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**TECHNICAL - DIRECT TAXATION**

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**e-CTIM TECH-DT 7/2022**

**11 January 2022**

**LHDNM RESPONSES TO CLARIFICATION SOUGHT ON FAQ ON DEFERMENT OF CP204 & CP500 INSTALMENTS FROM 1 JANUARY 2021 TO 30 JUNE 2021**

The Institute has received responses from the Inland Revenue Board of Malaysia (“LHDNM”) on 10 January 2022 to clarification sought by the Institute on the LHDNM’s FAQ on deferment of CP204 and CP500 instalments from 1 January 2021 to 30 June 2021 as follows:

**Issue No.1**

**Deferment of CP204 and CP500 tax instalments (1 January 2022 to 30 June 2022)**

Does the deferment of tax instalments from 1 January 2022 to 30 June 2022 apply to a company with paid-up capital in respect of ordinary shares of not more than RM2.5 million at the beginning of the basis period (BP) and gross business income of RM50 million and below but is a subsidiary of a company with a paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the BP? Does it also apply to an Investment Holding Company (IHC)?

Based on item B4 of the FAQ issued by the IRB, the Micro, Small, and Medium Enterprise (MSME) status is as stated in the latest Form C received by the IRB. However, IHC and companies within a large MNE will be stated as non-MSME in their respective Form Cs even though their paid-up capital in respect of ordinary shares is not more than RM2.5 million at the beginning of the BP and their gross business income is RM50 million and below.

**CTIM comments:**

Please clarify the matters above.

**LHDNM response:**

*The deferment of tax instalments from 1 January 2022 to 30 June 2022 is also applied to the subsidiary of a company with a paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the basis period (BP) if the criteria of having paid-up capital in respect of ordinary shares of not more than RM2.5 million at the beginning of the BP and gross business income of RM50 million and below are fully satisfied. IHC and companies within a large MNE that fulfil the above criteria also will be allowed to defer their instalment payment.*

**CTIM Note on LHDNM response:**

LHDNM has indicated in its response that IHC which fulfil the criteria of having paid-up capital in respect of ordinary shares of not more than RM2.5 million at the beginning of the BP and gross business income of RM50 million and below are allowed to defer their instalment payment. Members should take note that IHC under S.60F of the Income Tax Act 1967 (“ITA”) do not have income from business source based on the provisions of S.60F(1A) of the ITA. As such, the Institute will seek further clarification from the LHDNM on this matter and update members accordingly.

**Issue No.2**

For YA 2021, some taxpayers have submitted CP502 and received CP503X on the revised instalment.

**CTIM comments:**

We would like to seek your confirmation that the January 2022 instalment payment under the CP500/CP502/CP503X (whichever is applicable) for YA 2021 qualifies for this deferment.

**LHDNM response:**

*Yes. The January 2022 instalment payment under the CP500/CP502/CP503X (whichever is applicable) for YA 2021 is qualified for this deferment since it falls within the period of deferment (January 2022).*

**Issue No.3**

**CTIM comments:**

We would like to seek your confirmation that the January 2022 instalment payment under the CP204/CP204A/CP205 (whichever is applicable) for YA 2021 for a company with a financial year ended 31 December 2021 qualifies for this deferment.

**LHDNM response:**

*Yes. The January 2022 instalment payment under the CP204/CP204A/CP205 (whichever is applicable) for YA 2021 for a company with a financial year ended 31 December 2021 is qualified for this deferment since it falls within the period of deferment (January 2022).*

**Issue No.4**

**CTIM comments:**

We would like to seek your confirmation that companies do not need to wait for notification from the IRB that they qualify for deferment of CP204/CP204A instalment payments if they have met the eligibility criteria mentioned in the FAQ or have ticked the box in the YA 2020 Form C indicating that they have paid-up ordinary share capital not exceeding RM2.5 million at the beginning of the basis period and gross income from all business sources not exceeding RM50 million.

**LHDNM response:**

*Yes. The companies need not to wait for the notification from IRBM if they fulfilled the criteria as below:*

- i. Paid up capital not exceeding RM2.5 million at the beginning of the basis period for a year of assessment; and*
- ii. Turnover not exceeding RM50 million for a year of assessment.*

Members may read the LHDNM's responses in the 'References' below or in the 'Members Only' section of the [Institute's website](#).

You may write to the Institute at [technical@ctim.org.my](mailto:technical@ctim.org.my) in respect of any concern or comments you may have on the LHDNM's responses.

**References:**

[LHDNM responses dated 10 January 2022 to CTIM on FAQ on deferment of CP204 & CP500 instalments from 1.1.2021 - 30.6.2021](#)

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