



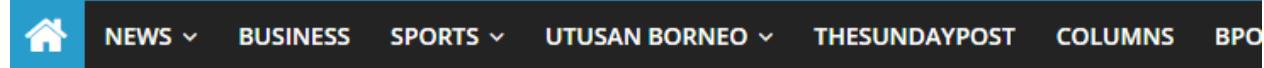
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Business

Firms called to have greater compliance with tax filings

November 3, 2015, Tuesday Adrian Lim, adrianlim@theborneopost.com

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(From left) Hendroff, Tai, Lau and Tang fielding questions from clients during a panel session at the tax seminar yesterday.

KUCHING: Businesses are encouraged to have greater compliance when performing their tax filings to the authority.

With the Goods and Services Tax (GST) coming into force earlier this year, businesses must ensure that their tax returns are appropriately filed with the Inland Revenue Board (IRB) to avoid facing the consequences.

KPMG Malaysia head of tax Tai Lai Kok said businesses need to ensure that the information and the particulars in their tax return are properly furnished to avoid being penalised.



"Businesses need to be more aware when filing in their tax returns. They need to use the correct and accurate business codes in the income tax return forms. They also need to ensure that which tax is claimable and what is not claimable."

"The failure to comply which will result in rejection of the submission and penalties will be imposed," he told The Borneo Post on the sidelines of KPMG Tax Services Sdn Bhd's (KPMG Kuching) tax seminar on 2016 Budget proposals yesterday.

On another matter, Tai said if a business or an owner do not operate a specific industrial building, they will not be entitled to claim the industrial building allowance under a new ruling starting from next year.

"Under a new ruling, there will be no industrial building allowance if the industrial building used as rental property."

"The industrial building which falls into the category are for instance licensed private hospital, maternity home and nursing home, school or approved educational institution, child care facilities and so on."

"The owner or the business which rented their industrial building out are no longer entitled to claim the industrial building allowance. They have to operate the industrial building themselves to claim the industrial building allowance," he pointed out.

The new ruling could impact the owner or the business, Tai said.

For example, a developer which constructs the building but are not operating the industrial building as their rental income from renting out the industrial building could be affected.

On the proposed adoption of Malaysian Private Entity Reporting Standards (MPERS) next year, Tai believed that the accounting standard could have an impact on exporters and importers.

He noted that the accounting standard will be applicable to businesses which are required to adopt foreign functional currency other than ringgit.



"There will be more work to be done. There will also be some reconciliation issue which businesses need to deal with," he noted.

The work could involve having the need to prepare one set of account in ringgit and another in foreign functional currency for check and balance purposes as well as presenting them to the authority.

Meanwhile, KPMG Malaysia tax director Michael Hendroff highlighted some of the common errors which businesses made with regards to GST after the implementation period.

Those include amongst others input tax credit wrongly claimed on advance payments paid without receiving a tax invoice from the vendor, output tax on supplies that were made in an earlier taxable period were reported in a later taxable period and reverse charge on output tax on imported services which was not accounted.

"With the changes of some GST items to zero rated, there could be supplies issue which arise.

"There will be accounting and technical issues for business of supplying those goods and services (with regards to their accounting treatment).

"Besides, there are also too many tax codes (on GST) which tend to cause businesses to make mistakes during data entry stage," he observed.

Additionally, KPMG Tax Services Sdn Bhd (KPMG Kuching) executive director Regina Lau provided an update on the tax developments since the last budget and KPMG Kuching tax director Tang Yeth Fong shared about the tax measures proposed in 2016 Budget and the implications for businesses.