



Accountants &  
business advisers

# NEWSLETTER

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## SPECIAL INCOME REMITTANCE PROGRAM (PKPP) – PROGRAM KHAS PEREMITAN PENDAPATAN

PKPP is a special program introduced to all residents in Malaysia who brings income to Malaysia for the period 1 January 2022 to 30 June 2022. This program was introduced by the Inland Revenue Board (IRB) following an amendment to Paragraph 28, Schedule 6, Income Tax Act 1967 (ITA) which revoked the tax exemption to residents on foreign income received in Malaysia from 1 January 2022 onwards.

The revocation of the tax exemption will cause income deposited abroad and remitted to Malaysia to be taxed according to the respective tax rate based on the category of taxpayer involved.

### 1. The objectives of this special program are as follows:

- i. Encourage taxpayers to bring back income deposited abroad to Malaysia within the specified period without being subject to audit / investigation review and imposition of penalties.
- ii. Update the status / tax records of Malaysian residents with income kept abroad.
- iii. Reducing the impact and easing the burden on taxpayers following the withdrawal of the exemption of income remitted from abroad which has been granted since 1998 with the imposition of tax at a special rate.

### 2. Implementation period of PKPP & Tax Rate

The implementation period of PKPP is from **1 January 2022 to 30 June 2022** (PKPP period). The tax rate offered is **3% (gross)** on income brought in during the PKPP period.

### 3. Person eligible to participate PKPP

Individual taxpayers, companies, limited liability partnerships (LLP), cooperatives, trust bodies, business trusts, associations and others who are Malaysian residents.

### 4. Types of income from abroad subject to PKPP

Income kept abroad remitted to Malaysia by a resident whether business income, employment, dividends, rent, interest, royalties or others including Malaysian source income from the year of assessment 2020 and previous year of assessment which are yet to be reported.

### 5. Foreign Income received in Malaysia

Income deposited abroad is considered received in Malaysia when the income is remitted / brought in / transferred to Malaysia **physically** or through **banking methods**.

### 6. How to participate in PKPP

Taxpayers need to make a declaration using a special form (PKPP Form) provided by the IRBM online and can be accessed through MyTax (<https://mytax.hasil.gov.my/>) from 1 January 2022 based on the date the income is brought in/remitted to Malaysia or all at once before or on 30 July 2022. Income from abroad must be received in Malaysia during the PKPP period from **1 January 2022 to 30 June 2022**.

## 7. Why participate in PKPP?

- i. Income remitted is taxed at a special rate of **3% (gross)** during PKPP period.
- ii. Remittances during the PKPP period are **NOT** subject to audit / investigation review and imposition of penalties.
- iii. All income brought in during this PKPP period will be accepted in good faith by the IRB.
- iv. Eligible to claim bilateral or unilateral tax credit deduction under section 132/section 133, ITA 1967.

**Note:** In an announcement made by the Ministry of Finance (MOF) on 30 December 2021, resident individuals, company and LLP are exempted from tax on the remittance of foreign income into Malaysia for a period of 5 years from 1 January 2022 to 31 December 2026 as follow:

Taxpayer Category	Types of income exempted from tax	Requirements
Company/ LLP	Dividend Income	Subject to the Inland Revenue Board's requirements to be issued in the guidelines
Individual	All types of income	

Therefore, resident individuals may not need to apply the PKPP for the time being. However, tax resident company and LLP continue to be taxed in Malaysia for the remittance of foreign income (except for dividend income) under the above amended law.

Therefore, company, LLP and other categories of resident taxpayers should consider to apply for the PKPP for the period 1 January 2022 to 30 June 2022.

Please be informed that Foreign Source Income received in YA 2022 is exempted from the computation of Prosperity Tax ('*Cukai Makmur*').



## AMENDMENT TO PUBLIC RULING NO. 11/2021 - BILATERAL CREDIT AND UNILATERAL CREDIT

The IRB has issued the Public Ruling No. 11/2021 Bilateral Credit and Unilateral [PR 11/2021] on 31 December 2021 which replace the previous PR 11/2011 Bilateral Credit and Unilateral Credit dated 20 November 2011 [Kindly note the PR 11/2021 has not taken into consideration of the Finance Bill 2021].

The amendments and updates under the revised Public Ruling No. 11/2021 are as follows:

### 1. Definition of foreign tax

The definition of foreign tax has now been extended to include other taxes of every kind imposed by or under the laws of that territory. This has widen the scope of foreign taxes eligible for relief under the bilateral credit and unilateral credit.

