ANC GROUP

ANC GROUP PROFILE & TAX GUIDE

We Empower Your Business, Accelerating Your Business Forward

Foreword

There are certainly many challenges that entrepreneurs encounter in today's digital era. Conventional brick and mortar businesses such as food, beverage and retail businesses face competition in this digital economy as consumers are moving towards e-wallets, online shopping and food ordering. Drop in sales, escalating operational costs, and labor issues, these are just some of the common issues businesses face today. To top it all off, business owners need to ensure regulatory compliance are properly adhere to.

At ANC Group, we strive to lift compliance burdens from you by improving your financial status, tax planning, remuneration package planning and getting your compliance obligations right, while you focus on your core competencies and grow your business. We complement this with innovative technology such as BIP, which is one of our innovative platform to keep you abreast of the important financial matters.

With our team of strategic alliance partners located ASEAN-wide, we are here to support you. Let us work hand in hand and drive your businesses forward.

Song Liew

Founder of ANC Group | TH Liew & Co

Recently, the Institute for Democracy and Economic Affairs published a policy paper studying the compliance costs of Small and Medium Enterprises (SMEs) within the Klang Valley area. The paper found that tax compliance to be the most burdensome to comply and costs the most in terms of Ringgit and time spent. SMEs spend an average of 44 days or more per year to ensure that tax regulations are properly adhere to.

Time is money! Money is lost when SMEs incurred unnecessary time on tax compliance instead of focusing on operational efficiency and growth. SMEs are unable to benefit from economies of scale when it comes to tax compliance which resulted in inflated business costs.

At ANC Group, we make the path to entrepreneurship more accessible to Malaysians by managing compliance costs, not just for tax, but compliance of other regulations as well.

I hope you find this is Booklet helpful to deal with some of the more important and broad question that may arise in doing business in Malaysia. We at ANC wish all entrepreneurs good luck and success in your journey to a prosperous entrepreneurship.

Wong Choo Jad
Co-founder of ANC Group


ANC Group ASEAN
Network and Offices

Company Profile

In this current rapidly developing and changing business environment in Asia, the selection of a professional service firm has always been a critical decision. When you look for consulting firm in Malaysia that you can depend on and work with, the decision is even more difficult to make. With our experience, expertise and people, we have emerged as the firm that many companies would like to work with.

Our offices, located in 4 different states in Malaysia and network firms in the ASEAN region. Our Vision for the next 100 years (and beyond) is to build a brand synonymous with high-quality, undisputed consulting services within ASEAN and aspire to build a life career for our ANC family.

Services

Business Advisory	Corporate Services	Accounting Services
HR & Payroll Services	Tax Compliance	Business Incorporation
Indirect Tax Advisory	Tax Advisory and Consultation	Training & Development
Transfer Pricing	Assurance	Due Diligence
Business Expansion Advisory in ASEAN and Labuan		

We provide tailored-made services to you. Although it is regulated, we provide values to you by converting it to your advantage.

Tax Collaboration with IRBM HQ and SQL Software

In-depth Understanding of Local Regulations

To succeed in this market, you have to fully understand the local market, the evolution of its regulations, where it came from and the direction it is going as well as keeping abreast of the changes along the way.

Our people are always kept abreast of the latest developments in company secretarial, accounting, auditing, finance, tax and legal regulations, provisions of the relevant laws, and the general business environment. They are encouraged to participate in sharing their ideas and comments on new regulations. As a result, they all have the capacity to provide up to date advisory to businesses.
ANC facilitates yearly nationwide tax workshops organised by Malaysian Institute of Account (MIA), Malaysian Employer Federation (MEF) Academy, SQL Accounting Software in the ASEAN region and in-house training for corporations. To date, ANC has conducted more than one hundred trainings with largest audiences of 2,500.

Our Commitment

The foundation of all our endeavours is demonstrated by the following strategic priorities:

- Commit to provide excellent value service;
- Continuously improve service quality and to meet the ever-increasing client demands;
- Promote competency and professionalism, and motivate our people, who are the core of our service quality, to achieve excellence;
- Continuously deliver updated information via our newsletters – Taxletter;
- Retain and retrain employees with Business Infrastructure Platform (BIP);
- Annual tax sharing to bring timely and efficient solutions to client issues; and
- Invitation to our sharing and networking sessions.

Our Clients' Privileges

Taxletters

Unlimited Access to BIP

Sharing and Networking sessions

Signing of MOU with SQL

Transforming Businesses

Every day, we hear inspiring stories of how companies have evolved using software and technology. Technology not only helps businesses to innovate but resolve challenges, increase efficiency and increase sales.

As a Strategic Partner of SQL, market leader of accounting software in Malaysia, we strive to help businesses to transform and move into the technology sphere. The strategic partnership paves the way for mutual growth, innovation, and success. Through our combined efforts and shared vision, we aim to achieve new heights of excellence in business and digitalisation in accountancy.

The strategic partnership is a commitment to collaboration and a testament to the trust and confidence we have in each other's capabilities and values. Together, we will leverage our respective strengths and resources to tackle challenges, seize opportunities, and create value for our stakeholders.

ANC Group's Seminar with 2,500 participants

ACCA Accredited Employer

The Association of Chartered Certified Accountants or ACCA is the world's most forward-thinking accountancy body. ACCA recognises employers' high standards of staff training and development programmes, and we are proud to be accredited as an ACCA Employer Trainee Development - Platinum.

As ACCA accredited employer, we strive to support staff, affiliates and students' through trainee development programmes and professional development. We are committed to ensure that every team member has the right skills, ethics and competences to add value and drive businesses.

APPROVED ACCA EMPLOYER
Trainee Development - Platinum

APPROVED ACCA EMPLOYER
Professional Development

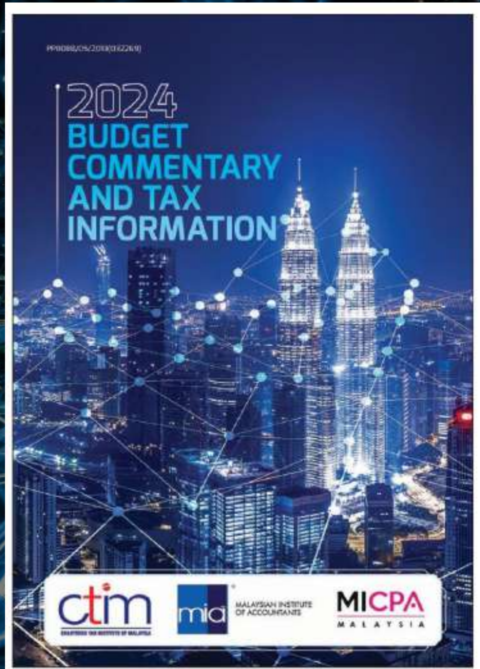
CPA Recognised Employer Partner

The Recognised Employer Partner (REP) is one of the most prestigious professional development partnerships.

It's an organisation's commitment to developing their employees. Working for a REP partner gives employees the best environment to learn and develop their knowledge and skillset. Whatever stage our team at in their career, ANC Group offers professional development opportunities to take the team's career to the next level.

CPA AUSTRALIA

RECOGNISED
EMPLOYER
PARTNER



ANC Group as the editorial member of Budget Commentary and Tax Information

REPUBLIC OF SINGAPORE
TRADE MARKS ACT 1998
CERTIFICATE ISSUED UNDER SECTION 15(3)

TRADE MARK NUMBER	:	40202250064J
NAME OF PROPRIETOR(S)	:	ANC Group Sdn Bhd

ANC
GROUP

I HEREBY CERTIFY that under the provisions of the Trade Marks Act 1998, the above trade mark has been registered as from 06 June 2022 in respect of the goods and/or services in Class(es) 35 as referred to in the Schedule.

Mrs. Rena Lee
Registrar of Trade Marks
Singapore

DATED THIS 10 February 2023

Registration is for a period of 10 years and may be renewed at the expiration of this period and upon the expiration of each succeeding period of 10 years.

