

GENERAL QUESTION

Q1: I received only employment income in the beginning of the year. Subsequently, I started my own business in the middle of the year. Which form do I need to fill up?

A1: You are required to fill Form B 2007 because you have business income. The due date for submission is 30th June 2008.

Q2: How can I get a Return Form B, if I do not receive it?

A2: You can get a Return Form from the LHDNM branch nearest to your workplace or residence.

Q3: Can we fill up a photocopy return form for submission?

A3: No. You are advised to get a Form B from any of the LHDNM branches. You can also use e-filing for submission of Form B.

Q4: Can I submit Form B by fax?

A4: Tax payers are not allowed to submit Form B via fax.

Q5: I have received Form B 2007 for my late husband who died on 20.05.2007. But I have not received my Form B 2007. Can I use my late husband's Form B 2007 to declare my income?

A5: You are not allowed to declare your income in your late husband's Form B 2007. You are advised to get a new Form B 2007 from any of LHDNM's branch offices. Furthermore, you are responsible for declaring your late husband's income (if any) from 01/01/2007 – 20/05/2007 in his Form B 2007. Upon completion, please return the said Form B 2007 to LHDNM together with a copy of the death certificate of your late husband.

Q6: I received two forms under 2 different reference numbers for the same year of assessment. Which one should I fill?

A6: You should check with the branch that handles your file to make sure which reference number is active. Please return the non-active Return Form with a covering letter to inform that it is a duplicate file.

Q7: Where should I submit the Return Form?

A7: i) For submission by post, please return to:
Lembaga Hasil Dalam Negeri Malaysia
Pusat Pemprosesan
Aras 10-18, Menara C ,
Persiaran MPAJ,
Jalan Pandan Utama, Pandan Indah
Karung Berkunci 11096
50990 Kuala Lumpur.

ii) For submission by hand you may submit the form at Level 12 of the address given in (i).

Q8: How do I know whether my Form B has been received by LHDNM? I am worried that I will be penalised if LHDNM did not receive my form.

A8: You are advised to contact the Call Centre at Pandan Indah at 03-42893700 to check the status of your Form B.

Q9: If my Form B was processed at Processing Centre Pandan Indah, does it mean that my file has been transferred there too?

A9: Under the Self Assessment System, all Return Forms will be processed at the Processing Centre at Pandan Indah. However your tax file is still maintained at the branch office that handled your file previously.

Q10: When is the due date for submission of Form B 2007?

A10: The due date for submission of Form B 2007 is 30th June 2008.

Q11: Will penalty be imposed if I submit the Form B after 30th June?

A11: Yes, LHDNM will impose a penalty under subsection 112(3) of the Income Tax Act 1967. Please refer to our website at www.hasil.org.my for rate of penalty under subsection 112(3).

Q12: When can I get my Form J? I want to know the amount of tax to be paid.

A12: Under the Self Assessment System, no Notice of Assessment (Form J) is issued to the tax payer. Tax payers are required to calculate their tax payable. The Form B submitted is deemed to be a Notice of Assessment.

Q13: With the implementation of the Self Assessment System, there will be no more Form J issued by LHDNM. How do I know whether my tax liability is correct or not?

A13: Under the Self Assessment System, a Return Form which has been completed, signed and accepted by LHDNM will be deemed to be a Notice of Assessment and considered correct until an audit report proves otherwise. If you have further enquiries regarding the tax calculation, please contact us at 03-42893700.

Q14: Why do I have to keep all the source documents for 7 years?

A14: Records, documents and working sheets need to be kept for 7 years as evidence and reference when required.

Q15: Will a penalty be imposed if I do not keep all the records?

A15: If you do not keep your business records, you may be charged in court under Section 119A of the Income Tax Act 1967. If convicted, the penalty imposed will be not less than RM300 and not more than RM10,000 or imprisonment for not less than 1 year or both.

Q16: Can I just fill in the personal details only and leave the other parts of the Form B blank, sign and return it with my statement of accounts?

A16: No. Your Form B will be considered as incomplete and will be returned to you for correction. Under the Self Assessment System you are not required to submit any supporting documents and bills for deduction. You are required to keep all these documents for 7 years as evidence and reference when required.

Q17: If I realised that I had disclosed my income incorrectly after I had submitted my Form B, do I have to submit a new Form B to the Processing Centre?