## 2. Definition of “Body of Persons”

The PR 11/2021 inserted a new paragraph on the definition of “Body of persons” which now means an unincorporated body of persons (not being a company), including a co-operative society, a club, an association, a trust and a Hindu joint family but excluding a partnership.

LLP is now included in the definition of “Person” which includes a company, a body of persons, a limited liability partnership and a corporation sole. With this inclusion, LLP is now able to enjoy the relief under the bilateral credit and unilateral credit.

## 3. Elimination of Double Taxation

The PR 11/2021 inserted a new paragraph of elimination of double taxation which now clarify that the elimination of double taxation is subject to the terms and provisions as stipulated in the Double Taxation Agreement.

## 4. Updates

The PR 11/2021 has updated the examples 1 to 6 of Paragraph 5 for further clarification.

# SUMMARY OF THE YEAR 2022 FILING PROGRAM

The IRB has released the Return Form (RF) filing program for the year 2022 on 30 December 2021, which set out the due date for submission of the RF and the grace period granted, as summarised below:

### A) Via e-filing

Form Type	Category	Due Date for Submission	Grace Period
Form e-E		31 March 2022	30 April 2022
Form e-EA		28 February 2022	NA
Form e-BE, e-BT, e-M, e-MT, e-TF, and e-TP	Not carrying on a business	30 April 2022	15 May 2022
Form e-B, e-BT, e-M, e-MT, e-TF, and e-TP	Carrying on business	30 June 2022	15 July 2022
Form e-C, e-PT, e-TC, e-C1 and e-TA		Within 7 <sup>th</sup> month from financial year-end	Within 1 month after the due date

Kindly note that IRB encourage all taxpayers to file their RF via e-filing.



**B) Via Postal delivery / By hand**

Form Type	Category	Due Date for Submission	Method	Grace Period
Form TJ	Not carrying on a business	30 April 2022	Postal delivery	3 working days
			By hand	No grace period
	Carrying on business	30 June 2022	Postal delivery	3 working days
			By hand	No grace period
Form TR and TN	Within 7 <sup>th</sup> month from financial year-end		Postal delivery	3 working days
			By hand	No grace period

Note : For submission of the RF via portal or by-hand, can be referred to [https://phl.hasil.gov.my/pdf/pdfam/ProgramMemfailBN\\_2022\\_1.pdf](https://phl.hasil.gov.my/pdf/pdfam/ProgramMemfailBN_2022_1.pdf)

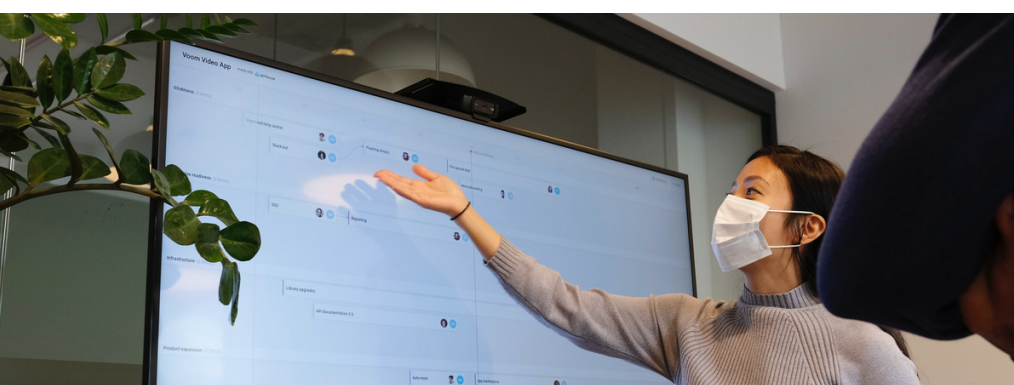
## EMPLOYER RETURN FORM YA2021 (FORM E-E)

1. The IRB has made available the Form E for employers on 1st March 2022. The Form E can be assessed from the IRB website at <https://www.hasil.gov.my/en/forms>. Employers must use the Malay language version of the Form E for submission to the IRB.
2. Submission of the Form E, e-E and C.P.8D are mandatory for all employers including dormant entity.
3. Form CP22 (Notification of new employee) must be submitted within 30 days from date of commencement of employment.
4. For cessation of employment, the Form CP22A must be submitted:
  - not less than 30 days before the date of cessation of employment; or
  - within 30 days after being informed of death of the employee
5. In the case where an employee is leaving Malaysia for more than 3 months, the Form CP21 must be submitted not less than 30 days before the expected date of departure from Malaysia.

## HOW CAN WE HELP?

Should you have any questions or concerns, our team of department professionals would be pleased to discuss and assist you. Please feel free to contact us:

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