



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. 8/2019

Translation from the original Bahasa Malaysia text

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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) and 112(3A) and paragraph 120(1)(i).

3. Interpretation

The words used in this PR have the following meaning:

- 3.1 "Revised estimate" means a 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 of:
 - (a) the carrying on of a business;
 - (b) wholly in the making of investments;
 - (c) both the carrying on of a business and the making of investments; or
 - (d) 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 year of assessment (YA).
- 3.8 "Due date" means the fifteenth day of a calendar month.

4. Estimate of Tax Payable

4.1 Determining 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 for the first YA must be based on the estimated company profits. The estimated tax payable for the first YA will be the basis for the tax estimated in 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 must not be less than 85% of the revised tax estimate or tax estimate (if there is no revised tax estimate 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 2018. In the 6th month of the basis period, the company revised the tax estimate to RM200,000.

Therefore, for the YA 2019, Alpha Emas Sdn Bhd has to furnish a tax estimate of at least RM170,000 (85% of the revised tax estimate of RM200,000 for the YA 2018).

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 Estimate of Tax Payable Form (Form CP204) and furnished to the DGIR via the electronic medium not later than 30 days before the beginning of the basis period for that YA. The estimate of tax payable that has been furnished shall be paid in equal monthly instalments which is determined according to the number of months in the basis period for the YA.

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

(a) New business operations

A company, limited liability partnership, trust body or co-operative society, which first commences business operations in a YA and the basis period for that year is not less than 6 months:

- (i) has to furnish Form CP204 to the DGIR within 3 months from the date of commencement of its business operations; and
- (ii) beginning from the second YA, the estimate of tax payable furnished to the DGIR in the Form CP204 must not be less than 85% of the revised tax estimate or tax estimate (if there is no revised tax estimate furnished) for the immediately preceding YA.

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 a new business operation is not less than 6 months

Co-operative Beribu Bintang was incorporated on 25.2.2019. The Co-operative commenced business operations on 1.4.2019 and the first accounting period ends on 31.12.2019 (9 months).

Co-operative Beribu Bintang has to furnish Form CP204 for YA 2019 not later than 30.6.2019, which is 3 months from the date of commencement of its business operations.

The equal monthly instalments begins from the 6th month in the basis period for the YA 2019, i.e September 2019 until May 2020.

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

Citra Maju LLP commenced business operations on 1.8.2019 and the first accounting period ends on 31.12.2019 (5 months).

Citra Maju LLP is not required to furnish an estimate of tax payable for the YA 2019 as the LLP's basis period for the YA 2019 is less than 6 months [subsection 107C(4) of the ITA].

(b) Existing business 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 by an existing business operation

Dedaun Lebar, a trust body commenced business operations since 2010 and closes its business accounts on 30 June annually. The basis period of Dedaun Lebar for YA 2019 is from 1.7.2018 until 30.6.2019.

Dedaun Lebar has to furnish Form CP204 to the DGIR not later than 30 days before the beginning of the basis period for YA 2019, which is on 31.5.2018.

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

A company resident and incorporated in Malaysia which first commences business operations in a YA would not be required to furnish Form CP204:

- (i) for that YA and the immediate following YA;
- (ii) where the company has no basis period for that YA, for the immediate two following 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 does not exceed RM2.5 million.

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

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 does not exceed RM2.5 million.

However, paragraph 4.2.2(c) is not applicable if more than:

- (i) 50% of the paid-up capital in respect of ordinary shares of the 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 first mentioned company; or
- (iii) 50% of the paid-up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company.

4.3 Revision of estimate of tax payable

- 4.3.1 Revision of an estimate of tax payable by a company, limited liability partnership, trust body or co-operative society may be made in the

6th or 9th month or both, in the basis period for a YA by using 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 through the following approach:

- (a) if the revised tax estimate exceeds the amount of instalments which is payable in the year prior to that revised tax estimate, the difference shall be payable in the remaining instalments in equal proportion. However, if there is a cent value when the tax 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 tax estimate is lesser than the amount of instalments which is payable in the year prior to that revised tax estimate, payment of the amounts in the remaining instalments which exceed the difference payable based on the revised tax estimate shall cease immediately.

4.4 DGIR directs to make instalment payments

4.4.1 By virtue of subsection 107C(8) of the ITA, the DGIR may at any time direct instalment payments for an estimate of tax payable for a YA for a company, limited liability partnership, trust body or co-operative society. Among the circumstances under which the DGIR may issue a Notice of Instalment Payments (CP205) are:

- (a) taxpayer's failure to furnish Form CP204 in the prescribed period of 30 days before the beginning of the basis period for a YA; or
- (b) taxpayer notifies a change of accounting period through Form CP204B.

4.4.2 If the DGIR issues CP205 to a company, limited liability partnership, trust body or co-operative society before the 9th month of the basis period for a YA, the sum of all instalments shall be deemed to be the estimate of tax payable for the company, limited liability partnership, trust body or co-operative society for the YA concerned. However, such tax instalment payments may still be revised by the company, limited liability partnership, trust body or co-operative society by virtue of subsection 107C(7) of the ITA.

Example 5 - 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 2019 is from 1.7.2018 until 30.6.2019. The due date for submission of Form CP204 for YA 2019 is not later than 31.5.2018. CP205 was issued by the DGIR to Era Gemilang Sdn Bhd on 15.6.2018 as the company fails to submit Form CP204 for YA 2019 within the prescribed period.

In this situation, CP205 issued by the DGIR on 15.6.2018 can be revised by submitting Form CP204A in the 6th month or 9th month for YA 2019.

- 4.4.3 The amount of tax instalment payments directed by the DGIR according to the subsection 107C(8) of the ITA is deemed to be a revised estimate of tax payable (if no further revision is made by the taxpayer subsequently under subsection 107C(7) of the ITA) which is to be 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 tax estimate (whichever is the later) or the original tax estimate (if there is no revised or deemed revised tax estimate furnished) exceeds 30% of the tax payable.

5. Notification of Change of Accounting Period

- 5.1 Effective YA 2019, 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 accounts are less than 12 months and is closed before the end of the original accounting period.

