



THE INLAND REVENUE BOARD OF MALAYSIA

# ANNUAL REPORT 2007



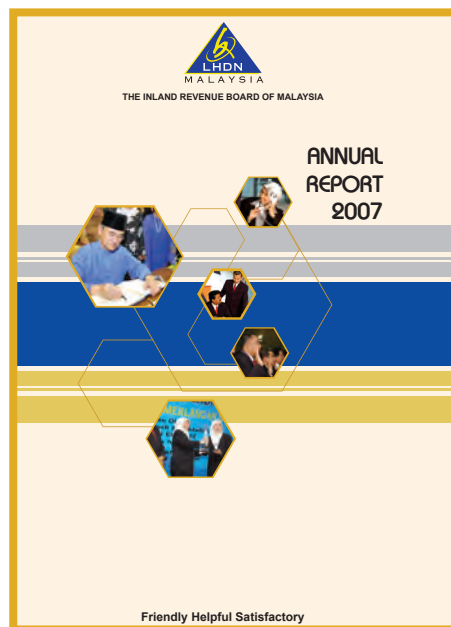
**Friendly Helpful Satisfactory**

# **ANNUAL REPORT 2007**



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## Cover Rational

The cover displays a beehive formation. The hexagon symbolises the IRBM's commitment to implement its six inter-related principal activities comprising operations, technical, compliance, training, finance and administration. The three horizontal bands depict the broadband connection that is essential for our electronically-based service. The blue band symbolises the dedication of all IRBM employees. Yellow indicates the changes that are required with current needs. Grey is the steadfastness in enforcing taxation regulations.

The overall design describes the IRBM's commitment and passion to continuously and proactively ensure that the tax administration system remains relevant and to contribute to national development.

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# ANNUAL REPORT

## 2007







## THE IRBM CULTURE



The Inland Revenue Board of Malaysia (IRBM) culture aims to provide organisational direction and insemminate its values among all IRBM officers. The culture is practised as an integral part of all functions and responsibilities to achieve better focus and efficiency.

### **Vision**

The IRBM as a world-class tax administrator

### **Mission**

To provide quality taxation services to increase national revenue

### **Objective**

To create and implement a fair and effective tax management system

### **Quality Policy**

We are committed to provide quality service to our clients, based on the IRBM slogan, “Friendly, Helpful, Satisfactory”

## ESTABLISHMENT

The Inland Revenue Board of Malaysia (IRBM) was originally known as the Income Tax Office and was renamed the Inland Revenue Department (IRD) in 1957. On 1 March 1996, the IRD was upgraded to a board under the Inland Revenue Board of Malaysia Act, 1995 (Act 533). The Inland Revenue Board of Malaysia Act, 1995 lists all functions that are entrusted upon the Inland Revenue Board of Malaysia (IRBM), specifically functioning as the Government's agent in administrating, assessing, collecting and enforcing the payment of all types of taxes that it administrated.

## Functions

Functions of the IRBM:

- a. To act as a Government agent in the administration, assessment, collection and enforcement of income tax, petroleum income tax, real property gains tax, estate duty, stamp duty and other taxes agreed upon between the Government and the Board.
- b. To advice the Government on matters relating to taxation and to liaise with relevant Ministries and statutory bodies on such matters.
- c. To participate in meetings, discussions and agreements relating to local or international taxation.
- d. To act as a collections agent for and on behalf of any statutory body in recovering loans payable to it under any written law.
- e. To perform such other functions as are conferred to the IRBM under any other written law.

## Responsibilities

The IRBM is responsible for the administration of the following laws:

- a. Stamp Act, 1949,
- b. Income Tax Act, 1967,
- c. Petroleum Act (Income Tax), 1967,
- d. Real Property Gains Tax Act, 1976,
- e. Labuan Offshore Business Activity Tax Act, 1990,
- f. Promotion of Investments Act, 1986, and
- g. Other related acts.

