

# INCOME TAX ON PROPERTY DEVELOPMENT ACTIVITIES

**KUALA LUMPUR 13 JUNE 2019**

## INTRODUCTION

Property development is a specialised industry with many complex issues, arrangements and transactions. Specific taxation rules are prescribed in the Income Tax (property development) Regulations 2007 and more guidance is provided in Public Ruling 1/2009 issued by the Inland Revenue Board (IRB). Despite the specific rules and guidelines, property developers need to deal with and manage many grey areas and issues so as to minimise potential tax exposure when audited by the IRB. Due to the significant value of property projects, the tax impact or exposure can be high. Recently, a few prominent listed property developers were hit with multi million ringgit tax bills due to conflicting position and interpretation adopted by the IRB on certain issues.

This workshop will enable you gain clarity on specific issues based on tax audit experiences related to the property development that comes with many complex issues, arrangements and transactions.

## WHO SHOULD ATTEND

Property developers, staff from finance and tax departments, accountants, tax agents, auditors, small and medium practitioners

## PRESENTER

Mr Goh Kean Hoe and Mr Krishnan Dorai

## LEARNING OUTCOMES

- Be equipped with essential knowledge and understanding of relevant tax rules.
- Better plan your tax and improve tax compliance.
- Manage potential tax issues arising from the development structure and arrangements.
- Explore existing rules and guidance with emphasis on practical application and divergence from accounting treatment.
- Gain clarity on specific issues based on tax audit experiences.

## AGREED BY LEMBAGA HASIL DALAM NEGERI MALAYSIA (LHDNM)

The topic discussed in the workshop was agreed upon by LHDNM and the CPD hours are recognised by Ministry of Finance as Continuing Professional Development (CPD)/Continuing Professional Education (CPE) points for the application and renewal of tax agent license.

All our workshops are available via in-house training.

## EARLY BIRD SPECIAL

Enjoy **10%** savings when you register online at least **one** month before the workshop date.

## EVENT DETAILS

Thursday 13 June 2019

### TIME

9.00am – 5.00pm

### VENUE

CPA Australia Seminar Room  
Suite 10.01, Level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

FEE (inclusive of 6% Service Tax, lunch and tea-breaks)

Member: RM349.80

REP/Member staff:  
RM455.80

Non-member: RM583.00

**LHDNM AGREED**  
for tax license renewal & application



Based on the merit of each applicant

### LEVEL

**COMPETENT**

CLAIM UP TO  
**8 CPD HOURS**



# INCOME TAX ON PROPERTY DEVELOPMENT ACTIVITIES

## KEY TOPICS COVERED

### Introduction

- Nature of property development activities
- Relevant accounting standards (MPERS and MFRS) and potential divergence from tax treatment
- Income Tax Regulation and Public Ruling on property development

### Commencement of business and pre-commencement expenditure

- When is the point/date of commencement of business
- Tax treatment of pre-commencement expenditure on acquisition of land and other expenditure

### Income and expenditure during development stage until completion of projects

- Income recognition based on stage of completion: principles and formula to determine gross income for tax purposes
- Multi-phase or multi-project: separate source of income and treatment of expected loss from a project/phase
- Tax treatment on revision of budgeted project profit including sale revocation
- Completion of project, final accounts and option to revise prior years' tax returns
- Property development costs: what should be capitalised and the basis on allocation of land and common costs to different phases and units
- Treatment of interest expenses and other borrowing costs
- Marketing and promotional packages: rebates, free goods and services, interest, GRR, free maintenance fee, etc.
- Advertising and selling expenses: launching, show units, sales gallery, sales commission, etc.

### Income and expenditure after completion of projects

- Defects liabilities, LADs and strata title expenses and option to carry back certain expenses
- Unsold development units: valuation, income and expenses

### Discussion of other specific tax issues

- Managing tax estimate and instalments: cash flow management
- Transfer of properties and withdrawal of stocks issue
- Car park facilities' construction cost and tax treatment
- Bumiputra quota and discount: potential tax issue
- Joint venture projects
- Disposal of land and properties subject to income tax or RPGT, compulsory acquisition and transfer of shares of property development companies
- Information required for tax audit and investigation including sales to related parties

