



98/2021

# CCS Insights

Jurisdiction to Tax - Source Jurisdiction

税收管辖区 - 来源地管辖权

*Feel the CCS & Co Difference*



## Jurisdiction to Tax - Source Jurisdiction [Territorial Concept]



- Source jurisdiction for tax purposes means that a country (let's assume it's your country) taxes non-resident individuals and corporations on income generated within that country (i.e., from your country).
- In principle, this tax regime is aimed at income derived by non-residents from the sale of goods, services, property or other resources to customers in your country, or income derived by non-residents from the use of goods, services, property or other resources by those customers.

11/15/21

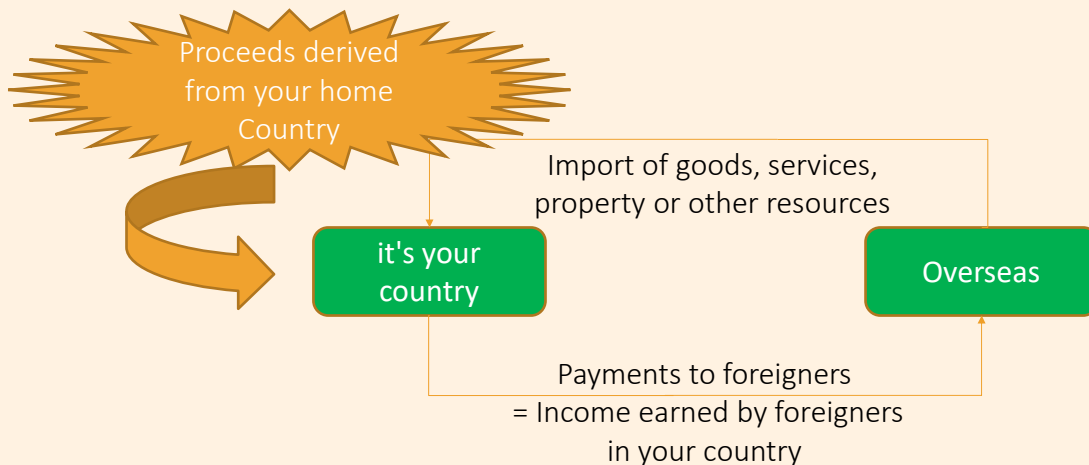
CCS | Understanding Malaysian Tax System



## Jurisdiction to Tax - Source Jurisdiction [Territorial Concept]



- This concept can be illustrated as follows:



11/15/21

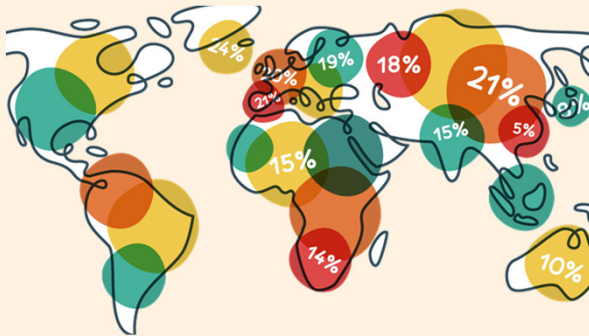
CCS | Understanding Malaysian Tax System



## Jurisdiction to Tax - Source Jurisdiction [Territorial Concept]



- The tax benefit hypothesis, in brief, provides the economic reason for taxing income earned in your home country. Because of its relationship to the economic activity that generates that revenue, your government taxes income derived from it.



- To put it another way, there is a clear and unmistakable link between your country and the economic activity that provides the income.



11/15/21

CCS | Understanding Malaysian Tax System

## Jurisdiction to Tax - Source Jurisdiction [Territorial Concept]



- In other words, if your country provides public services (such as roads and other infrastructure, police and defence forces, legal institutions and their administration, and so on) that benefit non-residents and thus allow them to engage in income-generating economic activities, your country will tax the income generated within its jurisdiction.
- In this respect, the tax represents a contribution to the cost of these public services.
- As a result of the benefit hypothesis underpinning source-based taxes, a non-resident must have some sort of presence or activity in your nation (such as investing in your country) in order to profit from the government's public services.