NOTIFICATION OF THE REGISTRATION OF TRADEMARK

Trademark No.	**:**	**TM2022032023**
Registered Proprietor	**:**	**ANC GROUP SDN BHD**
Date of Registration	**:**	**29 NOVEMBER 2022**
Renewal Due Date	**:**	**29 NOVEMBER 2032**

ANCS
GROUP

ANCS group

The above-numbered trademark has been registered and the above-named has been entered as the proprietor of the said trademark in the Register in respect of the following goods or services [with condition(s)]:

Registrar of Trademark

CERTIFICATE NO. : DPS14YCM23158

WORLD CONSUMERS' PROTECTION
CHAMBER OF COMMERCE
PPM-018-10-23072018

CERTIFICATE
OF APPOINTMENT

This certificate is proudly presented to

ANC GROUP SDN. BHD.
1328521-W

has been elected and appointed as

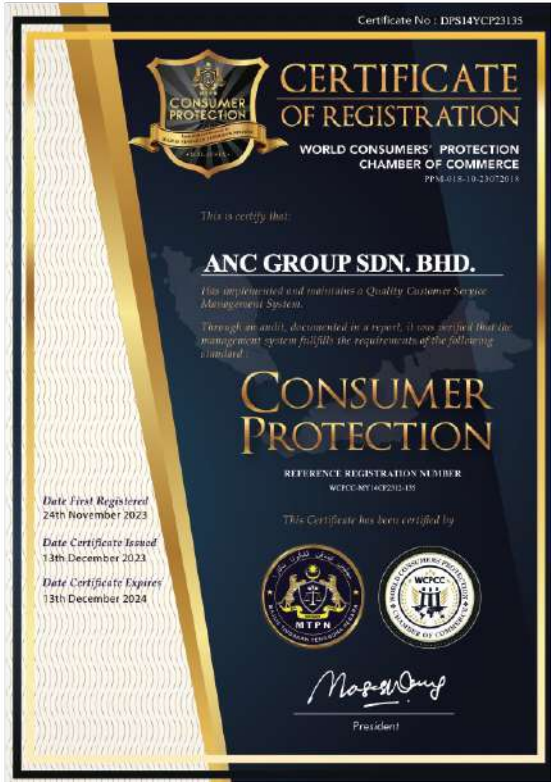
CORPORATE MEMBER

DATE
24 DECEMBER 2023

REFERENCE REGISTRATION NUMBER
WCPCC-MY14CM2312-158

Hopefully with this appointment, we hope that you will continue to excel and continue to practice the principles of efficient, trustworthy, healthy and fair and equitable business in any transaction to preserve professionalism in business.

DR. MOSES WONG
President
World Consumers' Protection Chamber of Commerce



Certificate No : DPS14YCP23135

CERTIFICATE
OF REGISTRATION

WORLD CONSUMERS' PROTECTION
CHAMBER OF COMMERCE
PPM-018-10-23072018

This is certify that:

ANC GROUP SDN. BHD.

Has implemented and maintains a Quality Customer Service Management System.

Through an audit, documented in a report, it was verified that the management system fullfills the requirements of the following standard :