The IRBM is required to comply with all Double Taxation Agreements (DTAs) entered into by the Government of Malaysia with other governments. In addition, the IRBM is also required to comply with all other legislations related to its administration:

- a. Federal Constitution, 1957,
- b. Interpretation Act, 1948 and 1967,
- c. Limitation Act, 1953,
- d. Courts of Judicature Act, 1964,
- e. Companies Act, 1965,
- f. Bankruptcy Act, 1967,
- g. National Land Code, 1965,
- h. Criminal Procedure Code (Act 593),
- i. Penal Code (Act 574),
- j. Company Winding Up Rules, 1965,
- k. High Court Rules, 1980, and
- l. Subordinate Court Rules, 1980.

The IRBM still administer several repealed legislations to resolve outstanding cases from previous years:

- a. Estate Duty Enactment, 1941, and
- b. Share Transfer Tax Act (Land-based Company), 1984.

## **Board Meetings**

In 2007, the IRBM conducted seven Board Meetings.

## **Official Address**

Chief Executive Officer/Director General of Inland Revenue  
Inland Revenue Board of Malaysia  
15<sup>th</sup> Floor, Block 9, Government Building Complex  
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# IRBM GOVERNANCE







## CHAIRMAN'S STATEMENT



The Inland Revenue Board of Malaysia (IRBM) once again sustained its excellent performance in 2007 and collected an impressive RM74.70 billion in direct taxes. This is yet another outstanding achievement by the IRBM for surpassing its target of RM70.12 billion in collections.

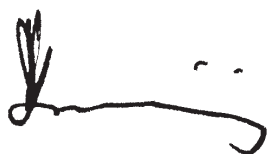
The amount collected represents 52.69% of the Federal Government's overall revenue for 2007. With the increase in this year's collections, the IRBM's efforts in improving the quality and efficiency of its administrative operations have been proven to be effective. The IRBM has stepped up its core activities of (a) tax collection, (b) law enforcement, (c) compliance monitoring, and (d) organisation of wide-scale tax education programmes. In addition, the IRBM also focussed on steps to improve the standard of services, reduce tax arrears and control revenue loss from tax evasion and avoidance activities.



Members of the Board and the Management of the IRBM work closely to ensure that priority is given to the planning and implementation of policies. Innovations ensure that improvements were made to programmes already approved for implementation. By increasing the number and skill level of its human resource, the IRBM aims to strengthen and improve the effectiveness of its tax operations. Assets were purchased as premises for the IRBM offices to provide a conducive working environment that can inspire a culture of excellence and achieve higher levels of productivity and service delivery. Special focus was given to improve service effectiveness and create innovation in a better and more effective delivery system.

Current needs and global challenges in the national taxation system demand changes that must be taken into consideration. As such, the innovative e-Filing received encouraging response from taxpayers as it facilitates the online submission of tax returns. A total of 873,095 individual taxpayers used the system in 2007 compared to 186,271 in 2006. This shows that innovations in the taxation system that provides convenience are well-received by the public. In addition, the IRBM has also taken proactive steps in handling refunds. Several new features and simplified processes helped expedite related transactions.

Finally, on behalf of the Board, I would like to take this opportunity to record my deepest appreciation to the management and all employees of the IRBM for their efforts, hard work, concerted commitment and high productivities in 2007. I would also like to thank the Board Members for their views, suggestions and services given to the IRBM as a whole. Indeed, their past and future commitment and cooperation will contribute towards achieving excellent performance now and in the future.



(DATO' SRI DR. WAN ABDUL AZIZ BIN WAN ABDULLAH)

Chairman

Inland Revenue Board of Malaysia

## BOARD MEMBERS

**TAN SRI IZZUDDIN BIN DALI**

Chairman  
Inland Revenue Board of Malaysia  
(Until 27 February 2007)



**DATO' SRI DR. WAN ABDUL AZIZ BIN WAN ABDULLAH**

Chairman  
Inland Revenue Board of Malaysia  
(From 28 February 2007)  
Secretary General of Treasury  
Malaysian Treasury



**TAN SRI ISMAIL BIN ADAM**

Director General of Public Services,  
Public Services Department of Malaysia



**DATO' MOHD SALLEH BIN MAHMUD**

Accountant General  
Accountant General Department of Malaysia



**DATUK AZIYAH BINTI BHAUDDIN**

Secretary, Tax Analysis Division  
Malaysian Treasury



**DATUK NOR BEE BINTI ARIFFIN**

Parliamentary Legal Draftsman  
Drafting Division, Attorney General's Chambers of Malaysia