11/15/21

CCS | Understanding Malaysian Tax System

## Jurisdiction to Tax - Source Jurisdiction [Territorial Concept]



- This rationale explains why tax treaties require non-resident taxpayers to establish a "permanent establishment" in your home country in order for your home country to tax the non-resident's income derived from your home country.
- It follows logically that a non-resident who merely exports goods or services from abroad to your country will not be liable for tax in your country on the income derived from those export sales (although the income is still derived from your country), since the mere export of goods or services by a non-resident to your country does not require any form of presence or other involvement of the non-resident exporter in your country.
- Thus, the non-resident exporter does not benefit from the public facilities of your country and is not required to contribute to the cost of those public services.



11/15/21

CCS | Understanding Malaysian Tax System

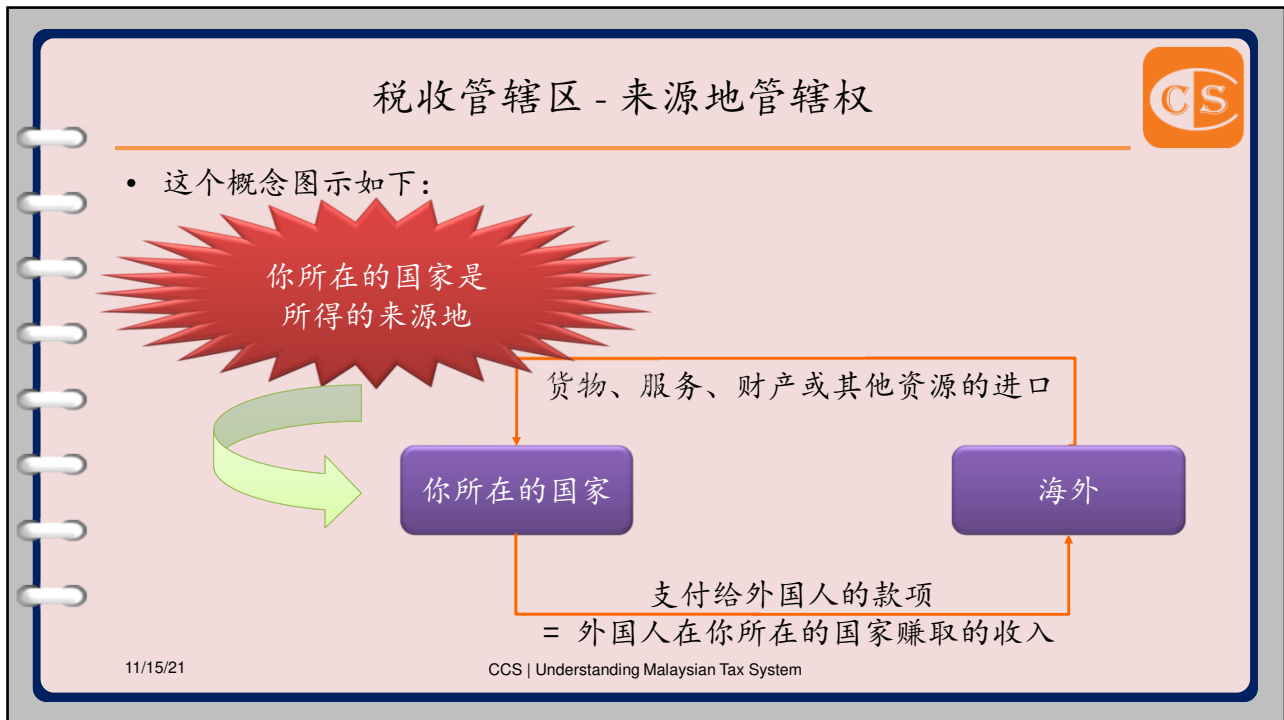
## 税收管辖区 - 来源地管辖权




- 在税收方面，来源地管辖权是指一个国家（就让我们假设这就是你所在的国家 A 国）对非居民个人和公司在该国境内（也就是来自你的国家，即：A 国）所产生的收入进行征税。
- 原则上，这种税制是针对非居民向 A 国的客户销售商品、服务、财产或其他资源所获得的收入，或者非居民因为 A 国这些客户使用商品、服务、财产或其他资源而获得的收入。