CONSUMER PROTECTION

REFERENCE REGISTRATION NUMBER
WCPCC-MY14CP2312-135

This Certificate has been certified by

Date First Registered
24th November 2023

Date Certificate Issued
13th December 2023

Date Certificate Expires
13th December 2024

President

MAJLIS TINDAKAN PENGGUNA NEGARA

PILIHAN PENGGUNA

CONSUMER'S CHOICE

MTPN

NATIONAL CONSUMER ACTION COUNCIL

2022 - 2023

GOLD GRADE

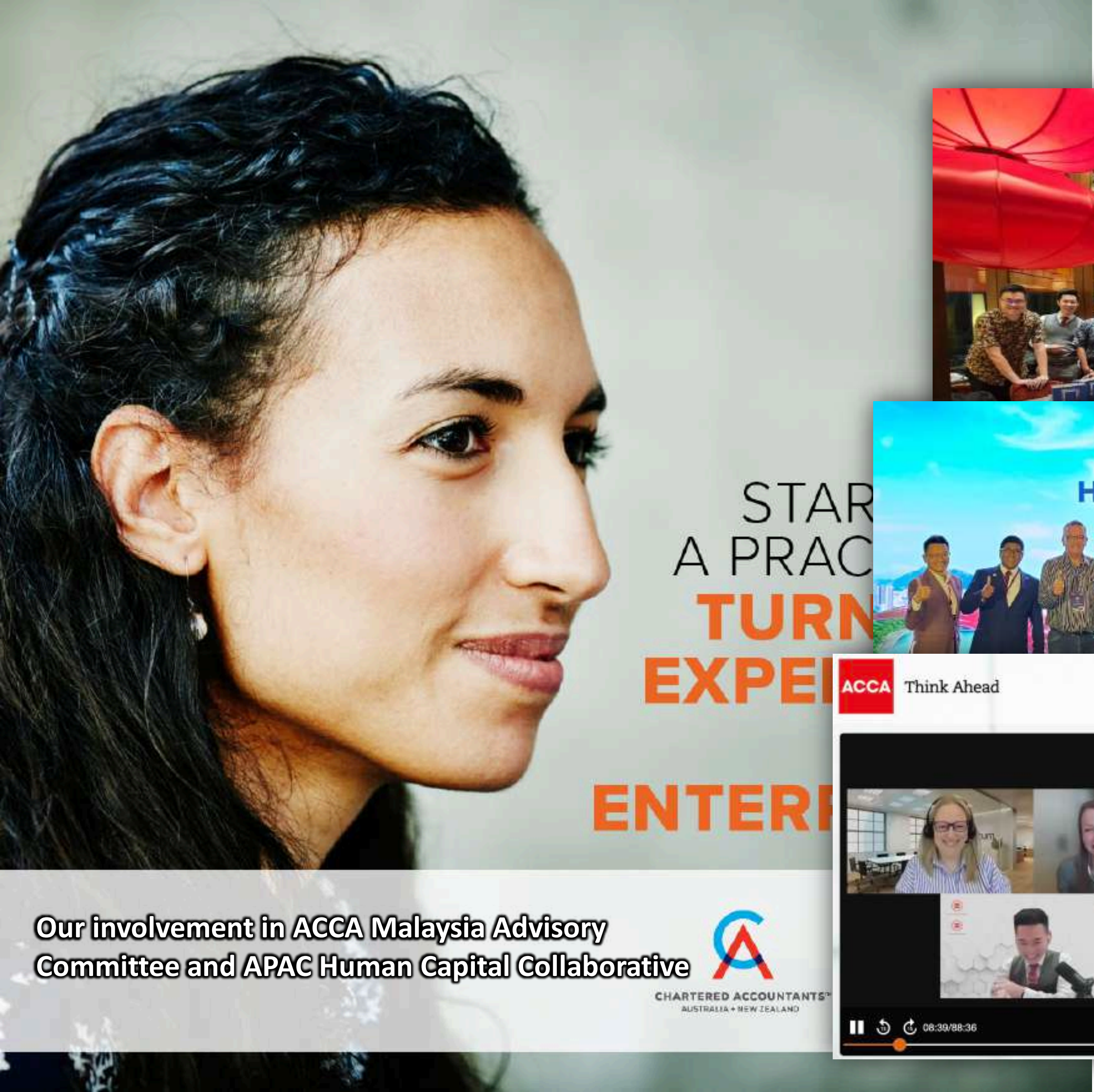
THE 6TH

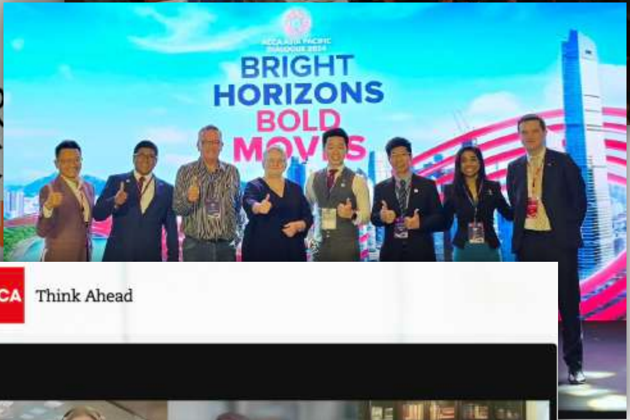
LANG INTERNATIONAL

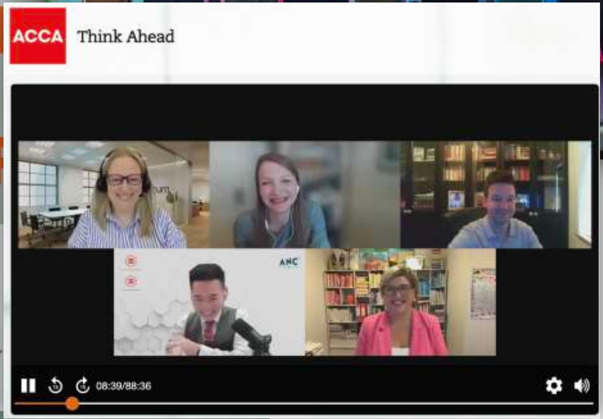
CORPORATE TITAN AWARDS

EXCELLENT

CUSTOMER EXPERIENCE - TAX ADVISORY







Our involvement in ACCA Malaysia Advisory Committee and APAC Human Capital Collaborative


TALK OF FAME
商
SHANGHAI

Our Corporate Video : “Be the Light”
Let ANC Group be your light

Story about a secret guardian who protects the lady no matter what happens.

Our Social Media Contents which garnered 113,000 followers on Facebook and 50,000 more from other social media platforms

What's This?

This is a QR code. You will be directed to BIP when you snap a picture of the QR code using your mobile devices.*

** BIP is only available to SQL users and ANC Group's existing clients*

Table of Contents

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1. Incorporation & Tax Overview

The ease of doing business, compliance responsibilities, scalability, tax rates, liabilities, ease of obtaining bank loans as well as ease of transfer of shares are some of the factors which affects the choice of business structure. It is a difficult decision to make as choosing the right business structure to suit the present and future need of the company is a challenging task for even the most experienced business owners.

It is important that the business owners consider the different forms of business structure as it will impact both the company's and owner's legal liability, income tax savings as well as the ability to take-up loans.

Business Formation Available in Malaysia

Among the business structures available in Malaysia are:

- A private company limited by shares incorporated under the Companies Act 2016, which can be identified by its suffix *Sendirian Berhad ("Sdn Bhd");*
- A sole proprietorship;
- A conventional partnership; and
- A limited liability partnership ("LLP") registered under the Limited Liability Partnerships Act 2012, which can be recognized by its suffix *Perkongsian Liabiliti Terhad ("PLT").*

This booklet will help you gain a better understanding of the advantages and disadvantages of different incorporations.

Business Formation

Sole Proprietorship

A sole proprietorship is defined by the Companies Commission of Malaysia ("CCM") as a business wholly owned by a single individual using a personal name or trade name. It is also the cheapest and simplest business structure to incorporate. There is no annual filing requirement, and the Business Registration Act does not require the sole proprietor's accounts to be audited. Setting up a sole proprietorship is quick and easy.

However, the greatest disadvantage of a sole proprietorship is the risk that the business owner will not be protected against personal liability. This means that if the business owner is unable to meet its liabilities, the creditors can go after the business owner's personal assets. Since the business owner is the sole proprietor itself, there is no distinct separation between the business owner's assets and the sole proprietorship's assets. As such, the likelihood of a sole proprietor obtaining a bank loan might depend on the quantum of assets held by the business owner.

Partnership

Partnership on the other hand is business owned by two or more persons (but not exceeding 20 persons), by using a trade name. There is no annual filing requirement, and the Business Act does not require the partnership's accounts to be audited.

Like Sole Proprietorship, the greatest disadvantage of a partnership is the risk that the business owner is not protected against personal liability. There is no distinct separation between business owner's assets and the partnership's assets. In worst case scenario, one partner could be liable for another partner's wrongdoings.

Limited Liability Partnership

Limited Liability Partnership (LLP) is an alternative business vehicle regulated under the Limited Liability Partnership Act 2012 which combines the characteristics of a company and a conventional partnership.

LLP business structure is designed mainly for professionals (service industries) such as Lawyers, Chartered Accountants and Company Secretaries for the purpose of carrying on their professional practice. Its concept is to support small medium enterprises to grow their businesses without having to worry too much on their personal liabilities, personal assets and strict compliance requirements.

In other words, LLP does not need its accounts to be audited and no financial statements lodgement to Companies Commission of Malaysia required. Nevertheless, the Compliance Officer of the LLP needs to lodge its annual return to the authority within ninety (90) days from the financial year end.

Sdn Bhd

This form of business formation is the most commonly seen in Malaysia. Unlike a sole proprietorship, a Sdn Bhd is its own entity, separate from the business owners. The company itself can acquire its own assets, go into debt, sue or be sued in its own name and has a perpetual succession until the directors and shareholders decide to dissolve the company. This takes the legal load off the shareholders of the company.

A Sdn Bhd is also taxed as its own entity. As such, the company will get specific tax breaks, tax rates and special deductions, among other things. However, this comes with the extra costs of having to provide yearly audited accounts and annual returns.

Comparison Between Different Business Formation

	Sole Proprietorship / Partnership	Limited Liability Partnership	Sdn Bhd
Start-up	Registration need to be done at CCM counter or through Ezbiz Online services at ezbiz.ssm.com.my. within 30 days from the date of commencement of the business.	Registration can be done at MYLLP portal (myllp.com.my). A compliance officer needs to be appointed, whom can be a secretary or any partner of the LLP.	Registration can be done at CCM counter or through MyCoid 2016. A company secretary needs to be appointed within 30 days after receiving the Certificate of Incorporation.
Cost of registration / Incorporation	• Trade Name – RM60 per year • Personal Name - RM30 per year • Branch(s) - RM5 per year for each branch	RM 500 for registration fee paid to MYLLP. Appointment of secretary as compliance officer and incorporation exercise, market price range starts from RM2,500.	Market prices range from RM2,500 to RM3,500 (incorporation exercise). *Drop us an email at admin@ancgroup.biz for an official quote.*
Other compliance costs (Yearly)	• Tax filing fees; and • Renewal of business license.	• Tax filing fees; and • Annual return fee of RM200.	• Tax filing fees; • Audit fees; and • Secretarial and CCM filing fees.
Number of members	Sole Proprietor Business is owned by a sole individual. Partnership Two (2) to twenty (20) members.	Minimum two (2) partners.	With the introduction of Companies Act 2016, a Sdn Bhd can have at least one (1) to a maximum of fifty (50) Directors / Members.
Separate legal entity	No.	Yes. An LLP has the same rights and obligations as a natural person.	Yes. A company has the same rights and obligations as a natural person.
Legal liability	Business owner's personal wealth may be affected and exposed to risks.	Partner's personal wealth is protected.	Shareholder's personal wealth is protected.

	Sole Proprietorship / Partnership	Limited Liability Partnership	Sdn Bhd
Flexibility	Freedom to make decisions and full control of business affairs.	Major decision shall consider Partner's interest.	Major decision shall consider Shareholder's interest.
Continuity of business	Ceases to exist upon the death of its owner.	Continue to exist until the LLP is dissolved.	Continue to exist until the company is dissolved.
Ability to raise fund or capital	Limited. Depends on owner's personal capacity and wealth.	Limited due to non audited financial statements. Depends on owner's personal capacity and wealth.	Able to raise fund through issuing share or applying loan.
Ownership transferability / Perpetual Succession	Not available.	Transfer of ownership by disposing its contribution.	Transfer of ownership by buying or selling of shares.
Dissolution	Business can be dissolved any time by filing a form at CCM or through Ezbiz Online services.	Two methods of dissolving an LLP: • Winding up; and • Strike off	Two methods of dissolving a company: • Winding up; and • Strike off
Tax planning opportunity	Limited room for tax planning since all business profit will be taxed at personal level. However, personal reliefs ***(Chapter 2 : Individual Tax)*** are available for resident individual taxpayer.	Enjoys certain tax benefits such as special tax deduction for business expenses and limited tax incentive.	Enjoys tax benefits such as special tax deduction for business expenses and various tax incentive.