A17: You are not allowed to submit a new Form B. You are advised to write in to notify the LHDNM branch that handles your file of any amendment.

Q18: What would be the action taken by LHDNM when the income declared in the Form B is lower compared to the income after tax audit?

A18: LHDNM will raise an Additional Assessment (JA) together with a penalty under subsection 113(2) Income Tax Act 1967. You can view the rate of penalty from LHDNM's website at www.hasil.org.my > Law and Regulations > Offences, Penalty and Compound.

Q19: I have ceased my business two years ago and I have no more income but I am still receiving the Form B. Do I need to fill up the Form or just return it back without filling it up?

A19: You are required to complete the Form and return it to LHDNM before the due date. Kindly notify the LHDNM branch that handles your file that you have no more income and not to issue any Form B in the future.

Q20: I am a real estate agent/insurance agent/direct selling agent. But I have not registered with the Companies Commission of Malaysia. What form should I use to declare my income?

A20: You should use a Form B to declare your income.

Q21: I run a small business and I do not keep any business records. The Profit and Loss Account is based on estimates. How am I going to submit my tax return? Will my estimated income statement be accepted by LHDNM? Will I be penalised for not keeping complete records?

A21: You can refer to *Helaian Kerja HK-1(Working Paper)* in the Guide Book which can be downloaded from www.hasil.org.my. This working sheet guides you on how the Adjusted Income is to be calculated. Whether the Profit and Loss statement submitted by you can be accepted depends on the Tax Audit that may be carried out by our officers. In view of this, you are advised to keep full and proper records to avoid being penalised as provided for under Section 82 and 82A of the Income Tax Act 1967. Failure to comply is an offence punishable by a fine of not less than RM300 and not exceeding RM10,000 or imprisonment for a term not exceeding 12 months or both. Please refer to the Public Ruling 5/2000 (Amended) dated 30/06/2001. You can view it at www.hasil.org.my.

Q22: Where can I get the Guide Book for Form B?

A22: You can download it from our website at www.hasil.org.my > Forms > Guidebook Form B.

Q23: What type of business records should I maintain?

A23: You can refer to the Public Ruling 5/2000 (Amended) dated 30/06/2001 or you can get assistance from our officers at any LHDNM branch.

Q24: I have made some errors in Form B. Can I use the correction liquid to amend it?

A24: You are not allowed to use the correction liquid. However you can amend it by drawing a line across the mistake and writing the correct details above it. Make a brief initial against each correction made.

Q25: I am a director of a company and at the same time I have commenced a sole proprietorship. Should I fill two return forms?

A25: No, you need not fill up two return forms. You can use the Form B to declare your business income in Column C1 and your employment income as a director in Column C10.

Q26: How do I declare my partnership income if the CP30 is still not received by the due date for submission of the Form B?

A26: You are advised to make an estimate as accurately as possible if the CP30 is not received by the due date. Upon receiving the CP30, please forward it with a covering letter to the LHDNM branch which handles your file.

Q27(a): If a person receives commission or consultancy fees as part time income, should it be classified as business or employment income?

A27(a): The commission or consultancy fees received is business income and Form B should be used to declare your income.

Q27(b): If the payment mentioned above is received yearly or monthly, how should the payment of tax be made?

A27(b): You can either:

- a) Pay the tax on or before the last date for submission of Form B i.e. before 30th June of each year, or
- b) Make a request for CP500 (CP500 is a bi-monthly installment scheme) to the Collection Branch where your file is located.

Q27(c): If the commission income received in a year does not reach the taxable threshold, should I still register an income tax file?

A27(c): You are not required to do so if your total gross income from the above source does not exceed RM23,000 per annum and you do not have other sources of income.

FAQ ON FORM B

PART A: PARTICULARS OF INDIVIDUAL

Q1: If my name is wrongly printed in the Form B, how do I amend it?

