 30th June. The company's basis period for YA 2025 is from 1.7.2024 until 30.6.2025. The due date for submission of Form CP204 for YA 2025 is not later than 31.5.2024. CP205 was issued by the DGIR to Era Gemilang Sdn Bhd on 15.6.2024 as the company fails to submit Form CP204 for YA 2025 within the prescribed period.

In this situation, the company may submit Form CP204A for YA 2025 in the 6th month, 9th month or 11th month of the basis period for that YA.

4.4.3 The amount of tax instalment payments directed by the DGIR according to subsection 107C(8) of the ITA is deemed to be a revised estimate (if no further revision is made by the taxpayer subsequently under subsection 107C(7) of the ITA) and used to determine the increased amount under subsection 107C(10) of the ITA. The increased amount of 10 percent will be imposed if the difference between the actual tax payable and the revised or deemed revised estimate of tax payable (whichever is the later) or the original estimate

of tax payable (if there is no revised or deemed revised tax payable estimate furnished) exceeds 30% of the tax payable.

5. Notification of Change of Accounting Period

5.1 The provision under subsection 21A(3A) of the ITA requires a company, limited liability partnership, trust body or co-operative society to notify the DGIR of any changes in the accounting period through a Notification of Change in Accounting Period Form (Form CP204B) in the following period:

5.1.1 Accounting period shortened

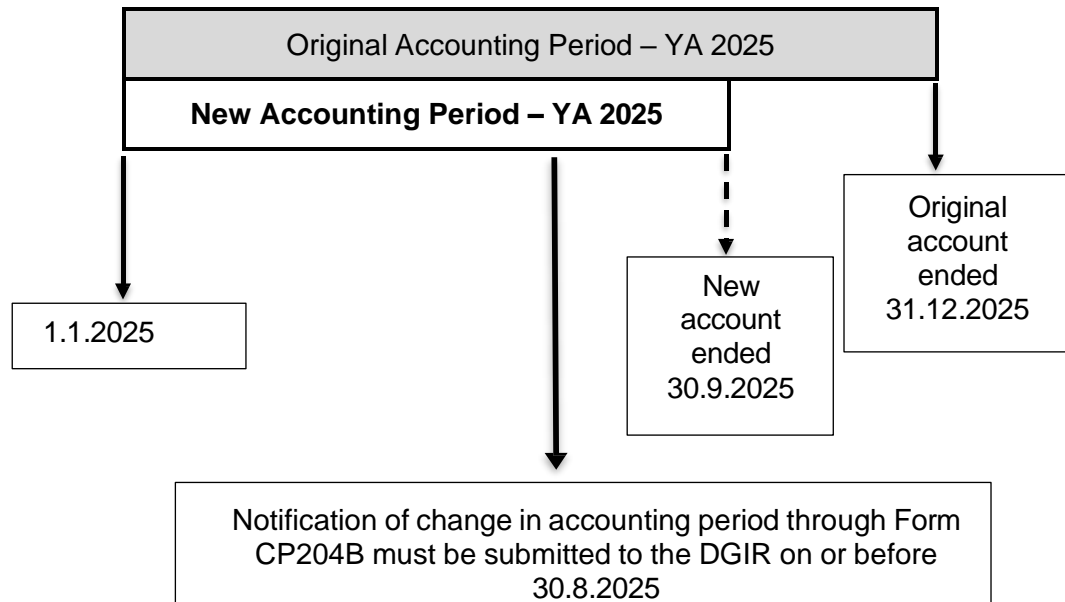
The DGIR has to be notified via Form CP204B, 30 days before the end of the new accounting period if the new accounting period is less than 12 months and the new accounts is closed before the end of the original accounting period.