<table>
<tr><th></th><th>Sole Proprietorship / Partnership</th><th>Limited Liability Partnership</th><th>Sdn Bhd</th></tr>
<tr><td>Income tax rates</td><td>All profits go directly to the business owner's personal income tax return, a graduated scale rates of tax are applied (Chapter 2 : Individual Tax) to chargeable income of resident individual taxpayers.

Maximum tax rate for individual is 30%.</td><td>The corporate tax rate for resident SME companies with qualifying conditions are as follows:-

YA 2023 onwards

Conditions
a) having less than RM2.5 million contribution; and
b) Annual sales less than RM50 million.

Tax Rate
1st RM150,000 @ 15%
Next RM450,000 @ 17%
Subsequent @ 24%</td><td>The corporate tax rate for resident SME companies with qualifying conditions are as follows:-

YA 2023 onwards

Conditions
a) having less than RM2.5 million ordinary share capital ; and
b) Annual sales less than RM50 million.

Tax Rate
1st RM150,000 @ 15%
Next RM450,000 @ 17%
Subsequent @ 24%</td></tr>
<tr><td>Profit Returns</td><td>Business profit is subject to personal tax.</td><td>Distribution of profit is tax free.</td><td>Dividends distribution is tax free.</td></tr>
<tr><td>Suitable for</td><td>Small businesses like hawker stalls or small trading companies.</td><td>Professionals, small medium business, joint venture and venture capital.</td><td>Manufacturing, large businesses or information technology companies.</td></tr>
</table>

Important CCM Compliance Dates for Sdn Bhd

COMPANY INCORPORATED

01.01.2023 — **30.01.2023**

Appoint Company Secretary

To appoint Company Secretary within 30 days from incorporation
(*Section 236, Companies Act 2016*)

IF BUSINESS OPERATED AT PREMISE/OFFICE

01.02.2023

Lodge Form S.47 (2) & PD 2

To update with CCM within 14 days for:

i) Business Address
(*Para 4, CCM Practice Directive 2/2017 [Revised]*)

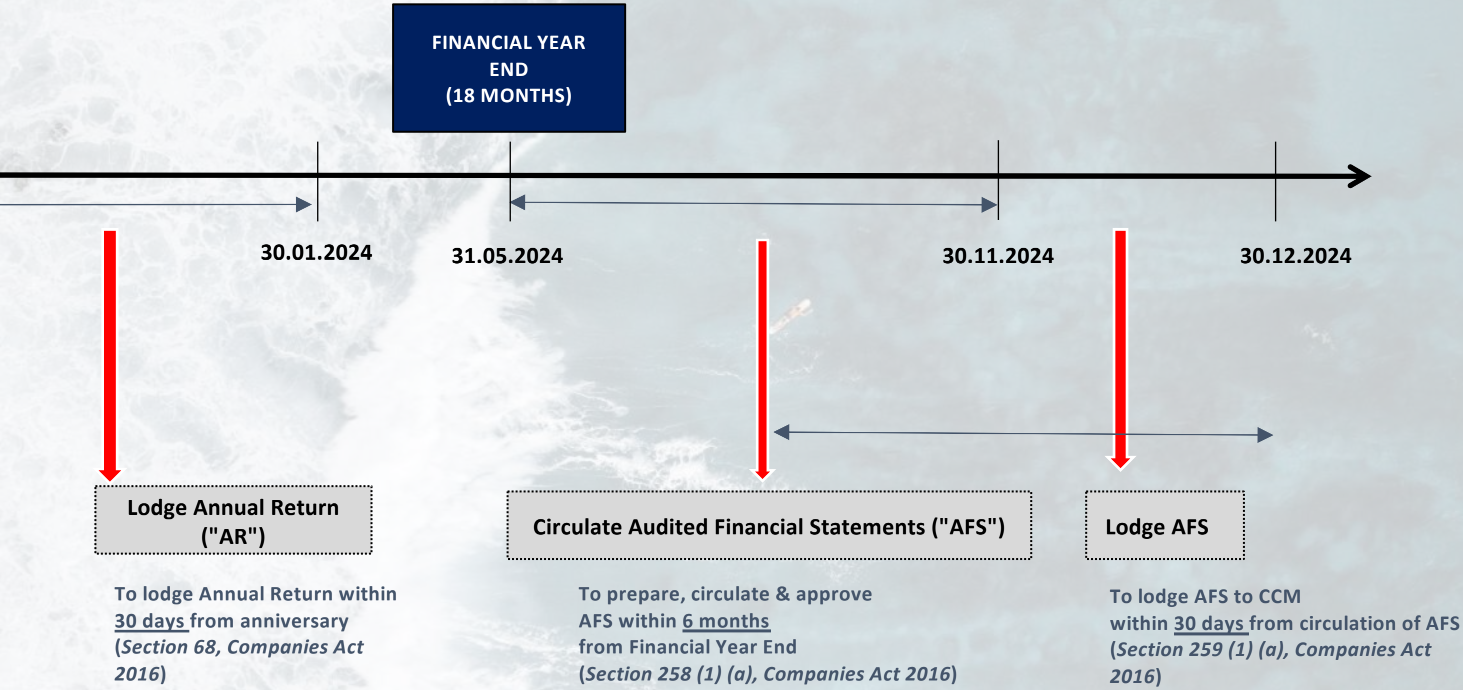
ii) Address for Account Records are kept
(*Section 47(2), Companies Act 2016*)

1st YEAR ANNIVERSARY (12 MONTHS)

01.01.2024

Propose to Consider (if yet to do so):
i) Appoint Auditor of the Company;

ii) Decide the Financial Year End of the Company or
to the permitted 18 months from incorporation
(*Section 248(1)(a), Companies Act 2016*)


FINANCIAL YEAR END (18 MONTHS)
30.01.2024
31.05.2024
30.11.2024
30.12.2024
Lodge Annual Return ("AR")
Circulate Audited Financial Statements ("AFS")
Lodge AFS
To lodge Annual Return within 30 days from anniversary (*Section 68, Companies Act 2016*)
To prepare, circulate & approve AFS within 6 months from Financial Year End (*Section 258 (1) (a), Companies Act 2016*)
To lodge AFS to CCM within 30 days from circulation of AFS (*Section 259 (1) (a), Companies Act 2016*)

Tax Incentives

Corporate Tax Incentives

Malaysia offers a wide range of tax incentives under the Promotion of Investments for selected industry sectors. These tax incentives appear in various forms, such as exemption on income, additional allowances on capital expenditures incurred, double deduction of expenses, special deduction of expenses, preferential tax treatments of promoted sectors, exemption of import duty and excise duty, etc. The effective tax rates may be significantly lower than the corporate tax rate of 24% for companies that are eligible for the tax incentives.

Some of the main tax incentives available in Malaysia are Pioneer Status ("PS"), Investment Tax Allowances ("ITA") and Reinvestment Allowances ("RA").

Sector	PS	ITA	RA	Group Relief	Promotion of Export	Accelerated Capital Allowances
Manufacturing	✓	✓	✓	✓	✓	✓
Trading	▪	▪	▪	✓	▪	✓
Agricultural	✓	✓	✓	✓	✓	✓
Tourism	✓	✓	▪	✓	▪	✓
Research and Development	✓	✓	▪	✓	▪	✓
Education and healthcare	▪	✓	▪	✓	✓	✓
Communications, utilities, transportation and green technology	▪	✓	▪	✓	▪	✓
High technology and multimedia	✓	✓	▪	✓	▪	✓
Service	▪	✓	▪	✓	✓	✓
Biotechnology	✓	✓	▪	✓	▪	✓

The list is not exhaustive. For more information, please refer to http://www.mida.gov.my.