**DATUK DR. SYED MUHAMAD BIN  
SYED ABDUL KADIR**

Private Consultant  
(Until 14 March 2007)



**DATUK WIRA HAJI AHMAD RUSLI BIN JOHARIE**

Private Consultant  
(From 15 March 2007)



**ENCIK SIVALINGAM A/L SELVADURAI**

Private Consultant



## REPORT BY THE CHIEF EXECUTIVE OFFICER



“The tax collection performance is an indicator of the IRBM’s success in implementing the programmes planned. This is measured by the contribution of direct tax collections to the Federal Government’s revenue as well the IRBM’s ability to achieve the Government’s collection target for 2007. The collection of direct taxes contributed 52.69% of RM141.79 billion of the Federal Government’s overall revenue for 2007.”

**Dato’ Hasmah Binti Abdullah**  
**Chief Executive Officer/Director General of Inland Revenue**  
**Inland Revenue Board of Malaysia**

## Performance Report

In 2007, while maintaining focus on the core activities of the IRBM, which are collections, enforcement and compliance, the IRBM also seriously looked at their refund system, in line with the Government's aspirations to improve customer service delivery to the public. By restructuring their strategy, the workforce is focused on fulfilling all core activities including revenue arrears and refunds. As a result, the IRBM improved its performance in collections, compliance, service delivery, and enforcement.

Other areas highlighted in this report are the agenda on human capital development, the measurement of cost efficiency for collections and the implementation of the IRBM's function as a collections agent for the National Higher Education Fund Corporation (*Perbadanan Tabung Pendidikan Tinggi Nasional* or PTPTN). Emphasis is given to the IRBM's future planning, which is structured into three main strategies. The first strategy is to increase the collection of national direct taxes. The second strategy is aimed at improving the quality of taxation services. The third strategy is to improve the efficiency of the IRBM's tax administration. The section ends with an acknowledgement of all those who had contributed their energy and hard work to the IRBM's success in 2007.

### 2007 Tax Collection Performance

The IRBM successfully maintained its good performance in the administration and collection of national direct taxes. In 2007, the IRBM collected a total of RM74.70 billion in direct taxes. This is 6.54% higher than the Government's direct tax revised estimates of RM70.12 billion for 2007 and 13.64% more than the RM65.74 billion collected in 2006.

The tax collection performance is an indicator of the IRBM's success in implementing the planned programmes. This performance achievement is measured by the contribution of direct tax collections to the Federal Government's revenue as well the IRBM's ability to achieve the Government's collections target for 2007. The collection of direct taxes contributed 52.69% of RM141.79 billion of the Federal Government's overall revenue for 2007.

Company income tax was the biggest component of direct taxes collections, contributing RM37.57 billion (50.30%). Petroleum income tax and individual income tax contributed RM20.45 billion (27.38%) and RM11.59 billion (15.52%) respectively. Revenue from stamp duty collections totalled RM3.39 billion (4.54%) and withholding tax amounted to RM1.20 billion (1.59%). Collections of Real Property Gains Tax (RPGT) amounted to RM0.28 billion (0.37%). The other components consist of cooperative income tax, Labuan offshore

business activity tax (IOFC) and other taxes which recorded a total collection of RM0.22 billion (0.30%).

## **Tax Collections Performance In 2007 Compared With 2006**

To measure the success in 2007, the collection of direct taxes by tax component was compared with that in 2006. The analysis indicated an overall improvement for 2007 from the previous year. The highest increase of 23.54% in tax collection was recorded for company income tax. Collections of individual income tax, RPGT and stamp duty also showed increases of 11.36%, 23.99%, and 33.99% respectively. Cooperative income tax increased by 7.23% and IOFC by 10.38%. However, petroleum tax and withholding tax collections dropped by 1.07% and 6.75% respectively. Overall, the comparison for collections performance of all components of direct taxes in 2007 showed an increase of 13.64% from 2006.