A1: You may cancel and initial on the Form and write your correct name in the space within A6 and A8 as shown in the example below:

CP4A - Pin. 2007 Borang LEMBAGA HASIL DALAM NEGERI MALAYSIA TAHUN TAKSIRAN
B BORANG NYATA ORANG PERSEORANGAN 2007
 (PEMASTAUTIN YANG MENJALANKAN PERNIAGAAN)
 DI BAWAH SEKSYEN 77 AKTA CUKAI PENDAPATAN 1967
 Borang ini ditetapkan di bawah seksyen 152 Akta Cukai Pendapatan 1967

| | | | | |
|----------|--|-----------------|--------------|--|
| 1 | Nama <small>(seperti di kad pengenalan/pasport)</small> | [Redacted Name] | | |
| 2 | No. Rujukan Cukai | 3 | No. K/P Baru | |
| 4 | No. K/P Lama | 5 | No. Polis | |
| 6 | No. Tentera | 7 | No. Pasport | |

BAHAGIAN A: MAKLUMAT INDIVIDU

| | | | | | |
|-----------|-------------------------|--|-------------------------------------|------------------------------|-----------------------------|
| A1 | Warganegara | Gunakan Kod Negara <small>(Isi 'MY' jika warganegara Malaysia)</small> | A2 | Jantina | 1 = Lelaki 2 = Perempuan |
| A3 | Status Pada 31-12-2007 | 1 = Bujang 2 = Kahwin 3 = Janda/Duda 4 = Mati | A4 | Tarikh Kahwin/ Cerai/Mati | Hari Bulan Tahun |
| A5 | Jenis Taksiran | 1 = Bersama atas nama suami 2 = Bersama atas nama isteri 3 = Berasingan 4 = Diri sendiri; Suami / Isteri tiada punca pendapatan/ pendapatan dikecualikan cukai | A6 | Ketetapan Umum Dipatuhi | 1 = Ya 2 = Tidak |
| A7 | Penyimpanan Rekod | 1 = Ya 2 = Tidak | Space for correction of name | | |
| A8 | Alamat Surat-menyerurat | [Redacted Address] | | | |

Q2: What do you mean by “Type of Assessment” in column A5?

A2: 1- Joint in the name of husband = Wife elects for joint assessment and the tax will be assessed under the husband.

2- Joint in the name of wife = Husband elects for joint assessment and the tax will be assessed under the wife.

3- Separate = Tax payer elects for separate assessment.

4- Own self = If the status of an individual is single/divorced/deceased; or husband/wife has no source of income or received exemption income.

**** For Form B 2006, please leave this column blank if the status of an individual is '4' as above.**

Q3 : If I am a pensioner and I receive only pension income; what type of assessment should be filled up in column A5?

A3 : You should fill in '4' in column A5.

Q4 : My wife is not working. What type of assessment should I fill in the item "Type of Assessment" in column A5?

A4: You should fill in '4' in column A5.

Q5: What are Public Rulings?

A5: Public Rulings are issued by LHDNM for the purpose of providing guidance to the public and officers of the Inland Revenue Board. It sets out the interpretation of the Director General of Inland Revenue Malaysia in respect of the tax laws, policies and procedures that are to be applied.

Q6: Should I fill up column A8 if my correspondence address remains unchanged?

A6: Yes. You need to complete this column.

Q7: I have several business premises, which address should I fill in column A9?

A7: You are required to fill in the address of your main business premise.

Q8: I have rented a premise for my business from Jan 2007 until April 2007 and then shifted to the new premise on Sept 2007. Which address should I use?

A8: You should use the current / latest address in column A9.

PART B: PARTICULARS OF HUSBAND / WIFE

Q9: My wife and I have declared our income in separate forms. Are we still required to complete the particulars of husband/wife in Part B?

A9: Yes. You and your wife are required to complete the particulars in part B.

PART C: STATUTORY INCOME AND TOTAL INCOME

Q10: Where can I check the business code for the columns C1 to C3?

A10: Please refer to Appendix G, Form B Guidebook. You may download it from www.hasil.org.my. > click at Forms > Guidebook B 2007.

Q11: If I have more than three businesses, how do I declare these incomes in Part C of the Form B?

A11: If you have more than three businesses, enter the sum of statutory income from Business 3 and subsequent businesses in the column C3. List out Business 3 and subsequent businesses as per format C1 and C2 for each business by using attachment(s) and submit together with the Form B.

Q12: I have suffered business loss in the current year. How do I claim this business loss in the Form B?

A12: You may claim the current year business loss in column C19 but it is restricted to the amount of Aggregate Income in column C18. Unabsorbed current year loss can be carried forward. You need to fill this amount in column J1a.