SCAN ME

Tax Risk Exposure For Sole Proprietor, Partnership and LLP

Tax Risk Exposure

Sole proprietorship / partnership / LLP has a greater risk of being selected for tax audit by the Malaysia Inland Revenue Board ("MIRB") than a Sdn Bhd because there is no audit requirement for sole proprietorship / partnership / LLP accounting statements. The prospect of being audited is stressful for any company or business, but especially small businesses. If the MIRB comes knocking, the burden of proof falls on the sole proprietorship / partnership / LLP to provide evidence of earnings and expenditures. With any business, there are of course necessary deductions. But a sole proprietorship / partnership / LLP may raise a few needless red flags. Here are just a few to take note of:

Personal Expenses and Assets

Over-deductions of non-deductible personal expenses (e.g. Employees Provident Funds ("EPF") contribution and owner's salaries) and failure to segregate assets for private and business use are common errors made by business owners / partners when computing their income taxes.

Failure to allocate expenses and assets between private and business purposes will cause over deduction of expenses and over claiming of capital allowances.

Capital Allowances from Different Business Source

Capital allowances is an expenditure a business may claim against its taxable profits. However, capital allowances can only be claimed against the same source of income. As an example, the capital allowance incurred from partnership cannot be claim against the taxable income from sole proprietorship.

The criteria for claiming capital allowances are:

- Beneficial owner of the assets used in the business; and

- The assets are used in the business.

Claiming capital allowances on private assets and erroneously claiming capital allowance against different sources of income are some of the common errors made by sole proprietors. As such, segregation of assets for private and business consumption is pivotal, especially if you are selected for audit by the MIRB.

Failure to Keep Proper Accounting Records

The most common compliance issue that most sole proprietors failed to comply is record keeping. If business records are incomplete, the MIRB may request for ‘sensitive’ documents such as personal bank statements and other asset statements which will expose the business owner to unnecessary tax audit risks.

Not keeping proper record is recognized as a criminal offence under Section 119A of Income Tax Act 1967 (“ITA 1967”), which can result in a fine ranging from RM300 to RM10,000 and/or up to one (1) year in jail.

SCAN ME

Tax Risk Exposure For Sdn Bhd

Tax Risk Exposure

Due to the limited liability characteristic of Sdn Bhd, the company's Shareholder will only be liable for debts accrued by the company in accordance with their level of investment and not any more than what they can shoulder. The worst that can happen to Shareholders is losing all the capital investment in the company.

In terms of tax risks, the corporate income tax regulations have been revised to emphasize more on the director's responsibilities and liabilities (MIRB's Public Ruling No. 2/2019 dated 14 March 2019 refers).

Section 75A of the ITA 1967 provides for a director of a company to be responsible for any tax or debt that is due and payable by the company in respect of: -

I. Company's corporate income tax; and

II. Monthly Tax Deduction ("MTD").

Actions can be taken jointly on the company and its director, or separately on the directors of a company who are liable for the tax or debt payable by the company. According to subsection 75A(2) of the ITA 1967, the director means: -

POWER

=

Occupying the position of director, (by whatever name it is called) including any person who is concerned in the management of the company's business.

+

SHAREHOLDINGS

On his own, the owner of, in control of ≥ **20%*** of the ordinary share capital of the company.

OR

With one or more associates, able directly or indirectly through the medium of other companies controlling ≥ **20%*** of the ordinary share capital of the company.

**Prior to 24 January 2014, the ordinary share capital requirement was more than 50%.*

Conditions where company’s directors are not liable

I. Director who held less than 20% of the company’s ordinary share capital;

II. Appointment of director after the notice of assessment is served;

III. Cease to be a director before the notice of assessment is served; or

IV. Company is under winding up.

Tax recovery actions

Actions to recover a company’s taxes or debts that are due and payable can be taken against the directors of a company under the provisions of section 75A of the ITA 1967 as follows: -

I. Impose stoppage order under Section 104 of the ITA 1967;

II. Civil suit under Section 106(1) of the ITA 1967

III. Or Both.

Civil action will not be affected by the following situations: -

- The director has resigned before or during the civil action;
- The director has reduced his ordinary share capital to less than 20% before or during the civil action; or
- The company has been wound up.

Recommendations

With so many options to consider, it is important to weigh all the variables and decide which factor impact your business needs and goals the most. Paying less taxes, flexibility in everyday operations and allocation of profits and losses, limited liability and even the dissolution process are all important factors, and one or the other may or may not be enough of a reason to choose a particular business formation.

There is no comprehensive business formation when it comes to selecting a type of business. So, it is crucial to get professional advice from an experience specialist, so you'll understand all the implications of your choice.

If you need further advice on setting up a business or structuring a group of companies, please feel free to reach out to us at admin@ancgroup.biz

SCAN ME

SCAN ME

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Secretary Partner
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Tax Partner
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2. Individual Tax

Individual Tax Rates

Every individual who:-

a) Has a chargeable income for a year of assessment; or

b) Has been required to furnish a return

must file a tax return to the MIRB by 30 April in the following year. Under the Self Assessment System for individuals, supporting documents are not required to be submitted to the MIRB. However, the supporting documents must be kept for 7 years for the tax audit purposes.

The income tax structure for resident individual is based on progressive rates ranging from 0% to 30% on chargeable income. As a tax resident, the taxpayer can claim tax reliefs and rebates.

As for non-resident individual, the tax rate is 30% flat rate and is not entitled to any tax reliefs and rebates.

Chargeable Income (RM)	Calculations (RM)	Rate %	YA 2023 onwards Tax Payable (RM)
0 - 5,000	On the First 2,500	0	0
5,001 - 20,000	On the First 5,000	1	0
	Next 15,000		150
20,001 - 35,000	On the First 20,000	3	150
	Next 15,000		450
35,001 - 50,000	On the First 35,000	6	600
	Next 15,000		900
50,001 - 70,000	On the First 50,000	11	1,500
	Next 20,000		2,200
70,001 - 100,000	On the First 70,000	19	3,700
	Next 30,000		5,700
100,001 - 250,000	On the First 100,000	25	9,400
	Next 150,000		37,500
250,001 - 400,000	On the First 250,000	25	46,900
	Next 150,000		37,500
400,001 - 600,000	On the First 400,000	26	84,400
	Next 200,000		52,000
600,001 - 1,000,000	On the First 600,000	28	136,400
	Next 400,000		112,000
1,000,001 – 2,000,000	On the First 1,000,000	28	248,400
	Next 1,000,000		280,000
2,000,001 and above	-	30	-

Individual Tax Reliefs

Personal Reliefs and Rebates for Year of Assessment (“YA”) 2023 and YA 2024

Tax Deduction	Description	YA 2023	YA 2024
Individual	Personal relief	9,000	9,000
Spouse	Non-working spouse (updated 01.01.2017 – working overseas not eligible) ***House Expenses not eligible. Husband’s responsibility*	4,000	4,000
Child	Child below the age of 18	2,000	2,000
	Disabled child (unmarried)	6,000	6,000
	Child above the age of 18 receiving full time education at diploma and degree onwards (including disable child) ***Courses and universities recognised by Government:* *http://www.jpa.gov.my/*	8,000	8,000
Disabled person	Additional personal deduction	6,000	6,000
Disable Spouse	Additional spouse deduction	5,000	5,000

Tax Deduction	Description	YA 2023	YA 2024
Alimony	Alimony to former wife (mutually exclusive with spouse relief)	4,000	4,000
Annuity	Annuity Scheme Premium / Private Retirement Scheme (PRS)	3,000	3,000
Medical	Complete medical examination for self / child include Covid-19 detection tests and mental health examination or consultation.	1,000	1,000
Education	Education fee for technical skills / qualifications at tertiary level or post graduate, up-skilling or self enhancement courses (up to RM2,000).	7,000	7,000
Medical Insurance	Insurance premium for education or medical benefits for self or child.	3,000	3,000
EPF	Employee Provident Fund (EPF) contribution.	4.000	4.000
Life Insurance	Life insurance and Takaful, also includes voluntary contribution to EPF.	3,000	3,000
Parent Medical	Medical expenses for parent Include expenses to care for parents, i.e. through carer, for parents who suffer from diseases, physical or mental disabilities and need regular treatment certified by qualified medical practitioner. Include treatment and care at home, day care centres or home care centres. Effective YA 2024, relief is expanded to include complete medical examination for parents up to RM1,000.	8,000	8,000