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## SPEAKER'S PROFILES

### MR GOH KEAN HOE

Kean Hoe is the Managing Partner of KGNP, a Chartered Accountants Firm he founded in 2001. He is an approved company auditor, a licensed tax agent and a licensed GST agent approved by Ministry of Finance. He started his career with a Big Four Accounting Firm and left as an audit manager, to be the financial controller for a Malaysian manufacturing group for two years. His clients include PLCs, MNCs, SMEs and entrepreneurs in various sectors including retail, services, manufacturing, property development, construction and plantation. He has been advising clients on tax findings and issues raised from tax audit and successfully assisted clients to resolve the matters with significant reduction in tax liabilities in many instances through his interpretation of the tax laws and presentation of points and proposed solutions to IRB. He writes articles to present his views and analysis of current issues relating to accounting, tax and GST for Firm newsletters and external publications. He has also conducted numerous seminars and workshops on GST, taxation, financial and accounting related subjects. Kean Hoe holds a Bachelor of Accounting from the University of Malaya. He is a member of Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, and Chartered Tax Institute of Malaysia. He is also a member of the Tax Practice Committee and GST Working Group of MICPA. He has been the Honorary Treasurer of Malaysia Economic Association and a trustee for its foundation for a number of years. Kean Hoe is currently serving as an independent director of a public listed company in Malaysia.

### MR KRISHNAN DORAIRAJU

Krishnan is a partner at a professional tax firm, with extensive experience in providing tax compliance and advisory services to clients across a range of industries such as property development, manufacturing, construction, plantation, trading and automotive. He has served in the Big Four as well as medium size tax firms in Malaysia. His experience encompasses tax compliance and advisory matters including group restructuring exercise, restructuring of remuneration package, due diligence, withholding tax, tax incentive application, expatriate issues, stamp duty and real property gains tax. He represents clients in discussion and negotiations with IRB as part of appeal, tax audit, tax investigation or dispute resolution process. Over the past two years, he has handled numerous appeals, audit and investigation cases focusing on property development companies, resulting in positive and amicable settlement of the tax dispute. He is also actively involved in indirect tax advisory and training work. Krishnan also regularly speaks at public and in-house seminars and trainings on direct and indirect tax topics. Krishnan is a licensed tax agent approved by MOF and also an approved MyGCAP Reviewer. He is a member of Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia, and Association of Chartered Certified Accountants. He holds an ACCA professional qualification, LLB (Hons) (London) from University of London and a MBA from Cardiff Metropolitan University.

# REGISTRATION FORM

Save 10% on workshops when you register online at [cpaaustralia.com.au/malaysiatraining](http://cpaaustralia.com.au/malaysiatraining). You can also return completed form to CPA Australia.

✉ CPA Australia (M) Sdn Bhd (291307-P), Suite 10.01, Level 10, The Gardens South Tower,  
Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur

☎ +603 2267 3388 📠 +603 2287 3030 @ [cpd.malaysia@cpaaustralia.com.au](mailto:cpd.malaysia@cpaaustralia.com.au)

## 1 PARTICIPANT DETAILS

<b>PARTICIPANT 1</b>		Attending as	<input type="checkbox"/> Member	<input type="checkbox"/> REP / Member staff	<input type="checkbox"/> Non-member
Full name as per I/C	(Dato' / Datin / Dr / Mr / Mrs / Ms)	CPA Australia Member ID			
Position		Email*			
Mobile		Special dietary requirements (if any)			
<b>PARTICIPANT 2</b>		Attending as	<input type="checkbox"/> Member	<input type="checkbox"/> REP / Member staff	<input type="checkbox"/> Non-member
Full name as per I/C	(Dato' / Datin / Dr / Mr / Mrs / Ms)	CPA Australia Member ID			
Position		Email*			
Mobile		Special dietary requirements (if any)			
<b>PARTICIPANT 3</b>		Attending as	<input type="checkbox"/> Member	<input type="checkbox"/> REP / Member staff	<input type="checkbox"/> Non-member
Full name as per I/C	(Dato' / Datin / Dr / Mr / Mrs / Ms)	CPA Australia Member ID			
Position		Email*			
Mobile		Special dietary requirements (if any)			

REP refers to CPA Australia's Recognised Employer Partners. View our partners at [cpaaustralia.com.au/rep](http://cpaaustralia.com.au/rep)

Member staff refers to staff from a CPA member's firm or organisation.

\*Workshop confirmation will be sent to the stated email address.

## 2 CONTACT AND BILLING INFORMATION

Contact Person		Billing Address			
Phone					
Email					
Company Billing Name		State	Postcode		
Business Registration no.		Industry			

## 3 WORKSHOP AND PAYMENT DETAILS

NO.	WORKSHOP TITLE	DATE	LOCATION	PRICE	QTY	FEE (RM)
1						
2						
3						
<b>TOTAL</b>						RM

## 4 MAKE A PAYMENT

Do you want the electronic tax invoice/receipt to be under the company's name?  Yes  No

Payment method  Credit card: Visit [cpaaustralia.com.au/malaysiatraining](http://cpaaustralia.com.au/malaysiatraining) to register and pay with your credit card with MYR.

Cheque: Make payable to 'CPA Australia (M) Sdn Bhd' Cheque number

Please indicate registrants full name, membership number and contact number on the back of the cheque.

For other methods of payment, call +603 2267 3388

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Signature  / /