PART D : DEDUCTIONS

Q13 : In the year 2007, I bought an electronic dictionary for my child. Can I claim any tax deduction for this purchase?

A13 : With effect from Year of Assessment 2007, tax payer may claim a deduction restricted to RM1,000 of any purchase of books, magazines, journal or other similar publications (in the form of hard copy or electronic) – excluding newspapers and banned reading materials such as morally offensive magazines.

Q14 : I bought a personal computer in the year 2006 and claimed a computer rebate of RM500 in my Form B 2006. In Jun 2007, I bought another personal computer at a price of RM3,600. Can I claim for a deduction in my Form B 2007?

A14 : With effect from Year of Assessment 2007, tax payer is entitled to claim a deduction for purchase of a personal computer restricted to RM3,000 once every three years.

Q15 : I had bought a computer for my business usage. Can I claim for a computer deduction/relief in my Form B 2007?

A15: You are not eligible to claim for computer deduction/relief in your Form B 2007 since it is for business usage. Nevertheless, you are allowed to claim capital allowance on the said computer. Please refer to Working Sheet HK-1.2.4 in Guide Book Form B for calculation of capital allowance.

Q16: Am I eligible to claim for computer deduction/relief in my Form B 2007 if receipt issued for the purchase of computer is in my child's name who is still in school?

A16 : You are eligible to claim a deduction/relief in your Form B 2007 for purchase of computer restricted to RM 3000.

Q17 : In the year 2007, my wife and I each bought a laptop computer for RM 3,250 and RM 2,950 respectively. If I opt for joint assessment in 2007, what is the amount that I can claim for computer deduction/relief? And what is the amount if I opt for separate assessment?

A17 : For a joint assessment, you are only eligible to claim computer deduction/relief up to RM 3000 only. However, if it is a separate assessment, you can only claim RM 2,950 and your wife can claim RM 3,000 in your Form B 2007.

Q18 : In the year 2007, I had deposited RM 2,500 in "Skim Simpanan Pendidikan Nasional (SSPN)" and my withdrawal was RM 400. Account balance at the end of year 2007 was RM 4,800. Can I claim for relief up to RM 3,000?

A18 : Total relief claimable for SSPN is total net saving in a year which is total savings less total withdrawals for the year. Hence, you are only allowed to claim RM 2,100 as SSPN relief (RM 2,500 - RM 400).

PART E: TAX PAYABLE

Q19: Do I qualify to claim the Individual Rebate (E4) if my chargeable income is RM50,000?

A19: You are not eligible to claim this rebate. The individual rebate is only allowed for those having Chargeable Income (E1) not exceeding RM35,000.

Q20: Can I get the wife's rebate in Item E5 if she is not working?

A20: You are eligible for the wife's rebate if your chargeable income (E1) does not exceed RM35,000.

Q21: Will I be able to get the tax rebate for my husband if I elect for Joint Assessment?

A21: You would be allowed the tax rebate for your husband if your Chargeable Income (E1) does not exceed RM35,000 and relief for husband has been claimed.

Q22: My Chargeable Income (E1) exceeds RM35,000 and my wife is a housewife and has no income. Can I claim the tax rebate for her?

A22: No, as your Chargeable Income (E1) has exceeded RM35,000.

Q23: I have elected for Joint Assessment in the name of my husband. The total tax in E3 is RM500 and I am entitled to RM700 as a rebate. What is the amount that I need to put in E9?

A23: You have to fill in RM500 in E9 instead of RM700. Total rebate is restricted to the amount of total income tax in column E3.

PART F: SUMMARY OF TAX AND PAYMENTS

Q24: I have forgotten to enter CP500 amount in the column F2 of my Form B. What should I do?

A24: You are advised to write to the collection branch which handles your file, informing them of your total payment made under the CP500 scheme.

PART G: PRECEDING YEARS' INCOME NOT DECLARED

Q25: In the year 2007, I received arrears of bonus for the year 2006. Do I have to declare this income in the Form B 2007?

A25: Yes. Please declare the arrears in Part G of the Form B 2007.

Q26: In my form EA I noticed there is PCB deduction on my arrears; where should I enter this amount?

A26: You are not required to enter this amount in the Form B. This amount would have been credited into your account.

PART J, K, L

Q27: Must I fill up section J, K, and L in the Form B 2007?