Individual Tax Reliefs

Personal Reliefs & Rebates YA 2023 & 2024

Tax Deduction	Description	YA 2023	YA 2024
Self Medical	Medical expenses for self / spouse and children on serious diseases [include medical examination RM1,000]. Vaccination expenses up to RM1,000 for taxpayer, spouse and child. Effective YA 2023, scope of relief is expanded to include the following expenses (up to RM4,000) in respect of the taxpayer's child who is age 18 and below: • Assessment for the purpose of diagnosis of learning disability • Early intervention programme or rehabilitation treatment for learning disability Learning Disabilities herein refer to Autism Spectrum Disorder, Attention Deficit Hyperactivity Disorder, Global Development Delay, Intellectual Disability, Down Syndrome and Specific Learning Disability. Effective YA 2024, the scope of relief further expanded to cover dental examination and treatment expenses up to RM1,000 from dental practitioners registered with the Malaysian Dental Council.	10,000	10,000
Child Education Saving	Net Deposit in National Education Savings Scheme (SSPN) for child [up to RM12,000 with Life Insurance (i-SSPN)]	8,000	8,000

Tax Deduction	Description	YA 2023	YA 2024
SOCSO	Social Security Organisation Scheme (SOCSO) Effective YA 2022 : SOCSO relief is expanded to include Employment Insurance System (”EIS”) contributed.	350	350
Supporting Equipment	Necessary basic supporting equipment for disable self / spouse / child / parent	6,000	6,000
Electric Vehicle	Effective YA 2022 to YA 2027: tax relief up to RM2,500 is claimable on expenses related to cost of installation, rental, purchasing including hire-purchase equipment or subscription fees for electric vehicle charging facilities.	2,500	2,500
Breastfeeding equipment	Purchase of breastfeeding equipment. Applicable to working women with child aged up to 2 years (every 2 years).	1,000	1,000
Fees paid to childcare centres and kindergartens	Individuals who enrol children up to 6 years of age, in childcare centres or kindergartens registered with the Department of Social Welfare or Ministry of Education.	3,000	3.000

Individual Tax Reliefs

Personal Reliefs & Rebates YA 2023 & 2024

Tax Deduction	Description	YA 2023	YA 2024
Lifestyle (2023)	Purchase of:- • Books, journals, magazines and printed daily newspapers and electronic newspapers • Sport equipment (refer Sports Development Act 1997) • Computer, smartphone and tablet • Subscription of broadband internet / internet subscription • Gymnasium membership Effective YA 2021 : extended to include entry / rental fees for sports facilities and sports competitions participation fees	2,500 +500	-
Lifestyle (2024)	Purchase of:- • Books, journals, magazines and printed daily newspapers. • Computer, smartphone and tablet • Subscription of broadband internet • Subscription for electronic newspapers • Participation in self-skills enhancement courses such as language, photography and sewing courses.	-	2,500
Zakat	Obligatory payment under Islamic law	No limit	No limit

Tax Deduction	Description	YA 2023	YA 2024
Sports Activities and Equipment	This tax relief has been restructured from Lifestyle Relief to Sports Activities and Equipment Relief. The scope for tax relief includes: • Sports equipment (refer to Sports Development Act 1997) • Entry/rental fees for sports facilities and participation fees in sports competitions. • Training fees imposed by associations / sports clubs / companies registered with Commissioner of Sports or Companies Commission of Malaysia and sports activities listed under the Sports Development Act 1997.	1,000	1,000

Recommendations

Since there is an option for MTD as final tax, do I still need to submit my tax return form?

MTD as final tax can be a key benefit for taxpayers, especially when taxpayers neglected to submit their tax return by the due date. However, taxpayer would forego the tax relief claims which may result in a refund tax position, unless the Form TP1 (claiming individual deduction and rebate for MTD purpose) has been submitted therefrom.

As for a non-resident taxpayer, especially expatriates, it is crucial for you to understand your tax residence status as it will have impact on your tax liabilities.

If you need further advice or service on submission of income tax, residence status and tax clearance, please consult our team at admin@ancgroup.biz

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3. Accounting

Accounting and its Importance

Principles of Accounting

As a business owner, you need to understand the general principles of accounting. What exactly is accounting?

Accounting is the language of business and bookkeeping is the process of tracking the income, expenses, assets and debts of a business, to produce the accounting records. A business accounting records truly tells the story of the business and assess whether the company is growing, declining, healthy or in a bad shape. The ultimate goal here is to create a financial statement. There are 3 parts to the financial statements :

i) Income Statements - records your sales, expenses and profit or loss of your business;
ii) Balance Sheet - records the assets and liabilities of your business; and
iii) Cash Flow Statement - records your business' cash flow.

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Recommendations

It is very important to know how to decipher your financial statements, in order to assess the financial position of the company. Profit margins, liquidity ratio, return on equity, return on asset, inventory period and financial leverage ratios, these are just a few very important ratios to assess the business' performance.

This also comes handy for business forecast, loan application, loan re-financing, submission of tax estimate to the MIRB and distribution of dividends. It is also noteworthy that under Section 245 of the Companies Act 2016, company should prepare and update all accounting records within 60 days of the completion of the transaction.

We highly recommended companies to maintain monthly accounts.

If you need assistance on bookkeeping services, please feel free to reach out to us at admin@ancgroup.biz

4. Employer

Employer Obligation under ITA 1967

Employer Tax Obligation Under Section 83 of ITA 1967

Every employer shall prepare the following prescribed forms:-

1. Statement of remuneration (Form EA), to their employees by February each year;
2. Submit a summary of earnings (Form E) to MIRB by March each year;
3. New employee who is likely to be tax joins the company; employer required to notify MIRB via a notification form, i.e. Form CP22;
4. Employee leaving the company or death, employer required to notify MIRB of the employee's departure / death via a notification form, i.e. Form CP22A;
5. In respect of foreign employee or expatriate working in Malaysia, prior to them leaving Malaysia, it is the employer's obligation to prepare a tax clearance form and notify MIRB via a prescribed form, i.e. Form CP21; and
6. Most importantly, every month, employer is required to deduct an amount of tax from the employee's remuneration and submit to the MIRB. This is known as monthly tax deduction (MTD) or *Potongan Cukai Bulan (PCB)*.

What is Subject to MTD?

Generally, all the remunerations (under ITA 1967) received by employee is subject to MTD:-

s.13(1)(a) – Wages, salary, remuneration, leave pay, fee, commission, bonus, gratuity, perquisite or allowance;
S.13(1)(b) – Benefit in kind ("BIK") – leave passage, driver, motor vehicle etc;
S.13(1)(c) – Value of living accommodation ("VOLA");
S.13(1)(d) – Amount from unapproved pension or provident fund; and
S.13(1)(e) – Compensation for loss of employment.

Subject to special rules and conditions, certain BIK, perquisites, gratuity and compensation for loss of employment is tax exempt.

Employer Obligation under ITA 1967

Employer Tax Obligation Forms

Types of Form	Explanation
Form CP 600E	Employer Income Tax File Registration Form
Form E	Employer Form
Form CP8D	An attachment to employer form with details of employees' remuneration and monthly tax deduction paid
Form CP 600B	Notification Change of Address
Form CP58	Statement of monetary and non-monetary incentive payment to an agent, dealer or distributor
Form CP57	Notification of the demise of taxpayer
Form CP22	Notification of new employee
Form CP 22A	Tax clearance form for cessation of employment of private sector employees
Form CP 22B	Tax clearance form for cessation of employment of public sector employees
Form CP 21	Notification by employer of departure from country
Form EA	Statement of remuneration – private sector
Form EC	Statement of remuneration – public sector
PCB 2(II)	Employer's statement on payment of tax
Form CP 39	Statement of Monthly Tax Deduction (MTD) / PCB
Form TP 1	Monthly tax deduction form regarding claim of deduction and rebate by individual
Form TP 3	Form of information related employment with previous employer

Employer Obligation under Employment Act 1955

Definition of Employee

An employee represents any person or class of person who has entered into a contract of service with an employer under which his wages does not exceed RM2,000 per month or any person entered into a contract of service in pursuance of which he is engaged in manual labour.