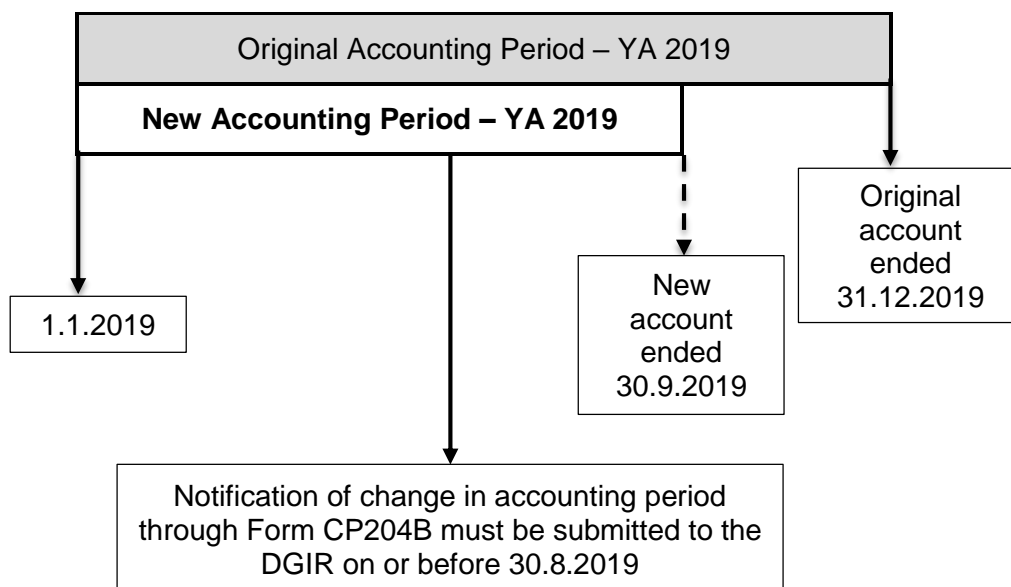
Example 6 - Accounting period of 12 months shortened to 9 months

Frozen Dynamic Sdn Bhd changes the close of its accounting period from 31 December to 30 September. The original accounting period for YA 2019 is from 1.1.2019 until 31.12.2019. The accounting period

after the change (new accounts) for YA 2019 is from 1.1.2019 until 30.9.2019 (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	1.1.2019 – 31.12.2019	2019	1.1.2019 – 31.12.2019	Not later than 1.12.2018	
<u>New</u> Accounts ended 30 Sept	1.1.2019 – 30.9.2019 (new account)	2019	1.1.2019 – 30.9.2019		Not later than 30.8.2019
	1.10.2019 – 30.9.2020	2020	1.10.2019 – 30.9.2020	Not later than 31.8.2019	



The Form CP204B for YA 2019 must be furnished not later than 30.8.2019 (30 days before the end of new accounting period i.e. **30.9.2019**).

The basis period for YA 2020 begins on **1.10.2019**. Thus, Form CP204 for YA 2020 has to be furnished on or before **31.8.2019** which is not later than 30 days before the beginning of the basis period for YA 2020 [subsection 107C(2) of the ITA].

5.1.2 Accounting period extended

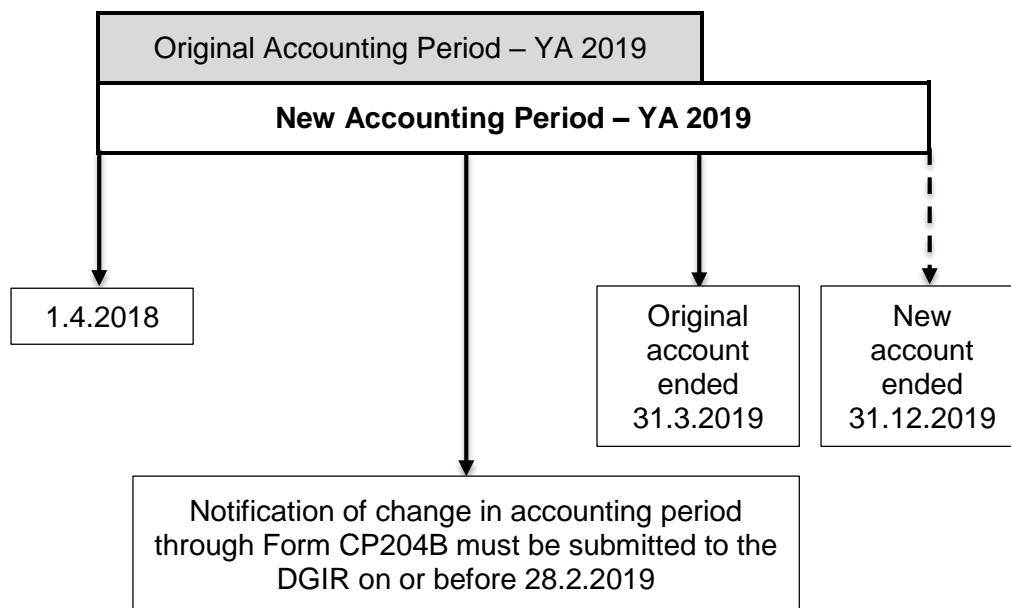
The DGIR has to be notified via Form CP204B, 30 days before the end of the original accounting period if the new accounts are more than 12 months and is closed after the end of the original accounting period.

Example 7 - 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 2019 is from 1.4.2018 until 31.3.2019. The accounting period after the change (new accounts) for YA 2019 is from 1.4.2018 until 31.12.2019 (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	1.4.2018 – 31.3.2019	2019	1.4.2018 – 31.3.2019	Not later than 1.3.2019	
<u>New</u> Accounts ended 31 Dec	1.4.2018 – 31.12.2019 (new account)	2019	1.4.2018 – 31.12.2019		Not later than 28.2.2019
	1.1.2020 – 31.12.2020	2020	1.1.2020 – 31.12.2020	Not later than 1.12.2019	



The Form CP204B for YA 2019 has to be furnished not later than 28.2.2019 (30 days before the end of original accounting period of **31.3.2019**).

Thus, Form CP204 for YA 2020 has to be furnished on or before **1.12.2019** (not later than 30 days before the beginning of the basis period for that YA i.e. **1.1.2020**).

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 & a Statement 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 upon the appointment of a liquidator together with a letter of appeal to the DGIR to avoid a compound or 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

6.1 A change of the accounting period of a company, limited liability partnership, trust body or co-operative society will result in changes in the basis period

and estimated tax payable. Changes in the accounting period would result in one of the following situations:

6.1.1 Accounting period shortened

Example 8 - 12 month accounting period changed to less than 12 months and ends in the following year

Hamid Albab LLP, which normally closes its accounts on 31 December each year change its accounting period to 30 April (less than 12 months) which ends in the following year.