11/15/21


CCS | Understanding Malaysian Tax System



### 税收管辖区 - 来源地管辖权



- 简而言之，对源自你所在的国家所得征税，这一政策背后的理由，来自税收受益论。
- 你所在的国家之所以对源自其境内的所得征税，原因在于它与产生这一所得的经济活动之间存在着联系。



11/15/21 CCS | Understanding Malaysian Tax System

## 税收管辖区 - 来源地管辖权



- 换句话说，你所在的国家提供了公共服务（如道路和其他基础设施、警察和国防部队、法律机构及其管理等），使非居民从中受益，从而使他们能够开展产生所得的经济活动，因此你所在的国家将有权对其管辖范围内所产生的收入征税。
- 从这个意义上来说，税收代表了非居民对这些公共服务的成本贡献。
- 因此，一个国家如果以来源为基础进行征税，背后的受益论所要表达的就是说非居民如果要利用由政府（你所在的国家）所提供的这些公共服务，就需要有一定的存在形式或开展某种经济活动（例如：进行投资）。

11/15/21

CCS | Understanding Malaysian Tax System

## 税收管辖区 - 来源地管辖权




- 这个道理也解释了**税收协定**为什么要求非居民纳税人需要在你所在的国家设立一个“常设机构”，你所在的国家才能对这些非居民源自你所在的国家所得的收入征税。
- 从逻辑上讲，仅仅从国外向你所在的国家出口货物或服务的非居民，他们实际上并没有在你所在的国家有任何形式的存在或参与其他经济活动，有鉴于此，你所在的国家将不对这些出口销售所得的收入征税（尽管这些收入仍然产生自你所在的国家）。
- 这是因为非居民出口商并没有从你所在的国家公共设施中受益，也不需要为这些公共服务作出贡献。

11/15/21

CCS | Understanding Malaysian Tax System

## 免责声明 / Disclaimer



- 当你以我们的视频及刊物上的内容作为参考时，你需要：
  - 查询相关资料是否依然合时、准确和完整；和
  - 寻求本身独立的专业意见，因为各别案例所涉及的范围和层面皆不同。
- When you apply the content in our videos and publications as a reference, you need to:
  - check the information contained therein whether it's up-to-date, accurate and complete, and
  - seek your own independent professional advice; this is because the scope and extent involved in each individual case is different.

11/15/21
CCS | Understanding Malaysian Tax System

**For further consultation, please contact:**

**Chin Chee Seng**  
Partner  
+6012 365 4331  
cschin@ccs-co.com

**Wong Woei Teng**  
Audit Partner  
+6017 237 8233  
woeiteng@ccs-co.com

**Jared Low**  
Assurance Director  
+6018 763 4813  
jared@ccs-co.com

# CCS & Co

© 2021 CCS. All rights reserved. Not for further distribution without the permission of CCS & Co. "CCS" refers to the network of member firms of CCS & Co. The information contained in the slides represents the views of CCS and does not constitute the provision of professional advice of any kind. The information contained in the slides is based on our interpretation of existing legislation as at the published date. While CCS makes reasonable efforts to provide information which we believe to be reliable, we make no representations or warranties that the information provided is complete, accurate, up to date or non-misleading. The information provided herein should not be used as a substitute for consultation with professional advisers. Before making any decision or taking any action, you should consult a professional adviser who has been provided with all the pertinent facts relevant to your particular situation. No responsibility for loss occasioned to any person action or refraining from action as a result from using the information in the slides can be accepted by CCS.