It is quite common in some cases where the contract of service signed between an employee and employer contradicts with employment act. In such case, Section 7 of the Employment Act provides that any terms and condition that is more favourable term to the employee shall prevail. Below are some of the important points of Employment Act:-

a) All contracts of employment must be in writing if the duration of the employment contract is more than 1 month;

b) Written contracts must have a termination clause; and

c) Every employer shall pay each of his employees not later than 7th day of the following month.

Employer Obligation under EPF Act 1991

Definition of Employee and Contributions

Employee means a person employed under a contract of service or apprenticeship. If you have reached the age of 75, you will no longer considered as an employee under the Act. Every month, the employer needs to pay the employee's contribution based on rates stipulated in the 3rd schedule of the EPF Act 1991.

For employee, it is 11% and 13% for employer in respect of wages less than RM5,000 and 12% in respect of wages above RM5,000. Employee above retirement age, its employer's portion for both salaries above are reduced to a fixed rate at 4%. Whereas employee can opt for nil contribution. Employee can opt to retain the contribution of 11% and employer can contribute higher for their employees, subject to its agreement with employees.

In respect of non-resident or expatriate, the employee can opt for contribution of EPF. In respect of employee's portion, it is the same 11% whereas for employer, the employer's share is RM5.

What is Subject to EPF?

Wages for the purpose of EPF represents all monetary remuneration which includes bonus, commission and allowance due under his contract of service regardless whether agreed to be paid monthly, weekly, daily or otherwise. The employer must make contribution and make payment to EPF by 15th of the following month.

Nonetheless there are certain remunerations which are not subject to EPF, for instance service charges, overtime payments, gratuity retirement benefits, retrenchment, lay-off or termination benefits, travelling concession allowances, payments in lieu of notice of termination, any other remuneration exempted by Minister and director fees.

Employer Obligation under SOCSO Act 1969

Definition of Employee and Contributions

An employee means any person who is employed for wages under a contract of service or apprenticeship with an employer. There are two categories of insurance scheme for employees.

a) First Category – the employment injury scheme which provides coverage for workplace accidents and the invalidity scheme which provides coverage to employees who suffer from invalidity or death due to any cause not related to their employment. This is for employees who are less than 60 years of age and the rate of contribution comprises 1.75% on employer's share and 0.5% on employee's monthly wages according to the contribution schedule.

b) Second Category - the employment injury scheme which provides coverage for workplace accidents. The rate of contribution under this category is 1.25% on employees' monthly wages and paid entirely by employer.

The employer must contribution and make payment to SOCSO by 15th of the following month.

What is Subject to SOCSO?

Wages for the purpose of SOCSO represents all monetary remuneration which includes any payment in respect of leave, holidays, overtime and extra work on holidays.

Nonetheless there are certain remunerations which are not subject to SOCSO, such as any contribution made by employer for EPF contributions, travelling allowances or value of travelling concessions, special expenses incurred as a result of his employment, gratuities payable on discharge or retirement, annual bonuses and any other remuneration as may be prescribed.

Employer Obligation under EIS Act 2018

EIS Contributions

Administered by SOCSO, the Employment Insurance System (EIS) was first implemented in January 2018. It seeks to provide temporary financial assistance for up to six months to employees who are retrenched as well as to provide extended welfare coverage and aid in job search.

Under EIS, employees will be given a portion of the insured salary from the 0.4 percent monthly contribution. Employers will contribute 0.2% whereas employees will contribute the remaining 0.2%. The contribution will be calculated at a fixed rate based on the employee's wage. Monthly contribution starts from 5 cents for workers earning RM30 a month to a maximum amount of RM7.90 for those earning RM 4,000 and above.

The employer must contribution and make payment to EIS by 15th of the following month.

What is Subject to EIS?

Wages for the purpose of EIS represents all monetary remuneration which includes any payment in respect of leave, holidays, overtime and extra work on holidays.

Nonetheless there are certain remunerations which are not subject to EIS, such as any contribution made by employer for EPF contribution, travelling allowances or value of travelling concessions, special expenses incurred as a result of his employment, gratuities payable on discharge or retirement, annual bonuses and any other remuneration as may be prescribed.

Employer Obligation under PSMB Act 2001

HRD Levy Contributions

Administered by Human Resource Development Corporation (”HRDC”) or *Pembangunan Sumber Manusia Berhad* Act 2001 *(“PMSB”),* a Human Resource Development (“HRD”) Levy is levied on the employer at the rate of one percent (1%) of the monthly wage of the employee. The definition of ”employer” and “employee” herein refers to employers with 10 or more Malaysian employees.

Effective 1 January 2022, the PMSB has expanded to cover all small medium enterprises.

What is Subject to HRD Levy?

Wages for the purpose of HRD Levy represents monetary remuneration which includes basic salary, fixed allowances, leave pay, arrears of wages or other emoluments paid in cash.

Nonetheless, there are certain remunerations which are not subject to HRD Levy, such as any contribution made by employer for EPF contribution, travelling allowances or value of travelling concessions, sum payable to employee to defray special expenses, gratuities payable on discharge or retirement, bonus or commission, and allowances paid to an apprentice under apprenticeship contract.

Recommendations

In a nutshell, employers must remember their yearly and monthly regulatory obligations and having a checklist of all the regulatory due dates is important to mitigate unnecessary penalties. The following is a checklist to help you keep track of your regulatory obligations:-

a) Employer's Obligation in accordance to Employment Act 1955
b) Employer Tax Obligation in accordance to ITA 1967
c) MTD Obligation
d) EPF Obligation
e) SOCSO Obligation
f) EIS Obligation
g) Employment Injury Scheme (EI Scheme)
h) Human Resource Development Levy (HRD Levy)

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We offer monthly payroll services to reduce your mundane and repetitive work so that you and your team can focus on more important roles. Please consult our team at admin@ancgroup.biz

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5. Sales Tax & Service Tax

Sales Tax

Effective 1 September 2018, Sales Tax Act 2018 was introduced to replace Goods and Services Tax (GST) Act. Sales tax is imposed on goods manufactured by registered manufacturer in Malaysia and goods imported into Malaysia. Special rules are provided under Sales Tax Act 2018 whereby goods imported into Special Areas and Designated Areas are not subjected to Sales Tax.

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Threshold for registration of Sales Tax : RM500,000 (based on 12 months historical or future method).
Sales Tax rate : 5% or 10%.

- Exemptions on goods are given under : Sales Tax (Goods Exempted from Tax) Order 2018
- Exemptions on persons are given under : Sales Tax (Exemption from Registration) Order 2018 and Sales Tax (Person Exempted from Payment of Tax) Order 2018

Group	Description	Threshold
A	Accommodation	500,000
B	Food and Beverage	1,500,000
C	Night Clubs, Dance Halls, Health Centers, Massage Parlors, Public Houses and Beer Houses	500,000
D	Private Club	500,000
E	Golf Club and Golf Driving Range	500,000
F	Betting and Gaming	500,000
G	Professionals, i.e. legal, public accountant, engineers etc.	500,000
H	Credit Card and Charge Card	No threshold
I	Other Service Provider i.e. insurance, telecommunication, parking operators, motor vehicle service center etc.	500,000
J	Logistics	500,000

Service Tax

Effective 1 September 2018, Service Tax Act 2018 was introduced to replace GST Act. Service tax is imposed on taxable services and imported services and is only subject to service tax based on payment basis (upon collection). Both domestic service provider and foreign service provider are obligated to register.

Service Tax Rate : 6% / 8%

Exemption is provided for registered service provider providing taxable service to another taxable service provider within the same group and item.

6. Withholding Tax

What is Withholding Tax?

Withholding tax is an amount withheld by the party making payment (also known as the payer) on the income earned by a non-resident (also known as the payee). It is the payer's responsibility to withhold and make the payment to MIRB.

The withholding tax rate is based on classes of income stated in the ITA 1967 or preferential rate in the Double Taxation Agreement (DTA).