## **Basis for the IRBM's Performance**

The IRBM's 2007 performance achievement is based on the effort and commitment of its workforce in collections, compliance, enforcement and customer service. The innovative information technology systems enhanced these activities. It covers information processing functions, collections, auditing and investigation. The 2007 national economy which sustained a growth rate of 6%\*, also contributed to the increase in direct tax collections.

(\*2007/2008 Economic Report, Ministry of Finance Malaysia)

## **Performance of Audit Operations and STD Compliance**

To improve taxpayers' voluntary compliance with tax laws, the IRBM implemented various audit-related programmes. The main objective of audits activities is to ensure that the reporting and assessment of taxes under the Self-Assessment System (SAS) comply with taxation laws.

Audit cases in 2007 were divided into field and desk audits. Field audit cases are divided into categories of Company cases and Non-Company cases. For desk audit, cases are also divided into categories of Company cases and Non-Company cases. Overall, audit cases recorded a total collection of RM1,410 million including additional taxes and penalties, from the total of 279,175 audit cases which were finalised successfully. Non-company audits improved significantly when the SAS was introduced to individuals from 2006.

38,399 employers were audited in 2007 for compliance with Schedular Tax Deductions (STD), compared to 31,931 employers audited in 2006. STD audit activities in 2007 resulted



in the collections of STD arrears amounting to RM102.7 million compared to RM76.1 million the previous year, representing an increase of 34.95%.

## Performance of Investigations and Law Enforcement

Investigation and prosecution programmes were further activated through law enforcement with the aim of preventing tax avoidance and tax evasion. Throughout 2007, investigations activities comprising civil investigation, criminal investigation, and a special section on compliance and prevention, recorded a total of RM699.03 million in revenue collections through 759 cases investigated.

Meanwhile, enforcement activities through legal suits activities continued to be intensified. Enforcement measures are taken against taxpayers who failed to settle their taxes within the stipulated period.

Enforcement actions under section 104 of the Income Tax Act 1967 and section 22 of the Real Property Gains Tax Act 1976 were also taken against taxpayers who defaulted in their income tax and RPGT payments. Under these provisions, taxpayers were prevented from leaving Malaysia until the amounts owed in arrears were settled. In 2007, a total of 7,553 taxpayers were charged under these provisions, compared to 12,168 taxpayers in 2006, which netted RM103.90 million in tax arrears compared to RM224.42 million the previous year.

Another proactive measure in the IRBM's enforcement programme was house-to-house visits. This was stepped up to deliver final notices, summonses or tax demand notices to taxpayers who had failed to submit their Income Tax Returns (ITRs) or to settle their outstanding taxes.

The tax base expansion programme in 2007 was implemented more widely with more visits to premises. This was aimed at increasing the number of tax file registrations by potential taxpayers. The main activities of the tax base expansion programme include the implementation of the business census programme, economic zoning programme, publicity programme, briefings, e-Filing workshops, customer service programme and the



IRBM's "Q" Unit / Data Warehouse function. To ensure that potential taxpayers contribute to the national taxes, business census activities were conducted on a continuous basis at state level.

In 2007, business census activities involved visits to 51,711 business premises in housing areas and shopping complexes. This resulted in 5,124 new files registered. A wider and more comprehensive use of information in the IRBM's Data Warehouse helped improve detection activities whilst facilitating the cross-checking of information from taxpayers.

## Performance of Customer Service and Tax Education

The concept of friendly, helpful and satisfactory service is the IRBM's key driver in improving the overall quality of its services to customers. Free briefings and workshops on e-Filing, the Taxpayers' Service Programme, the Taxpayers' Service Month (TSM) Programme and the Small Traders, Support Services Programme were among the programmes that were well-received by taxpayers.

A total of 884,748 people visited the counters during the 2007 TSM programme, which was held from February to June 2007, as compared to 715,134 visitors in 2006. The number of visitors increased by 23.72% as there are still many new taxpayers and those who were unfamiliar with e-Filing in submitting their TRFs.