YA	Accounting Period	Period
2018	1.1.2018 – 31.12.2018	12 months
Failure year	1.1.2019 – 30.4.2019	4 months
	1.5.2019 – 30.4.2020	12 months

Basis Period of the LLP

YA	Basis Period	Period
2018	1.1.2018 – 31.12.2018	12 months
2019	1.1.2019 – 30.4.2019	4 months
2020	1.5.2019 – 30.4.2020	12 months

Hamid Albab LLP has furnished Form CP204 for YA 2019 on 1.12.2018 with the estimate of tax payable of RM12,000. On 4.3.2019, Hamid Albab LLP has furnished Form CP204B with the new revised estimate of tax payable of RM25,000. Instalment payments have been made until February 2019.

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

Accounting Year	YA	Accounting Period	Basis Period	Estimate of Tax Payable RM
<u>Original</u> Accounts ended 31 December	2019	1.1.2019 – 31.12.2019 (12 months)	1.1.2019 – 31.12.2019 (12 months)	12,000 (CP204)

Accounting Year	YA	Accounting Period	Basis Period	Estimate of Tax Payable RM
<u>New</u> Accounts ended 30 April	2019	1.1.2019 – 30.4.2019 (4 months)	1.1.2019 – 30.4.2019 (4 months)	25,000 (CP204B)
	2020	1.5.2019 – 30.4.2020 (12 months)	1.5.2019 – 30.4.2020 (12 months)	

Hamid Albab LLP closes its accounting period of less than 12 months. The due date of submission of Form CP204B for YA 2019 is on **30.3.2019**, which is not later than 30 days before the end of the new accounting period.

Form CP204B furnished by Hamid Albab LLP was received by the IRBM within the prescribed period, which is on 4.3.2019. Therefore, the revised schedule of instalment payments for YA 2019 is as follows:

YA 2019	Basis Period	Instalment Payments
Original (CP204)	1.1.2019 – 31.12.2019 (12 months) = <u>RM12,000</u> 12	Feb 2019 – Jan 2020 = RM1,000 monthly
Notification (CP204B)	1.1.2019 – 30.4.2019 (4 months)	Feb 2019 (1 month) = RM1,000 x 1 month = RM1,000 Mar 2019 – May 2019 (3 months) = <u>(RM25,000 – RM1,000)</u> 3 = RM8,000 monthly

YA 2019	Basis Period	Instalment Payments	
		Total instalment payments:	
		Months	RM
		Feb 2019	1,000
		Mar 2019 – May 2019 (RM8,000 x 3 months)	24,000
		Total	25,000

The basis period for YA 2020 is from 1.5.2019 until 30.4.2020. Therefore, Form CP204 for YA 2020 must be submitted not later than 31.3.2019 (not later than 30 days before the beginning of the basis period for YA 2020).

Example 9

The facts are the same as in Example 8 except that the new revised estimate of tax payable is RM2,000.

Summary of Change in Accounting Period and Revision of Estimate of Tax Payable

Accounting Year	YA	Accounting Period	Basis Period	Estimate of Tax Payable RM
<u>Original</u> Accounts ended 31 December	2019	1.1.2019 – 31.12.2019 (12 months)	1.1.2019 – 31.12.2019 (12 months)	12,000 (CP204)
<u>New</u> Accounts ended 30 April	2019	1.1.2019 – 30.4.2019 (4 months)	1.1.2019 – 30.4.2019 (4 months)	2,000 (CP204B)
	2020	1.5.2019 – 30.4.2020 (12 months)	1.5.2019 – 30.4.2020 (12 months)	

The new revised estimate of tax payable of RM2,000 is not acceptable as the new revised estimate of tax payable and the new revised instalment payments are less than the original estimate of tax

payable and the original tax instalment payments [(RM2,000 – RM1,000)/3 = RM333 monthly].

The revised schedule of instalment payments for YA 2019 is as follows:

YA 2019	Basis Period	Instalment Payments								
Original (CP204)	1.1.2019 – 31.12.2019 (12 months) = <u>RM12,000</u> 12	Feb 2019 – Jan 2020 = RM1,000 monthly								
Notification (CP204B)	1.1.2019 – 30.4.2019 (4 months)	Feb 2019 (1 month) = RM1,000 x 1 month = RM1,000 Mar 2019 – May 2019 (3 months) = RM1,000 x 3 months = RM3,000 Total instalment payments: <table border="1" data-bbox="954 1294 1398 1503"> <thead> <tr> <th>Months</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Feb 2019</td> <td>1,000</td> </tr> <tr> <td>Mar 2019 – May 2019 (RM1,000 x 3 months)</td> <td>3,000</td> </tr> <tr> <td>Total</td> <td>4,000</td> </tr> </tbody> </table>	Months	RM	Feb 2019	1,000	Mar 2019 – May 2019 (RM1,000 x 3 months)	3,000	Total	4,000
Months	RM									
Feb 2019	1,000									
Mar 2019 – May 2019 (RM1,000 x 3 months)	3,000									
Total	4,000									

The basis period for YA 2020 is from 1.5.2019 until 30.4.2020. Therefore, Form CP204 for YA 2020 must be submitted on or before 31.3.2019 (not later than 30 days before the beginning of the basis period for YA 2020).

Example 10 - 12 months accounting period changed to less than 12 months and ends in the same year

Ibestari Senang Sdn Bhd, which normally closes its accounts on 28 February each year changes its accounting period to 31 December (less than 12 months) ending in the same year.

YA	Accounting Period	Period
2018	1.3.2017 – 28.2.2018	12 months
Failure years	1.3.2018 – 31.12.2018	10 months
	1.1.2019 – 31.12.2019	12 months
	1.1.2020 – 31.12.2020	12 months

Basis Period of the Company

YA	Basis Period	Period
2018	1.3.2017 – 28.2.2018	12 months
2019	1.3.2018 – 31.12.2019	22 months
2020	1.1.2020 – 31.12.2020	12 months

Ibestari Senang Sdn Bhd has furnished Form CP204 for YA 2019 on 30.1.2019 with the estimate of tax payable of RM12,000. On 13.2.2019, the company has furnished Form CP204B with the new revised estimate of tax payable of RM55,000. The Company has complied with the schedule of instalment payments until December 2018 (10th month).

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

Accounting Year	YA	Accounting Period	Basis Period	Estimate of Tax Payable RM
<u>Original</u> Accounts ended 28 February	2019	1.3.2018 – 28.2.2019 (12 months)	1.3.2018 – 28.2.2019 (12 months)	12,000 (CP204)
<u>New</u> Accounts ended 31 December	2019	1.3.2018 – 31.12.2018 (10 months)	1.3.2018 – 31.12.2019 (22 months)	55,000 (CP204B)
		1.1.2019 – 31.12.2019 (12 months)		
	2020	1.1.2020 – 31.12.2020 (12 months)	1.1.2020 – 31.12.2020 (12 months)	

Ibestari Senang Sdn Bhd has closed its accounting period of less than 12 months in the same year. Therefore, for YA 2019, Ibestari Senang Sdn Bhd has extended its basis period when there are two accounting periods that need to be incorporated into the same basis period.