Example 8 - Accounting period of 12 months shortened to 9 months

Frozen Dynamic Sdn Bhd changes the close of its accounting period from 31 December to 30 September. The original accounting period for YA 2025 is from 1.1.2025 until 31.12.2025. The accounting period after the change (new accounts) for YA 2025 is from 1.1.2025 until 30.9.2025(9 months)

**Summary of Change in Accounting Period and
Date of Submission of Form CP204 and CP204B**

| Accounting Period | | YA | Basis Period | Submission Date | |
|--|-----------------------------|------|-----------------------------|--------------------------|--------------------------|
| | | | | Form CP204 | Form CP204B |
| <u>Original</u> Accounts ended 31 Dec | 1.1.2025 – 31.12.2025 | 2025 | 1.1.2025 – 31.12.2025 | Not later than 1.12.2024 | |
| | | | | | |
| <u>New</u> Accounts ended 30 Sept | 1.1.2025 – 30.9.2025 | 2025 | 1.1.2025 – 30.9.2025 | | Not later than 30.8.2025 |
| | 1.10.2025 – 30.9.2026 | 2026 | 1.10.2025 – 30.9.2026 | Not later than 31.8.2025 | |



The Form CP204B for YA 2025 must be furnished not later than 30.8.2025 (30 days before the end of new accounting period i.e. **30.9.2025**).

The basis period for YA 2026 begins on **1.10.2025**. Thus, Form CP204 for YA 2026 has to be furnished on or before **31.8.2025** which is not later than 30 days before the beginning of the basis period for YA 2026 [subsection 107C(2) of the ITA].

5.1.2 Accounting period extended

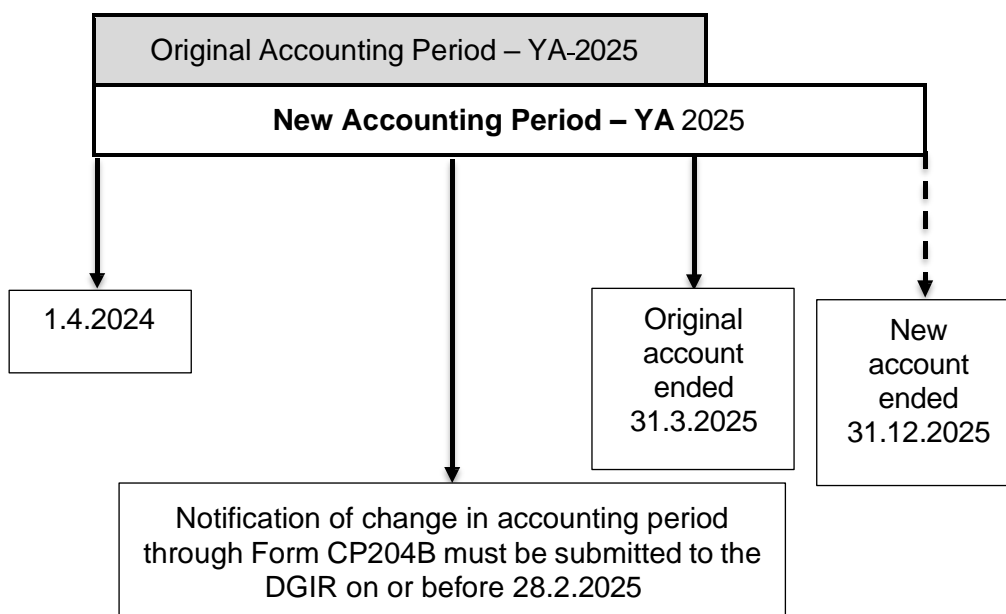
DGIR has to be notified via Form CP204B, 30 days before the end of the original accounting period if the new accounting period is more than 12 months and the new accounts is closed after the end of the original accounting period.

Example 9 - Accounting period of 12 months extended to 21 months

Gahara Maju Sdn Bhd changes the close of its accounting period from 31 March to 31 December. The original accounting period for YA 2025 is from 1.4.2024 until 31.3.2025. The accounting period after the change (new accounts) for YA 2025 is from 1.4.2024 until 31.12.2025 (21 months).