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Scope and Rate of Withholding Tax

Description	Percentage
Special classes of income which is derived from Malaysia: • Amounts paid for services rendered in connection with the use of property or rights or installation services or operation on the supply of plant, machinery or other apparatus • Amounts paid in consideration of any advice given, or assistance or services rendered in connection with the management and administration of any scientific, industrial or commercial undertaking, venture, project or scheme • Rent or payment for the use of any moveable property	10%
Interest derived from Malaysia	15%
Royalty derived from Malaysia	10%
Remuneration or income from service performed or rendered in Malaysia by public entertainer	15%
Contract payment: • Payable by the non-resident contractor • Payable by employees of the non-resident contractor	 10% 3%
Gains or profits falling under paragraph 4(f) ITA 1967	10%

7. Labuan

Preferential Rate of 3% in Labuan

Labuan companies involved in trading activities like banking, insurance, trust and fund management are given a choice of either paying income tax at the rate of 3% or opt to pay taxes under ITA 1967 at 24%. Labuan companies are required to carry out their Labuan business activity in or from Labuan, with persons who are not resident in Malaysia and in foreign currency. However, there are certain exceptions in the case of banking or insurance businesses.

With effect from 1 January 2019, Labuan entity carrying on Labuan business activity shall:

1. Have at least 2 to 4 employees and an amount of annual operating expenditure ranging from RM50,000 to RM3,000,000 in Labuan;

2. Labuan is now allowed to carry out business activity with local Malaysian companies, but may not be able to claim a tax deduction in most cases; and

3. Labuan is now allowed to transact in Malaysia Ringgit.

The amendments opened Labuan to better opportunities for local Malaysian businesses, while also creating higher barriers for entry into Labuan.

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8. Transfer Pricing

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What is Transfer Pricing (TP)?

TP has been a relatively new focus-area for the MIRB. TP generally refers to intercompany pricing arrangements for the transfer of goods, services and intangibles between associated persons. Ideally, the transfer price should not differ from the prevailing market price which would be reflected in a transaction between independent persons. However, business transactions between associated persons may not always reflect the dynamics of market forces. Therefore, a transfer pricing document is required to justify the price charges between associated persons is on an arm-length basis.

According to the Organization for Economic Co-operation and Development (OECD) guide, there are 3 main objectives of transfer pricing documentation:

I. To ensure that taxpayers give appropriate consideration to transfer pricing requirements in establishing prices and other conditions for transactions between associated enterprises and in reporting the income derived from such transactions in their tax returns.

II. To provide tax authorities with the information necessary to conduct an informed transfer pricing risk assessment.

III. To provide tax authorities with useful information to employ in conducting an appropriately thorough audit of the transfer pricing practices of entities subject to tax in their jurisdiction.

What Documentation is Required for TP?

Taxpayers who are involved in controlled transactions are generally required to maintain a contemporaneous TP documentation (subject to the requirements of different tax jurisdiction):

1. Master File;
2. Local File; and
3. Country-by-Country Report (CbCR) (for Multinational Enterprises with a turnover of 750 Million USD or more per year).

Whilst different tax jurisdiction administers a localized approach towards local TP practices, adoption and alignment towards the OECD's Base Erosion and Profit Shifting ("BEPS") action plans see similarities by way of nature if not form in certain areas.

TP Penalties and Updates

Effective 1 January 2021, the Government introduced penalties for non-compliance on TP where there were none in the past. This shows that the IRB is taking more interest in this grey area of business tax law.

For multinational companies and larger companies which have related party transactions but have yet to prepare a TP Documentation, you may want to have your Documentation prepared as soon as possible because from 1 January 2021 onwards, failure to furnish the TP Documentation to the IRB will expose the company to penalties ranging from RM20,000 to RM100,000. The time frame for furnishing the TP Documentation has also been shorten from 30 days to 14 days.

Currently, a penalty is imposed when a TP adjustment is made during a tax audit and investigation, resulting in additional tax payable. The penalty is to be applied on the amount of additional tax payable. However, in cases when a TP adjustment does not result in additional tax payable, penalty cannot be imposed. Hence, effective 1 January 2021 onwards, a new surcharge of not more than 5% on any TP adjustment will be imposed by the IRB on all tax audit and investigation, whether the adjustment results in taxable or not.

Overview of TP Documentation Requirements by Country within South East Asia

The table below provides a high-level introduction of each jurisdiction's position with regards to TP documentation requirements

No	Country	Local legislation	Local documentation	Local documentation filing	Disclosure in tax return	Master file and CbCR legislation	Surrogate / secondary filing
1	Australia	✓	✓	28 days upon request	✓	✓	✓
2	Cambodia	✓	✓	7 days upon request	✓	x	x
3	China	✓	✓	30 days upon request	✓	✓	✓
4	Hong Kong	✓	✓	30 days upon request	✓	✓	✓
5	India	✓	✓	30 days upon request	✓	✓	✓
6	Indonesia	✓	✓	30 days upon request	✓	✓	x
7	Japan	✓	✓	45 - 60 days upon request	✓	✓	✓
8	Laos	x	x	x	x	x	x
9	Malaysia	✓	✓	14 days upon request	✓	✓	✓
10	Myanmar	x	x	x	x	x	x
11	New Zealand	✓	✓	20 days upon request	✓	✓	x
12	Philippines	✓	✓	Immediately upon request	✓	x	x
13	Singapore	✓	✓	30 days upon request	✓	✓	x
14	South Korea	✓	✓	60 days upon request	✓	✓	✓
15	Taiwan	✓	✓	30 days upon request	✓	✓	✓
16	Thailand	✓	✓	60 days upon request	✓	x	x
17	Vietnam	✓	✓	30 days upon request	✓	✓	x

9. Real Property Gain Tax

What is Real Property Gain Tax (RPGT)?

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Capital gains are generally not subject to income tax in Malaysia. However, RPGT is charged on chargeable gains arising from the disposal of real property situated in Malaysia as well as the disposal of shares in real property companies. The RPGT rates will not burden genuine property owners as they are given exemption and the payment of RPGT is based on net chargeable gains. List below are some of the RPGT exemptions available:

I. RPGT exemption on net chargeable gains from the disposal of one unit residential property once in a lifetime by an individual who is a citizen or a permanent resident of Malaysia;

II. RPGT exemption (no gain no loss) on gains from the disposal of property between parents and children, husband and wife, grandparents and grandchildren;

III. RPGT is charged only on net gains after deducting all related costs such as purchase price, renovation costs and incidental cost e.g. legal fees; and

IV. Exemption up to RM10,000 or 10% of the net chargeable gains, whichever is higher, is given to an individual.

Holding Period	RPGT Rates		
	Companies, Trustee of a Trust and Societies registered under Societies Act 1996	Individual (Citizen & PR)	Individual (Non-Citizen and Non-PR), executor of a deceased person who is Non-Citizen and Non-PR, and Unincorporated Company outside Malaysia
Within 3 years from date of acquisition	30%	30%	30%
In the 4th year	20%	20%	30%
In the 5th year	15%	15%	30%
In the 6th year and subsequent years	10%	0%	10%

Our Holistic Approach

1. Meeting and Discussion

Our team of experts from ANC Group and its associates located around ASEAN countries will first work with you to understand your business and navigate the complex local and global business and tax landscape.

2. Engagement

A fee proposal will then be presented to you and once the services are agreed upon, a service contract will be signed by both parties to formalise the engagement. With regards to tax engagements, a separate tax agent appointment letter will be prepared to enable ANC Group to act as your tax agent.

3. Define Objectives and Goals

We will conduct a detailed assessment of your business and current financial health. By understanding the direction and objective of your organization, we develop milestones to achieve your corporate goals.

4. Analysis and Submission

Throughout the engagement, a thorough analysis will be conducted on your organization’s transactions. There will be constant communication and updates to ensure that your regulatory obligation are on the right track.

5. Review and Tax Audit

Under the Self Assessment System, tax audit is unavoidable. The MIRB’s primary aim of a tax audit is to examine the taxpayer’s business account and financial affairs. At ANC Group, we will help you navigate the tax audit and communicate with the MIRB.

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