The Revenue Service Centres (RSCs) set up in selected areas are part of the programme to increase the coverage of customer service. Another three RSCs started operating in Bentong, Tampin and Seri Aman. As at 2007, 11 RSCs have been established and these have received encouraging response while contributing to the increase in stamp duty and overall revenue collections in 2007.

## Performance of Electronic Services

In line with the Government's effort to include electronic services in all transactions, the IRBM placed greater focus on electronic services in its service delivery system to taxpayers. Innovations and various initiatives continued to be introduced to provide convenience and to expedite the process of tax assessment and payment. To provide further convenience to taxpayers, Commerce International Merchant Bank Berhad (CIMB) and Public Bank

Berhad (PBB) were appointed as income tax collections agents. Both banking groups offer counter service for tax payments at their branches as well as electronic payment via online banking portals.



### **e-Filing**

Ever since it was introduced to taxpayers in 2006, e-Filing began attracting the interest of the community. Online submissions of ITRs became the people's choice. In 2007, 873,095 individual taxpayers used the service compared to only 186,271 users the previous year. Meanwhile, company taxpayers that used the e-Filing application increased by 556.38% from 298 in 2006 to 1,956 in 2007.

### **e-Payment Service**

The e-Payment service is another facility provided by the IRBM to its customers under the e-Government initiative. It was promoted from this year together with e-Filing especially among e-Filing users. The system has been enhanced to enable taxpayers to settle the balance of their tax dues directly through e-Payment after completing their e-Filing.

The promotions and system enhancements have increased the number of transactions made through e-Payment by 9,510 or 95.81% to 19,436 compared to 9,926 transactions in 2006. The amount of taxes paid also showed an increase of 51.18% from RM66.29 million in 2006 to RM100.22 million in 2007.

### **Real Property Transfer Assessment System**

In 2007, the IRBM's Real Property Transfer Assessment System (RPTAS) showed an increase in stamp duty collections of 59.24% compared to the previous year. The system is able to process stamp duty assessments online for real property transfers. The RPTAS is able to issue an assessment notice within 24 hours of receipt of an application, compared to 14 days before the system was introduced. A total of 1,895 legal firms have used this system in a total of 89,598 transactions compared to 599 legal firms in 56,826 transactions the previous year. These transactions yielded stamp duty collections of RM448.90 million, representing an increase of 59.24% from RM281.91 million in 2006.



## **Performance Monitoring and Measurement**

### **Service Delivery System**

Improving the quality and providing value-added services are among the steps taken by IRBM to improve its tax administration. An efficient taxation procedure can increase the IRBM's productivity and subsequently improve the performance of national direct tax collections. The IRBM constantly monitors and assesses the performance of its service delivery system and the Key Performance Indicator (KPI) is one way of doing this. The IRBM also focuses much attention on the systematic monitoring of activities, management audit and compliance with the MS ISO 9001:2000 standard. The recognition of outstanding achievement and high performance based on criteria of excellence has always been a factor used to measure service delivery performance.

### **Tax Refund Programme**

Improvements to the refund system were the IRBM's primary focus in conjunction with the government's goal of enhancing its services to customers. The effort was magnified by consolidating the application of e-Filing so that all data may be accessed by officers to expedite the process of refunding. Refunds cases were given priority for both e-Filing and manual submissions of ITRs. The tax refund program was speeded up by utilising the efficient Tax Refund Fund (TRF) and an established strategy. In 2007, the IRBM not only expedited the refunding of excess taxes to taxpayers but also succeeded in resolving a major part of refund claims from previous years.

At as 31 December 2007, the IRBM had successfully processed 649,578 cases of refund claims compared to 291,315 cases in 2006. During the same period, the IRBM successfully issued refunds for 400,360 cases totalling RM5,394.27 million, compared to 183,731 cases amounting to RM4,342.39 million in 2006. The 400,360 cases refunded were for 2007 and previous years.

The number of refund cases finalised in 2007 increased significantly compared to the previous year. The improved performance was a result of the IRBM's success in finalising refund cases, including refunds in arrears. Refunds in previous years were made only upon the request of the taxpayer, on the condition that all assessments have been settled. In 2007, in addition to making the requested refunds, submissions of ITRs through e-Filing were also processed.