A27: You have to fill in the relevant columns only. Leave it blank, if it is not relevant. Please refer to Guidebook B 2007 for further information.

PART M: FINANCIAL PARTICULARS OF INDIVIDUAL

Q28(a): How should I fill in Part M if I have more than one business?

A28(a): If you have more than one business, you are required to declare the financial information of the business with the highest turnover. For other businesses, you should fill in the gross business income in column M8.

Q28(b): In the above situation, would it mean that the figure in column M25 (net profit/loss) Form B 2007 would not be the same as the net profit/loss in business income?

A28(b): You have to fill in the net profit of your main business only in column M25.

Q29: If I have more than one business, which business code should I fill in Part M in the column M1?

A29: You are advised to fill in the code of the business with the highest turnover.

Q30: If I have a partnership business, should I fill in Part M in the Form B?

A30: If you have a partnership business, you are not required to fill in the financial particulars of the partnership in Part M. You only have to fill in your share of the gross profit from the partnership in column M8 of the Form B.

Q31: Should I declare the gross income or net income in columns M9 to M12?

A31: You have to declare the gross income in these columns.

Q32: What should I fill in the column “Pendapatan Lain” in M12?

A32: “Pendapatan Lain” means other non-business sources of income which are not declared in columns M9 to M11 such as other gains or profits which are liable to tax.

Q33: Where should I declare bad debts that are recovered in Part M of Form B?

A33: Bad debts recovered are gross income from business and should be declared as gains or sales in column M2 of Form B.

Q34: What type of interest expenses is referred to in column M14 of Form B?

A34: Column M14 of the Form B refers to loan interest such as bank loan interest but excludes interest on hire purchase and lease.

Q35: What is the expenditure that can be allowed in computing adjusted income from any sources of income under the income tax law?

A35: Section 33 of the Income Tax Act 1967 provides that expenditure that is wholly and exclusively incurred in the production of income is allowable. However, expenditure that is not allowable under section 39, ITA 1967 among others, are as follows:-

- a. Private and domestic expenditure in any form.
- b. Capital expenditure such as purchase of asset.
- c. Expenditure not wholly and exclusively incurred in the production of income such as donation, legal fees for acquiring of asset, or for personal matter, fine for offences against the law including fine and expenses incurred for appeal on Income Tax.
- d. Entertainment expenses not incurred in the production of income.

Q36: If I did not prepare the business balance sheet statement, should I fill in columns M27 to M49?

A36: Under the Self Assessment System, a tax payer who has income from a business source is required to fill Part M of Form B which contains particulars from Trading, Profit and Loss account and Balance Sheet. Tax payers are required to keep complete business records under section 82 and 82A of the ITA 1967. You may seek advice from LHDNM officers on what type of business records should be maintained.

Q37: I am a partner in a partnership with my wife. I have not registered a partnership file before. How are we going to fill in Part M of the Form B?

A37: You are advised to register a partnership file with LHDNM. If you have not done so, please follow the steps as below:-

- 1) Register your partnership with the LHDNM branch nearest to your business address to get a partnership tax file number.
- 2) Please fill in the Form P 2007, to declare financial information and distribution of partnership income to each partner.
- 3) In the Form B 2007, you and your wife should declare the statutory income of the partnership in column C4 of Part C and gross partnership income in column M8 of Part M.

DECLARATION SECTION

Q38: If the Form B 2007 is prepared by a tax agent appointed by me, should I fill and sign in the declaration section?

A38: Yes. You are still required to fill and sign in the declaration section as a confirmation that the information you declared in the form is correct. Whereas the tax agent will fill and sign in the section of the "Particulars Of Tax Agent Who Completes The Return Form".

Q39: If I am overseas, can I authorise a representative to fill up the form and sign the form on my behalf?

A39: If a tax payer is unable to sign the form himself because he is overseas or for other valid reasons, the Form B can be signed and sent in by his representative or by a third party. However the third party or representative will be responsible for the information given in the form. If the Form is to be signed and sent by

your representative or third party, please fill up the Declaration Section as follows:

- 1) Fill in the name and identity card number/passport number of the tax payer's representative.
- 2) Please enter "2" in column "This return form is made on behalf of the above"
- 3) Tax payer's representative is to sign in the signature box provided.

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