Form CP204B for YA 2019 must be submitted not later than 30 days before the end of new accounting period i.e. on **30.11.2018**. Form CP204B was received after the due date of submission, which is on **13.2.2019**. The DGIR may take 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.

The schedule of instalment payments for YA 2019 would be revised from 13th month as follows:

YA 2019	Basis Period	Instalment Payments								
Original (CP204)	1.3.2018 – 28.2.2019 (12 months) = <u>RM12,000</u> 12	Apr 2018 - Mar 2019 = RM1,000 monthly								
Notification (CP204B)	1.3.2018 – 31.12.2019 (22 months)	<p>Apr 2018 – Mar 2019 (12 months) = RM1,000 x 12 months = RM12,000</p> <p>Apr 2019 – Jan 2020 (10 months) = <u>(RM55,000 – RM12,000)</u> 10 = RM4,300 monthly</p> <p>Total instalment payments:</p> <table border="1"> <thead> <tr> <th>Months</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Apr 2018 - Mar 2019 (RM1,000 x 12 months)</td> <td>12,000</td> </tr> <tr> <td>Apr 2019 – Jan 2020 (RM4,300 x 10 months)</td> <td>43,000</td> </tr> <tr> <td>Total</td> <td>55,000</td> </tr> </tbody> </table>	Months	RM	Apr 2018 - Mar 2019 (RM1,000 x 12 months)	12,000	Apr 2019 – Jan 2020 (RM4,300 x 10 months)	43,000	Total	55,000
Months	RM									
Apr 2018 - Mar 2019 (RM1,000 x 12 months)	12,000									
Apr 2019 – Jan 2020 (RM4,300 x 10 months)	43,000									
Total	55,000									

The basis period for YA 2020 is from 1.1.2020 until 31.12.2020. Therefore, Form CP204 for YA 2020 must be submitted on or before 1.12.2019 (not later than 30 days before the beginning of the basis period for YA 2020).

Example 11

The facts are the same as in Example 10 except that the new revised estimate of tax payable (Form CP204B) is RM16,000.

Summary of Change in Accounting Period and Revision of Estimate of Tax Payable

Accounting Year	YA	Accounting Period	Basis Period	Estimate of Tax Payable RM
<u>Original</u> Accounts ended 28 February	2019	1.3.2018 – 28.2.2019 (12 months)	1.3.2018 – 28.2.2019 (12 months)	12,000 (CP204)
<u>New</u> Accounts ended 31 December	2019	1.3.2018 – 31.12.2018 (10 months)	1.3.2018 – 31.12.2019 (22 months)	16,000 (CP204B)
		1.1.2019 – 31.12.2019 (12 months)		
	2020	1.1.2020 – 31.12.2020 (12 months)	1.1.2020 – 31.12.2020 (12 months)	

The new revised estimate of tax payable (Form CP204B) furnished by Ibestari Senang Sdn Bhd of RM16,000 is not acceptable as the new revised estimate of tax payable and the new revised instalment payments are less than the original estimate of tax payable and original tax instalment payments $[(RM16,000 - RM12,000)/10 = RM400 \text{ monthly}]$.

The revised schedule of instalment payments for YA 2019 is as follows:

YA 2019	Basis Period	Instalment Payments								
Original (CP204)	1.3.2018 – 28.2.2019 (12 months) = <u>RM12,000</u> 12	Apr 2018 - Mar 2019 = RM1,000 monthly								
Notification (CP204B)	1.3.2018 – 31.12.2019 (22 months)	Apr 2018 – Mar 2019 (12 months) = RM1,000 x 12 months = RM12,000 Apr 2019 – Jan 2020 (10 months) = RM1,000 monthly Total instalment payments: <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Months</th> <th style="text-align: center;">RM</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Apr 2018 - Mar 2019 (RM1,000 x 12 months)</td> <td style="text-align: center;">12,000</td> </tr> <tr> <td style="text-align: center;">Apr 2019 – Jan 2020 (RM1,000 x 10 months)</td> <td style="text-align: center;">10,000</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">22,000</td> </tr> </tbody> </table>	Months	RM	Apr 2018 - Mar 2019 (RM1,000 x 12 months)	12,000	Apr 2019 – Jan 2020 (RM1,000 x 10 months)	10,000	Total	22,000
Months	RM									
Apr 2018 - Mar 2019 (RM1,000 x 12 months)	12,000									
Apr 2019 – Jan 2020 (RM1,000 x 10 months)	10,000									
Total	22,000									

6.1.2 Accounting period extended

Example 12 - 12 months accounting period changed to more than 12 months and ends in the following year

Jaizah Wahab Sdn Bhd, which normally closes its accounts on 31 July changes its accounting period to 31 October (more than 12 months) ending in the following year.

YA	Accounting Period	Period
2018	1.8.2017 – 31.7.2018	12 months
Failure year	1.8.2018 – 31.10.2019	15 months
	1.11.2019 – 31.10.2020	12 months

Basis Period of the Company

YA	Basis Period	Period
2018	1.8.2017 – 31.7.2018	12 months
2019	1.8.2018 – 31.10.2019	15 months
2020	1.11.2019 – 1.10.2020	12 months

Jaizah Wahab Sdn Bhd has furnished Form CP204 for YA 2019 on 2.7.2018 with the estimate of tax payable of RM12,000. On 7.4.2019, the Company notifies its change of accounting period by submitting Form CP204B without revising its estimate of tax payable.

Jaizah Wahab Sdn Bhd later furnished Form CP204A on 10.4.2019 (9th month) with a new revised estimate of tax payable of RM27,500. The Company chooses to start the new revised instalment payments in the 8th month of instalment schedule. The instalment payments have been made until March 2019.