**Summary of Change in Accounting Period and
Date of Submission of Form CP204 and CP204B**

| Accounting Period | | YA | Basis Period | Submission Date | |
|---|-----------------------------|------|-----------------------------|-----------------------------|-----------------------------|
| | | | | Form CP204 | Form CP204B |
| <u>Original</u> Accounts ended 31 Mar | 1.4.2024 – 31.3.2025 | 2025 | 1.4.2024 – 31.3.2025 | Not later than 1.3.2024 | |
| <u>New</u> Accounts ended 31 Dec | 1.4.2024 – 31.12.2025 | 2025 | 1.4.2024 – 31.12.2025 | | Not later than 28.2.2025 |
| | 1.1.2026 – 31.12.2026 | 2026 | 1.1.2026 – 31.12.2026 | Not later than 1.12.2025 | |



The Form CP204B for YA 2025 has to be furnished not later than 28.2.2025 (30 days before the end of original accounting period of **31.3.2025**).

Thus, Form CP204 for YA 2026 has to be furnished on or before **1.12.2025** (not later than 30 days before the beginning of the basis period for that YA i.e. **1.1.2026**).

5.2 Change of accounting period following the liquidation of the company

5.2.1 For a company under liquidation, liquidator’s account (Liquidator’s Account of Receipts & Payments & Statements of the Position in the Winding Up) must be prepared for a period of 6 months from the date of appointment of the liquidator and thence, for every subsequent period of 6 months.

5.2.2 Therefore, a company under liquidation must furnish Form CP204B not later than 30 days after the appointment of a liquidator together with a letter of appeal to the DGIR to avoid a penalty or increase in tax payment being imposed due to failure to notify the change of accounting period within the prescribed period.

6. Computation of Revised Tax Instalment After Change of Accounting Period

The computation of revised tax instalment after change of accounting period has been described in the Garis Panduan Operasi Bil. 1 of 2021 - “Pengemukaan Anggaran Cukai Yang Kena Dibayar Di Bawah Seksyen 107C Akta Cukai Pendapatan 1967 (available in Malay Language only)”. For more information, please refer to this guideline which can be downloaded under the menu Operational Guidelines from Inland Revenue Board of Malaysia’s (IRBM) official portal at www.hasil.gov.my.

7. Increase Related to Tax Instalment Payments and Revised Estimate of Tax Payable

7.1 Subsection 107C(9) of the ITA

If a company, limited liability partnership, trust body or co-operative society fails to pay the monthly instalments on the estimate of tax payable within the stipulated period, an increase of 10% would be imposed on the unpaid monthly instalments without the issuance of any further notices.

The calculation of the amount of tax increase is as follows:

Amount of tax to be increased = Amount of unpaid monthly instalments x 10%

Example 10:

| No. | Due date for payment | Amount CP204 (RM) | Payment Date | Payment Amount (RM) | Unpaid Amount (RM) | Increase 10% (RM) |
|-----|----------------------|-------------------|--------------|---------------------|--------------------|-------------------|
| 1 | 15/03/2025 | 10,000 | 20/03/2025 | 2,000 | 8,000 | 1,000 |
| 2 | 15/04/2025 | 10,000 | 30/04/2025 | 0 | 10,000 | 1,000 |

Note : Calculation of the increase is 10% of RM10,000 as the amount of RM2,000 was paid after the stipulated period namely 15.3.2025.

7.2 Subsection 107C(10) of the ITA

In a situation where the actual tax payable exceeds the revised or deemed revised estimated (whichever is the later) or the original tax estimate (if revised or deemed revised estimate is not furnished) by an amount exceeding 30% of the actual tax payable, a 10% increase in tax would be imposed on the difference between that amount and 30% of tax payable.

The calculation of the amount of tax increase is as follows:

Amount of tax to be increased = $[(AT - ET) - (30\% \times AT)] \times 10\%$

Where:.