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

Accounting Year	YA	Accounting Period	Basis Period	Estimate of Tax Payable RM
<u>Original</u> Accounts ended 31 July	2019	1.8.2018 – 31.7.2019 (12 months)	1.8.2018 – 31.7.2019 (12 months)	12,000 (CP204)
		<u>New</u> Accounts ended 31 October	2019	1.8.2018 – 31.10.2019 (15 months)
2020	1.11.2019 – 31.10.2020 (12 months)			1.11.2019 – 31.10.2020 (12 months)

Form CP204B for YA 2019 has been furnished within the prescribed period, which is on or before **30.6.2019** (not later than 30 days before the end of original accounting period). Form CP204A is received in the month of revision (9th month) i.e. on 10.4.2019. Therefore, the

schedule of instalment payments for YA 2019 based on Form CP204A is as follows:

YA 2019	Basis Period	Instalment Payments										
Original (CP204)	1.8.2018 – 31.7.2019 (12 months) = <u>RM12,000</u> 12	Sept 2018 – Aug 2019 = RM1,000 monthly										
Revised (CP204A)	1.8.2018 – 31.10.2019 (15 months)	Sept 2018 – Mar 2019 (7 months) = RM1,000 x 7 months = RM7,000 Computation of balance of instalment payments (8 months): Apr 2019 – Nov 2019 (8 months) = <u>(RM27,500 – RM7,000)</u> <div style="text-align: center;">8</div> = RM2,562.50 Balance of instalment payments is rounded as follows: Apr 2019 – Oct 2019 (7 months) = RM2,562 monthly Nov 2019 (1 month) = RM2,566 Total instalment payments: <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Months</th> <th style="text-align: center;">RM</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Sept 2018 - Mac 2019 (RM1,000 x 7 months)</td> <td style="text-align: center;">7,000</td> </tr> <tr> <td style="text-align: center;">Apr 2019 – Oct 2019 (RM2,562 x 7 months)</td> <td style="text-align: center;">17,934</td> </tr> <tr> <td style="text-align: center;">Nov 2019</td> <td style="text-align: center;">2,566</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">27,500</td> </tr> </tbody> </table>	Months	RM	Sept 2018 - Mac 2019 (RM1,000 x 7 months)	7,000	Apr 2019 – Oct 2019 (RM2,562 x 7 months)	17,934	Nov 2019	2,566	Total	27,500
Months	RM											
Sept 2018 - Mac 2019 (RM1,000 x 7 months)	7,000											
Apr 2019 – Oct 2019 (RM2,562 x 7 months)	17,934											
Nov 2019	2,566											
Total	27,500											

The basis period for YA 2020 is from 1.11.2019 until 31.10.2020. Therefore, Form CP204 for YA 2020 must be submitted on or before 1.10.2019 (not later than 30 days before the beginning of the basis period for YA 2020).

Example 13

The facts are the same as in Example 12 except that Form CP204A has been furnished on 10.4.2019 (9th month) with a new revised estimate of tax payable of RM6,000.

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

Accounting Year	YA	Accounting Period	Basis Period	Estimate of Tax Payable RM
<u>Original</u> Accounts ended 31 July	2019	1.8.2018 – 31.7.2019 (12 months)	1.8.2018 – 31.7.2019 (12 months)	12,000 (CP204)
		<u>New</u> Accounts ended 31 October	2019	
2020	1.11.2019 – 31.10.2020 (12 months)			1.11.2019 – 31.10.2020 (12 months)

Form CP204A has been received in the month of revision (9th month) which is 10.4.2019. The new revised estimate of tax payable will be as per Form CP204A furnished on 10.4.2019, although the amount of the new revised estimate of tax payable is lower than the original estimate of tax payable.

The company has paid tax instalment payments for the period of September 2018 until March 2019 which exceeds the new revised estimate of tax payable. Therefore, the Company's monthly instalment payments will cease immediately. The revised schedule of instalment payments for YA 2019 is as follows:

YA 2019	Basis Period	Instalment Payments								
Original (CP204)	1.8.2018 – 31.7.2019 (12 months) = <u>RM12,000</u> 12	Sept 2018 – Aug 2019 = RM1,000 monthly								
Revised (CP204A)	1.8.2018 – 31.10.2019 (15 months)	Sept 2018 – Mar 2019 (7 months) = RM1,000 x 7 months = RM7,000 Apr 2019 – Nov 2019 (8 months) = Nil Total instalment payments: <table border="1" style="margin-left: 20px; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">Months</th> <th style="text-align: center;">RM</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Sept 2018 - Mac 2019 (RM1,000 x 7 months)</td> <td style="text-align: center;">7,000</td> </tr> <tr> <td style="text-align: center;">Apr 2019 – Nov 2019)</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">7,000</td> </tr> </tbody> </table>	Months	RM	Sept 2018 - Mac 2019 (RM1,000 x 7 months)	7,000	Apr 2019 – Nov 2019)	-	Total	7,000
Months	RM									
Sept 2018 - Mac 2019 (RM1,000 x 7 months)	7,000									
Apr 2019 – Nov 2019)	-									
Total	7,000									

Example 14

The facts are the same as in Example 12 except that Form CP204B has been furnished on 10.2.2019 with the new revised estimate of tax payable of RM27,500. The Company did not submit Form CP204A to IRBM.

The Company has submitted Form CP204B for YA 2019 within the prescribed period, i.e. not later than **30.6.2019** (30 days before the end of the original accounting period for that YA). Therefore, the revised instalment payments for YA 2019 would be changed from 13th instalment as follows:

YA 2019	Basis Period	Instalment Payments										
Original (CP204)	1.8.2018 – 31.7.2019 (12 months) = <u>RM12,000</u> 12	Sept 2018 – Aug 2019 = RM1,000 monthly										
Notification (CP204B)	1.8.2018 – 31.10.2019 (15 months)	<p>Sept 2018 – Aug 2019 (12 months) = RM1,000 x 12 months = RM12,000</p> <p>Computation of balance of instalment payments (3 months): = <u>(RM27,500 – RM12,000)</u> 3 = RM5,166.66</p> <p>Balance of instalment payments is rounded as follows: Sept 2019 – Oct 2019 (2 months) = RM5,166 monthly</p> <p>Nov 2019 (1 month) = RM5,168</p> <p>Total instalment payments:</p> <table border="1"> <thead> <tr> <th>Months</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Sept 2018 - Aug 2019 (RM1,000 x 12 months)</td> <td>12,000</td> </tr> <tr> <td>Sept 2019 – Oct 2019 (RM5,166 x 2 months)</td> <td>10,332</td> </tr> <tr> <td>Nov 2019</td> <td>5,168</td> </tr> <tr> <td>Total</td> <td>27,500</td> </tr> </tbody> </table>	Months	RM	Sept 2018 - Aug 2019 (RM1,000 x 12 months)	12,000	Sept 2019 – Oct 2019 (RM5,166 x 2 months)	10,332	Nov 2019	5,168	Total	27,500
Months	RM											
Sept 2018 - Aug 2019 (RM1,000 x 12 months)	12,000											
Sept 2019 – Oct 2019 (RM5,166 x 2 months)	10,332											
Nov 2019	5,168											
Total	27,500											

Example 15

The facts are the same as in Example 12 except that Form CP204B has been furnished on 7.4.2019 with the new revised estimate of tax payable of RM6,000. The Company did not submit Form CP204A to IRBM.