AT: Actual tax payable

ET: Revised or deemed revised estimated of tax payable (whichever is the later) or original estimate of tax payable (if the revised or deemed revised estimate is not furnished)

Example 11

Labu Labi Sdn Bhd which normally closes its accounts on 30 June each year changed its accounting period to 31 December (more than 12 months) ending in the same year.

| YA | Accounting Period | Period |
|---------------|-----------------------|-----------|
| 2024 | 1.7.2023 – 30.6.2024 | 12 months |
| Failure years | 1.7.2024 – 31.12.2025 | 18 months |
| | 1.1.2026 – 31.12.2026 | 12 months |

Basis Period of the Company

| YA | Basis Period | Period |
|------|-----------------------|-----------|
| 2024 | 1.7.2023 – 30.6.2024 | 12 months |
| 2025 | 1.7.2024 – 31.12.2025 | 18 months |
| 2026 | 1.1.2026 – 31.12.2026 | 12 months |

The original estimate of tax payable (Form CP204) for YA 2025 is RM24,000. The company has furnished Form CP204B on 24.4.2025 together with an appeal letter to revise the estimated tax payable to RM40,000. CP205 is issued by DGIR on 29.4.2025 with the revised tax estimate of RM40,000. The Income Tax Return Form (ITRF) for YA 2025 received on 30.7.2026 showed the actual amount of tax payable for YA 2025 is RM60,000.

CP205 is deemed to be the tax payable estimate of Labu Labi Sdn Bhd and the increase under subsection 107C(10) of the ITA is computed as follows:

| YA 2025 | RM |
|--------------------------------------|---------------|
| Actual tax payable (AT) | 60,000 |
| Revised estimate of tax payable (ET) | <u>40,000</u> |
| Difference | <u>20,000</u> |

The computation of the amount of tax to be increased is as follows:

$$\begin{aligned}
 &= (\text{RM}60,000 - \text{RM}40,000) - (30\% \times \text{RM}60,000) \\
 &= \text{RM}20,000 - \text{RM}18,000 \\
 &= \text{RM}2,000
 \end{aligned}$$

The increase under subsection 107C(10) of the ITA

$$\begin{aligned}
 &= \text{RM}2,000 \times 10\% \\
 &= \text{RM}200
 \end{aligned}$$

7.3 Subsection 107C (10A) of the ITA

An increase of 10% in tax under subsection 107C(10A) of the ITA will be imposed on the tax payable if:

- i. no estimate is furnished by a company, limited liability partnership, trust body or co-operative society and no direction is given by DGIR to make payment by instalment under subsection 107C(8) of the ITA;
- ii. no prosecution under paragraph 120(1)(f) of the ITA has been instituted in relation to failure to furnish such estimate: and
- iii. that tax is payable by the company, limited liability partnership, trust body or co-operative society pursuant to an assessment for that year of assessment.

8. Failure to Notify Change of Accounting Period

- 8.1 Effective YA 2019, if a company, limited liability partnership, trust body or co-operative society fails to furnish the Form CP204B in the prescribed period, the following action will be taken by DGIR:
- 8.1.1 imposing a 10% increase under subsection 107C(9) of the ITA in relation to the taxpayer's failure to make the instalment payments;
 - 8.1.2 imposing a 10% increase under subsection 107C(10) of the ITA in respect of the 30% difference between the actual tax payable and the revised or deemed revised tax estimate (whichever is the later) or the original tax estimate (if there is no revised or deemed revised tax estimate furnished); or
 - 8.1.3 imposing penalty under subsection 112(3) of the ITA in respect of estimated assessment raised under subsection 90(3) of the ITA [subsection 112(3A) of the ITA]; or
 - 8.1.4 initiate prosecution action under paragraph 120(1)(i) of the ITA in respect of failure to notify the DGIR a change of accounting period within the prescribed period under subsection 21A(3A) of the ITA.
- 8.2 Any penalty or increase referred to in paragraphs 8.1.1, 8.1.2 and 8.1.3 above imposed on the basis of the original accounting period shall be retained and may be collected as if the penalty or increase was tax payable to the government under the existing provisions of the ITA even though the company, limited liability partnership, trust body or co-operative has furnished revised estimated tax payable or submitted ITRF within the prescribed period based on the change of accounting period.
- 8.3 Prosecution action referred to in paragraph 8.1.4 above can be initiated against a taxpayer who fails to notify the DGIR on a change of accounting period within the prescribed period. If convicted, the taxpayer shall be liable to pay a fine of not less than RM200 and not more than RM20,000 or to imprisonment for a term not exceeding 6 months or to both. This prosecution action can still proceed although the taxpayer has submitted the ITRF.