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

Accounting Year	YA	Accounting Period	Basis Period	Estimate of Tax Payable RM
<u>Original</u> Accounts ended 31 July	2019	1.8.2018 – 31.7.2019 (12 months)	1.8.2018 – 31.7.2019 (12 months)	12,000 (CP204)
<u>New</u> Accounts ended 31 October	2019	1.8.2018 – 31.10.2019 (15 months)	1.8.2018 – 31.10.2019 (15 months)	6,000 (CP204B)
	2020	1.11.2019 – 31.10.2020 (12 months)	1.11.2019 – 31.10.2020 (12 months)	

Form CP204B has been received on 7.4.2019. Even though Form CP204B has been furnished in the month of revision, the new revised estimate of tax payable of RM6,000 is not acceptable as the new revised estimate of tax payable and the new monthly revised instalment payments are less than the original estimate of tax payable and original monthly tax instalment payments [$(RM6,000 - RM7,000)/8 = RM 0$].

The revised schedule of instalment payments for YA 2019 is as follows:

YA 2019	Basis Period	Instalment Payments
Original (CP204)	1.8.2018 – 31.7.2019 (12 months) = <u>RM12,000</u> 12	Sept 2018 – Aug 2019 = RM1,000 monthly

YA 2019	Basis Period	Instalment Payments								
Notification (CP204B)	1.8.2018 – 31.10.2019 (15 months)	Sept 2018 – Mar 2019 (7 months) = RM1,000 x 7 months = RM7,000 Apr 2019 – Nov 2019 (8 months) = RM1,000 x 8 months = RM8,000 Total instalment payments: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Months</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Sept 2018 - Mar 2019 (RM1,000 x 7 months)</td> <td>7,000</td> </tr> <tr> <td>Apr 2019 – Nov 2019 (RM1,000 x 8 months)</td> <td>8,000</td> </tr> <tr> <td>Total</td> <td>15,000</td> </tr> </tbody> </table>	Months	RM	Sept 2018 - Mar 2019 (RM1,000 x 7 months)	7,000	Apr 2019 – Nov 2019 (RM1,000 x 8 months)	8,000	Total	15,000
Months	RM									
Sept 2018 - Mar 2019 (RM1,000 x 7 months)	7,000									
Apr 2019 – Nov 2019 (RM1,000 x 8 months)	8,000									
Total	15,000									

Example 16 - 12 months accounting period changed to more than 12 months and ends in the third year

Co-operative Rania Emas which normally closes its accounts on 31 December each year changed its accounting period to 31 January (more than 12 months) ending in the third year.

YA	Accounting Period	Period
2018	1.1.2018 – 31.12.2018	12 months
Failure years	1.1.2019 – 31.1.2020	13 months
	1.2.2020 – 31.1.2021	12 months

Basis Period of the Co-operative

YA	Basis Period	Period
2018	1.1.2018 – 31.12.2018	12 months
2019	1.1.2019 – 31.7.2019	7 months
2020	1.8.2019 – 31.1.2020	6 months
2021	1.2.2020 – 31.1.2021	12 months

Co-operative Rania Emas has furnished Form CP204 for YA 2019 on 2.12.2018 with the estimate of tax payable of RM12,000. On 21.6.2019, the co-operative has furnished Form CP204B with the new revised estimate of tax payable of RM27,000. Form CP204 for YA 2020 has been submitted on 21.6.2019 with the estimate of tax payable of RM60,000. Instalment payments for YA 2019 have been made until June 2019 (5th instalment).

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

Accounting Year	YA	Accounting Period	Basis Period	Estimate of Tax Payable RM
<u>Original</u> Accounts ended 31 December	2019	1.1.2019 – 31.12.2019 (12 months)	1.1.2019 – 31.12.2019 (12 months)	12,000 (CP204)
		<u>New</u> Accounts ended 31 January	2019	1.1.2019 – 31.7.2019 (7 months)
	2020		1.8.2019 – 31.1.2020 (6 months)	1.8.2019 – 31.1.2020 (6 months)

YA 2019 is a failure year for Co-operative Rania Emas. Since the accounting period for Co-operative Rania Emas ends in the following year, the accounting period will be divided into two basis periods i.e. YA 2019 and YA 2020.

Form CP204B for YA 2019 must be submitted not later than 30 days before the end of the original accounting period for that YA which is on **30.11.2019**. Form CP204B is received within prescribed period which is on 21.6.2019. Therefore, the revised schedule of instalment payments for YA 2019 is as follows:

YA 2019	Basis Period	Instalment Payments								
Original (CP204)	1.1.2019 – 31.12.2019 (12 months) = <u>RM12,000</u> 12	Feb 2019 – Jan 2020 = RM1,000 monthly								
Notification (CP204B)	1.1.2019 – 31.7.2019 (7 months)	Feb 2019 – June 2019 (5 months) = RM1,000 x 5 months = RM5,000 Jul 2019 – Aug 2019 (2 months) = <u>(RM27,000 – RM5,000)</u> 2 = RM11,000 monthly Total instalment payments: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Months</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Feb 2019 - June 2019 (RM1,000 x 5 months)</td> <td>5,000</td> </tr> <tr> <td>Jul 2019 – Aug 2019 (RM11,000 x 2 months)</td> <td>22,000</td> </tr> <tr> <td>Total</td> <td>27,000</td> </tr> </tbody> </table>	Months	RM	Feb 2019 - June 2019 (RM1,000 x 5 months)	5,000	Jul 2019 – Aug 2019 (RM11,000 x 2 months)	22,000	Total	27,000
Months	RM									
Feb 2019 - June 2019 (RM1,000 x 5 months)	5,000									
Jul 2019 – Aug 2019 (RM11,000 x 2 months)	22,000									
Total	27,000									

The schedule of instalment payments for YA 2020 is as follows:

YA 2020	Basis Period	Instalment Payments						
Original (CP204)	1.8.2019 – 31.1.2020 (6 months) = <u>RM60,000</u> 6	Sept 2019 – Feb 2020 = RM10,000 monthly Total instalment payments: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Months</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Sept 2019 – Feb 2020 (RM10,000 x 6 months)</td> <td>60,000</td> </tr> <tr> <td>Total</td> <td>60,000</td> </tr> </tbody> </table>	Months	RM	Sept 2019 – Feb 2020 (RM10,000 x 6 months)	60,000	Total	60,000
Months	RM							
Sept 2019 – Feb 2020 (RM10,000 x 6 months)	60,000							
Total	60,000							

The basis period for YA 2021 is from 1.2.2020 until 31.1.2021. Therefore, Form CP204 for YA 2021 must be submitted on or before 1.1.2020 (not later than 30 days before the beginning of the basis period for YA 2021).