Example 12 - Accounting period shortened and no notification furnished

NSKL Sdn Bhd closes its accounts on 31 December annually.

YA 2024

The company submitted its estimate of tax payable through Form CP204 for YA 2024 amounting to RM24,000 with instalment payments made from 15.2.2024 until 15.1.2025. ITRF for YA 2024 was submitted on 31.7.2025 with a tax payable of RM14,000.

YA 2025

The company's Form CP204 for YA 2025 was received on 30.11.2024 with an estimated tax payable of RM30,000 for the basis period from 1.1.2025 until 31.12.2025. The company complies with Form CP204 until 31.12.2025.

The company later changes its accounting period from 31.12.2025 to 30.6.2025 but Form CP204B was not submitted to the DGIR on or before 30.5.2025.

ITRF for YA 2025 was submitted on 31.1.2026 for the new accounting period from 1.1.2025 until 30.6.2025 with a tax payable of RM50,000.

YA 2026

On 25.1.2026, the DGIR issues CP205 based on the Form CP204 for YA 2026 amounting to RM30,000. The company did not submit Form CP204 to the DGIR for YA 2026 for the accounting period from 1.7.2025 until 30.6.2026 and no tax instalment payments are made by the company. On 31.1.2027, the company submitted an ITRF for YA 2026 with RM Nil tax payable.

**Summary of Change in Accounting Period and
Revised Estimate of Tax Payable**

| Original Accounting Period | New Accounting Period | YA | Basis Period | Estimate of Tax Payable RM | Actual Tax Payable RM |
|-----------------------------------|------------------------------|-----------|--|-----------------------------------|------------------------------|
| 1.1.2024 – 31.12.2024 | Not applicable | 2024 | 1.1.2024 – 31.12.2024 (12 months) | CP204 24,000 | 14,000 |
| 1.1.2025 – 31.12.2025 | 1.1.2025 – 30.6.2025 | 2025 | 1.1.2025 – 30.6.2025 (6 months) | CP204 30,000 | 50,000 |
| Not applicable | 1.7.2025 – 30.6.2026 | 2026 | 1.7.2025 – 30.6.2026 (12 months) | CP205 30,000 | 0 |

YA 2024

ITRF for YA 2024 was deemed on 31.7.2025 with actual tax payable of RM14,000. The amount of estimated tax payable of RM24,000 will be compared to an actual tax payable of RM14,000. Since the estimate of tax payable in Form CP204 exceeds the actual tax payable, no increase under subsection 107C(10) of the ITA will be imposed on the company.

YA 2025

The company submitted Form CP204 on 30.11.2024 i.e. within the prescribed period. However, during the change of accounting period, the company failed to submit Form CP204B to the DGIR not later than 30 days before the beginning of the new accounting period i.e. on 30.5.2025.

The prosecution action under paragraph 120(1)(i) of the ITA may be initiated against NSKL Sdn Bhd as a result of its failure to submit the Form CP204B to the DGIR. This prosecution can still proceed even if the company has submitted the ITRF for YA 2025 on 31.1.2026.

The due date for submission of the ITRF for YA 2025 based on the new accounting period is 31.1.2026. NSKL Sdn Bhd has submitted company's ITRF within the stipulated period, i.e. on 31.1.2026 for the accounting period from 1.1.2025 until 30.6.2025. The assessment for YA 2025 is deemed on 31.1.2026 with a tax payable of RM50,000.

The difference between the actual tax payable and the estimate of tax payable (as per Form CP204) exceeds 30% as computed below. Therefore, the company would be subject to a tax increase under subsection 107C(10) of the ITA as follows:

$$\begin{aligned} &= [(RM50,000 - RM30,000) - (30\% \times RM50,000)] \times 10\% \\ &= RM20,000 - RM15,000 = RM5,000 \\ &= RM5,000 \times 10\% \\ &= RM500 \end{aligned}$$

YA 2026

The company submitted its ITRF for YA 2026 on 31.1.2027 with RM Nil tax payable. CP205 for YA 2026 issued by the DGIR would be compared to the actual tax payable of the company. Since the actual tax payable for YA 2026 is RM Nil and less than CP205, the increase under subsection 107C(10) of the ITA shall not apply.

However, an increase under subsection 107C(9) of the ITA would be imposed on the company due to its failure to comply with CP205. The increase under subsection 107C(9) of the ITA would remain and may be collected even when the company has submitted an ITRF with RM Nil tax payable.

Example 13 - Accounting period extended and no notification furnished

Omega Mining Sdn Bhd closes its accounts on June 30 annually.

YA 2024

The Company submitted an estimate of tax payable through Form CP204 for YA 2024 amounting to RM24,000 with instalment payments made from 15.8.2023 until 15.7.2024.

The ITRF for YA 2024 was submitted on 31.1.2025 with a tax payable of RM44,000.

YA 2025

The company's Form CP204 for YA 2025 was received by the DGIR on 31.5.2024 with an estimated tax payable of RM36,000 for the basis period beginning from 1.7.2024 until 30.6.2025. The company complied with the instalments as per Form CP204 until 15.7.2025.

The company later changed its accounting period by extending it until 31.12.2025 but Form CP204B was not submitted to the DGIR on or before 31.5.2025.

An estimated assessment under subsection 90(3) of the ITA for YA 2025 is raised with penalty under subsection 112(3) of the ITA on 1.6.2026 with a tax payable of RM55,000 as the ITRF for YA 2025 was not received on 31.1.2026.

The ITRF for YA 2025 is submitted on 31.7.2026 for the accounting period from 1.7.2024 until 31.12.2025 with a tax payable of RM40,000. The assessment for YA 2025 has been revised on 10.8.2026 and the estimated assessment raised under subsection 90(3) of the ITA on 1.6.2026 is reduced to RM40,000.

YA 2026

On 25.6.2025, the DGIR issues CP205 based on Form CP204 for YA 2026 amounting to RM36,000 with instalments starting from 15.8.2025 until 15.7.2026 as no Form CP204 for YA 2026 or Form CP204B for YA 2025 was received by the DGIR on or before 31.5.2025. No tax instalment payments are made by the company in accordance with CP205.

On 31.7.2027, the company submits its ITRF for YA 2026 for the new accounting period from 1.1.2026 to 31.12.2026 with a tax payable of RM80,000.

**Summary of Change in Accounting Period and
Revised Estimate of Tax Payable**

| Original Accounting Period | New Accounting Period | YA | Basis Period | Estimate of Tax Payable RM | Actual Tax Payable RM |
|-----------------------------------|------------------------------|-----------|--|-----------------------------------|------------------------------|
| 1.7.2023 – 30.6.2024 | Not applicable | 2024 | 1.7.2023 – 30.6.2024 (12 months) | CP204 24,000 | 44,000 |
| 1.7.2024 – 30.6.2025 | 1.7.2024 – 31.12.2025 | 2025 | 1.7.2024 – 31.12.2025 (18 months) | CP 204 36,000 | 40,000 |
| Not applicable | 1.1.2026 – 31.12.2026 | 2026 | 1.1.2026 – 31.12.2026 (12 months) | CP205 36,000 | 80,000 |

YA 2024

The ITRF for YA 2024 was deemed on 31.1.2025 for an amount of RM44,000. The estimate of tax payable of RM24,000 as per Form CP204 will be compared to the actual tax payable of RM44,000. Since the actual tax payable exceeds the estimate of tax payable with a difference of more than 30%, the company would be subject to a tax increase under subsection 107C(10) of the ITA as follows:

$$\begin{aligned}
 &= [(RM44,000 - RM24,000) - (30\% \times RM44,000)] \times 10\% \\
 &= RM20,000 - RM13,200 \\
 &= RM6,800 \times 10\% \\
 &= RM680
 \end{aligned}$$

YA 2025

The company submitted Form CP204 on 31.5.2024 i.e. within the stipulated period. However, during the change of accounting period, the company failed to submit Form CP204B not later than 30 days before the end of the original accounting period, i.e. 31.5.2025.