Example 17

The facts are the same as in Example 16 except that the Form CP204B for YA 2019 and Form CP204 for YA 2020 were submitted on 10.11.2019. Instalment payments have been made until October 2019 (9th instalment).

The Co-operative has submitted Form CP204B within the prescribed period which is on 10.11.2019. The schedule of instalment payments for YA 2019 remains unchanged and will cease immediately as follows:

YA 2019	Basis Period	Instalment Payments						
Original (CP204)	1.1.2019 – 31.12.2019 (12 months) = <u>RM12,000</u> 12	Feb 2019 – Jan 2020 = RM1,000 monthly						
Notification (CP204B)	1.1.2019 – 31.7.2019 (7 months)	Feb 2019 – Oct 2019 (9 months) = RM1,000 x 9 months = RM9,000 Total instalment payments: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Months</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Feb 2018 – Oct 2019 (RM1,000 x 9 months)</td> <td>9,000</td> </tr> <tr> <td>Total</td> <td>9,000</td> </tr> </tbody> </table>	Months	RM	Feb 2018 – Oct 2019 (RM1,000 x 9 months)	9,000	Total	9,000
Months	RM							
Feb 2018 – Oct 2019 (RM1,000 x 9 months)	9,000							
Total	9,000							

The schedule of instalment payments for YA 2020 is as follows:

YA 2020	Basis Period	Instalment Payments						
Original (CP204)	1.8.2019 – 31.1.2020 (6 months)	Sept 2019 – Feb 2020 (6 months) = <u>RM60,000</u> 6 = RM10,000 monthly Total instalment payments: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Months</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Sept 2019 – Feb 2020 (RM10,000 x 6 months)</td> <td>60,000</td> </tr> <tr> <td>Total</td> <td><u>60,000</u></td> </tr> </tbody> </table>	Months	RM	Sept 2019 – Feb 2020 (RM10,000 x 6 months)	60,000	Total	<u>60,000</u>
Months	RM							
Sept 2019 – Feb 2020 (RM10,000 x 6 months)	60,000							
Total	<u>60,000</u>							

Example 18

The facts are the same as in Example 16 except that the new revised estimate of tax payable (Form CP204B for YA 2019) is RM6,700.

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

Accounting Year	YA	Accounting Period	Basis Period	Estimate of Tax Payable RM
<u>Original</u> Account ended 31 December	2019	1.1.2019	1.1.2019	12,000 (CP204)
		– 31.12.2019 (12 months)	– 31.12.2019 (12 months)	
<u>New</u> Account ended 31 January	2019	1.1.2019	1.1.2019	6,700 (CP204B)
		– 31.7.2019 (7 months)	– 31.7.2019 (7 months)	
	2020	1.8.2019	1.8.2019	60,000 (CP204)
		– 31.1.2020 (6 months)	– 31.1.2020 (6 months)	

Form CP204B has been furnished within a prescribed period, which is on 21.6.2019. The new revised estimate of tax payable of RM6,700 is not acceptable as the new revised estimate of tax payable and the new revised instalment payments are less than the original estimate

of tax payable and original monthly tax instalment payments [(RM6,700 – RM5,000)/2 = RM850].

Therefore, the estimate of tax payable and the schedule of instalment payments for YA 2019 is remains unchanged as follows:

YA 2019	Basis Period	Instalment Payments						
Original (CP204)	1.1.2019 – 31.12.2019 (12 months) = <u>RM12,000</u> 12	Feb 2019 – Jan 2020 = RM1,000 monthly						
Notification (CP204B)	1.1.2019 – 31.7.2019 (7 months)	Feb 2019 – Aug 2019 (7 months) = RM1,000 x 7 months = RM7,000 Total instalment payments: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Months</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Feb 2019 - Aug 2019 (RM1,000 x 7 months)</td> <td>7,000</td> </tr> <tr> <td>Total</td> <td>7,000</td> </tr> </tbody> </table>	Months	RM	Feb 2019 - Aug 2019 (RM1,000 x 7 months)	7,000	Total	7,000
Months	RM							
Feb 2019 - Aug 2019 (RM1,000 x 7 months)	7,000							
Total	7,000							

The schedule of instalment payments for YA 2020 is as follows:

YA 2020	Basis Period	Instalment Payments						
Original (CP204)	1.8.2019 – 31.1.2020 (6 months)	Sept 2019 – Feb 2020 (6 months) = <u>RM60,000</u> 6 = RM10,000 monthly Total instalment payments: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Months</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Sept 2019 – Feb 2020 (RM10,000 x 6 months)</td> <td>60,000</td> </tr> <tr> <td>Total</td> <td>60,000</td> </tr> </tbody> </table>	Months	RM	Sept 2019 – Feb 2020 (RM10,000 x 6 months)	60,000	Total	60,000
Months	RM							
Sept 2019 – Feb 2020 (RM10,000 x 6 months)	60,000							
Total	60,000							

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

- 7.1 If a company, limited liability partnership, trust body or co-operative society fails to pay the monthly instalments on the tax estimate within the stipulated period, an increase of 10% would be imposed on the unpaid monthly instalments without the issuance of any further notices.
- 7.2 If the difference between the actual tax payable and the revised or deemed revised estimated tax payable (whichever is the later) or the original tax estimate (if revised or deemed revised tax estimate is not furnished) is more than 30% of the actual tax payable, a 10% increase in tax would be imposed on that difference. The formula for calculating the amount of tax to be increased is as follows:

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

Where:

AT: Actual tax payable

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

Example 19

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
2018	1.7.2017 – 30.6.2018	12 months
Failure years	1.7.2018 – 31.12.2019	18 months
	1.1.2020 – 31.12.2020	12 months

Basis Period of the Company

YA	Basis Period	Period
2018	1.7.2017 – 30.6.2018	12 months
2019	1.7.2018 – 31.12.2019	18 months
2020	1.1.2020 – 31.12.2020	12 months

The original estimate of tax payable (Form CP204) for YA 2019 is RM24,000. The company has furnished Form CP204B on 24.4.2019 with the new revised estimated tax payable of RM40,000. CP205 is issued by DGIR on 29.4.2019 with the revised tax estimate of RM40,000. The Income Tax Return Form (ITRF) for YA 2019 received on 30.7.2020 showed the original amount of tax payable is RM60,000.

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

YA 2019	RM
Actual tax payable	60,000
Revised estimated tax payable	<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

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

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 10% increase under subsection 107C(9) of the ITA in relation to the taxpayer's failure to make the instalment payments;

8.1.2 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 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 prosecution 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 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 can still proceed although the taxpayer has submitted the ITRF.

Example 20 - Accounting period shortened and no notification furnished

NSKL Sdn Bhd closes its accounts on 31 December annually.

YA 2018

The company submitted its estimate of tax payable through Form CP204 for YA 2018 amounting to RM24,000 with instalment payments made from 15.2.2018 until 15.1.2019. ITRF for YA 2018 was submitted on 31.7.2019 with a tax payable of RM14,000.

YA 2019

The company's Form CP204 for YA 2019 was received on 30.11.2018 with an estimated tax payable of RM30,000 for the basis period from 1.1.2019 until 31.12.2019. The company complies with Form CP204 until 31.12.2019.

The company later changes its accounting period from 31.12.2019 to 30.6.2019 but Form CP204B was not submitted to the DGIR on or before 30.5.2019.

ITRF for YA 2019 was submitted on 31.1.2020 for the new accounting period from 1.1.2019 until 30.6.2019 with a tax payable of RM50,000.

YA 2020

On 25.1.2020, the DGIR issues CP205 based on the Form CP204 for YA 2019 amounting to RM30,000. The company did not submit Form CP204 to the DGIR for YA 2020 for the accounting period from 1.7.2019 until 30.6.2020 and no tax instalment payments are made by the company. On 31.1.2021, the company submitted an ITRF for YA 2020 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
1.1.2018 – 31.12.2018	Not applicable	2018	1.1.2018 – 31.12.2018 (12 months)	CP204 RM24,000	14,000
1.1.2019 – 31.12.2019	1.1.2019 – 30.6.2019	2019	1.1.2019 – 30.6.2019 (6 months)	CP204 RM30,000	50,000
Not applicable	1.7.2019 – 30.6.2020	2020	1.7.2019 – 30.6.2020 (12 months)	CP205 RM30,000	0

YA 2018

ITRF for YA 2018 was deemed on 31.7.2019 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 2019

The company submitted Form CP204 on 30.11.2018 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 30.5.2019.

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 2019 on 31.1.2020.

The due date for submission of the ITRF for YA 2019 based on the new accounting period is 31.1.2020. NSKL Sdn Bhd has submitted company's ITRF within the stipulated period, i.e. on 31.1.2020 for the accounting period from 1.1.2019 until 30.6.2019. The assessment for YA 2019 is deemed on 31.1.2020 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:

$$= [(RM50,000 - RM30,000) - (30\% \times RM50,000)] \times 10\%$$
$$= RM500$$

YA 2020

The company submitted its ITRF for YA 2020 on 31.1.2021 with RM Nil tax payable. CP205 for YA 2020 issued by the DGIR would be compared to the actual tax payable of the company. Since the actual tax payable for YA 2020 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 the company has submitted an ITRF with RM Nil tax payable.

Example 21 - Accounting period extended and no notification furnished

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

YA 2018

The Company submitted an estimate of tax payable through Form CP204 for YA 2018 amounting to RM24,000 with instalment payments made from 15.8.2017 until 15.7.2018.

The ITRF for YA 2018 was submitted on 31.1.2019 with a tax payable of RM44,000.

YA 2019

The company's Form CP204 for YA 2019 was received by IRBM on 31.5.2018 with an estimated tax payable of RM36,000 for the basis period beginning from 1.7.2018 until 30.6.2019. The company complied with the instalments as per Form CP204 until 15.7.2019.

The company later changed its accounting period by extending it until 31.12.2019 but Form CP204B was not submitted to the DGIR on or before 30.5.2019.

An estimated assessment under subsection 90(3) of the ITA for YA 2019 is raised with penalty under subsection 112(3) of the ITA on 1.6.2020 with a tax payable of RM55,000 as the ITRF for YA 2019 was not received on 31.1.2020.

The ITRF for YA 2019 is submitted on 31.7.2020 for the accounting period from 1.7.2018 until 31.12.2019 with a tax payable of RM40,000. The assessment for YA 2019 has been revised on 10.8.2020 and the estimated assessment raised under subsection 90(3) of the ITA on 1.6.2020 is reduced to RM40,000.

YA 2020

On 25.6.2019, the DGIR issues CP205 based on Form CP204 for YA 2019 amounting to RM36,000 with instalments starting from 15.8.2019 until 15.7.2020 as no Form CP204 for YA 2020 or Form CP204B for YA 2019 was received by the IRBM on or before 30.5.2019. No tax instalment payments are made by the company in accordance with CP205.

On 31.7.2021, the company submits its ITRF for YA 2020 for the new accounting period from 1.1.2020 to 31.12.2020 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
1.7.2017 – 30.6.2018	Not applicable	2018	1.7.2017 – 30.6.2018 (12 months)	CP204 RM24,000	44,000
1.7.2018 – 30.6.2019	1.7.2018 – 31.12.2019	2019	1.7.2018 – 31.12.2019 (18 months)	CP 204 RM36,000	40,000
Not applicable	1.1.2020 – 31.12.2020	2020	1.1.2020 – 31.12.2020 (12 months)	CP205 RM36,000	80,000

YA 2018

The ITRF for YA 2018 was deemed on 31.1.2019 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:

$$= [(RM44,000 - RM24,000) - (30\% \times RM44,000)] \times 10\%$$

$$= RM680$$

YA 2019

The company submitted Form CP204 on 31.5.2018 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. 30.5.2019.

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 2019 on 31.7.2020.

The estimated assessment raised under subsection 90(3) of the ITA is deemed on 1.6.2020 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:

$$= [(RM55,000 - RM36,000) - (30\% \times RM55,000)] \times 10\%$$
$$= RM250$$

The due date of submission of the ITRF for YA 2019 based on the new accounting period is 31.7. 2020. Omega Mining Sdn Bhd submits its ITRF on 31.7.2020 i.e. within the stipulated period for the accounting period from 1.7.2018 until 31.12.2019 with a revised tax amounting to RM40,000.

Although the tax payable for YA 2019 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 2019 raised on 1.6.2020 shall be retained and may be collected [subsection 112(3A) of the ITA].

YA 2020

No Form CP204 is submitted by the company for accounting period from 1.7.2019 until 30.6.2020. Therefore, the DGIR issues CP205 on 25.6.2019 for YA 2020 based on the estimate of tax payable for YA 2019 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 2020.

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:

$$\begin{aligned} &= [(\text{RM}80,000 - \text{RM}36,000) - (30\% \times \text{RM}80,000)] \times 10\% \\ &= \text{RM}2,000 \end{aligned}$$

9. Updates and Amendments

This PR replaces PR No. 7/2011 dated 23 August 2011.

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.

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