The prosecution action under paragraph 120(1)(i) of the ITA may be initiated against Omega Mining Sdn Bhd as a result of its failure to submit the Form CP204B to the DGIR. This prosecution can still proceed even if the company has submitted its ITRF for YA 2025 on 31.7.2026.

The estimated assessment raised under subsection 90(3) of the ITA is deemed on 1.6.2026 with a tax payable at RM55,000. The tax payable deemed under subsection 90(3) of the ITA is compared with the estimate of tax payable as per Form CP204 to ascertain the increase under subsection 107C(10) of the ITA. The difference between the tax payable with estimate of tax payable exceeds 30% and the company would be subject to the tax increase under subsection 107C(10) of the ITA as follows:

$$= [(RM55,000 - RM36,000) - (30\% \times RM55,000)] \times 10\%$$

$$= RM19,000 - RM16,500$$

$$= RM2,500 \times 10\%$$

$$= RM250$$

The due date of submission of the ITRF for YA 2025 based on the new accounting period is 31.7. 2026. Omega Mining Sdn Bhd submits its ITRF on 31.7.2026 i.e. within the stipulated period for the accounting period from 1.7.2024 until 31.12.2025 with a revised tax amounting to RM40,000.

Although the tax payable for YA 2025 has been revised to RM40,000 and the difference with the estimate of tax payable as per CP204 does not exceed 30%, the increase under subsection 107C(10) of the ITA remains [subsection 107C(11B) of the ITA] and the penalty under subsection 112(3) of the ITA in respect of the first estimated assessment under subsection 90(3) of the ITA for YA 2025 raised on 1.6.2026 shall be retained and may be collected [subsection 112(3A) of the ITA].

YA 2026

No Form CP204 is submitted by the company for accounting period from 1.7.2025 until 30.6.2026. Therefore, the DGIR issues CP205 on 25.6.2025 for YA 2026 based on the estimate of tax payable for YA 2025 amounting to RM36,000.

The increase under subsection 107C(9) of the ITA would apply to the company due to its failure to comply with CP205. The increase under subsection 107C(9) of the ITA remains and can be collected even if the company has submitted its ITRF for YA 2026.

CP205 issued by the DGIR would be compared to the company's actual tax payable of RM80,000. Since the tax payable exceeds the amount under CP205 with a difference of more than 30%, the company would be subject to a tax increase under subsection 107C(10) of the ITA as follows:

$$= [(RM80,000 - RM36,000) - (30\% \times RM80,000)] \times 10\%$$

$$= RM44,000 - RM24,000$$

$$= RM20,000 \times 10\%$$

$$= RM2,000$$

9. Updates and Amendments

| This PR replaces PR No. 6/2021 dated 29 December 2021 | Updates and Amendments | |
|---|---|---|
| | The content of this PR has been amended and updated as follows: | |
| | Paragraph | Explanation |
| | 3 | Paragraph 3.1 has been amended |
| | 4, 5, 7 dan 8 | The examples have been updated to the latest years |
| | 4 | <ul style="list-style-type: none"> i) Paragraph 4.2.2 (c) has been added ii) Paragraph 4.2.3 has been added iii) Examples 5 and 6 has been added iv) Paragraph 4.3 has been updated |
| 7 | Paragraph 7.3 has been updated | |

10. Disclaimer

The examples in this PR are for illustrative purposes only and are not exhaustive.

11. This PR needs to be read together with Public Ruling No. 8/2014 on Basis Period of a Company, Limited Liability Partnership, Trust Body and Co-operative Society.
12. For more information, please refer to the Garis Panduan Operasi Bil.1 of 2021 – “Pengemukaan Anggaran Cukai Yang Kena Dibayar Di Bawah Sekyen 107C Akta Cukai Pendapatan 1967” (available in Malay Language only) that can be downloaded from Inland Revenue Board of Malaysia’s official portal at www.hasil.gov.my.

**Director General of Inland Revenue,
Inland Revenue Board of Malaysia.**