The amount of refunds issued increased by RM1,051.88 million or 24.22%. The 24.22% increase in the refunded amount, which is less than the 117.91% increase in the number of cases, shows that the IRBM does not discriminate between big and small cases in processing the refunds. The overall increase in the total number and amount of refunds in 2007 compared to previous years indicated an improvement in the refund system.

## Corporate Social Responsibility

The IRBM played a major role in ensuring that the collection of national taxes remains on target. At the same time, the IRBM is mindful of the needs of the community who are the tax contributors and taxpayers. To this end, the IRBM has embarked on carrying out community activities to fulfil its social obligations.

Corporate Social Services provided by the IRBM in 2007 were the relief to flood victims in Johor, donations to cancer patients through the Malaysian Cancer Fund, and aid to the orphans of IRBM officers. The funds raised and the financial assistance given were the result of the sincere effort by all IRBM staff nationwide.



## Human Capital Development

The IRBM commits strongly to its Human Capital Development Programme with the objective of producing officers who are competent, professional, knowledgeable, skilled, with discipline and integrity. To this end, human resource development programmes are given focus and priority. Training programmes are continuously planned and implemented to equip officers with the ability to adapt to current changes and needs. Various training programmes were conducted by qualified trainers at the IRBM's following training centres:

- Malaysian Tax Academy;
- Investigation Training Centre;
- Audit Training Centre;
- Stamp Duty Training Centre; and
- Organisational Development Division, Administration Department.

In addition to enhancing its internal training programmes, the IRBM also updates itself with the latest taxation practices of foreign tax administrators as a guide for benchmarking the level of capability and knowledge among the IRBM officers. Training to enhance skills and core competencies such as auditing, investigation and customer service are also given priority. Focus is also on best practices in current taxation issues such as audit issues, criminal investigation, transfer pricing and advance pricing arrangements, e-commerce, cross-border trading, financial forensics, acquisition of digital evidence, tax enforcement, etc. In this regard, the IRBM employs foreign expertise to train IRBM officers through collaboration with the following overseas organisations:

- Organisation For Economic Co-operation and Development (OECD);
- The Commonwealth Association of Tax Administrators (CATA);
- Study Group on Asian Tax Administration and Research (SGATAR);
- International Bureau of Fiscal Documentation (IBFD);
- Japan International Cooperation Agency (JICA); and
- Federal Law Enforcement Training Centre (FLETC).



The IRBM also organises training in collaboration with several local organisations, such as the Economic Planning Unit of the Prime Minister's Department under the Malaysian Technical Cooperation Programme and the education-in-service programme for IRBM officers with Universiti Teknologi MARA (UiTM).

## **Collections Cost Efficiency Indicator**

Overall, in 2007, the cost incurred in collecting every RM100 in taxes increased by 12.14% to RM1.20 compared to RM1.07 in 2006. The increase of 19.12% in administrative costs was the main factor contributing to the decline in this efficiency indicator. An increase of 12.14% is considered reasonable in maintaining the IRBM's efficiency in increasing its collections.

## **PTPTN Collections Agent**

The IRBM continued its responsibility as a collection agent for the National Higher Education Fund Corporation / *Perbadanan Tabung Pendidikan Tinggi Nasional* (PTPTN) in 2007. A total of RM61.49 million in loan repayments was collected from 37,853 borrowers in 2007 compared to RM43.92 million from 28,452 borrowers in 2006.

## **Future Planning**

The IRBM is committed in giving priority to the implementation of the following strategies:

### **To Increase the collection of national direct taxes**

To achieve this objective, the IRBM will take the following steps:

- to implement taxation programmes for 2008 vide form issue and processing, e-Filing for forms B, BE, C and R, customer service improvement, effectiveness of tax audits and schedular tax deductions, broadening of the tax base, collections, assessments and audits of petroleum income tax, stamp duty and other taxes;
- to continue increasing the number of tax payment facilities and to establish smart collaborations with banking institutions, for instance by expanding e-Payment through the Financial Process Exchange (FPX), credit cards, and Automated Teller Machines (ATMs);

- to promote and improve as well as to simplify the process of e-Filing on a wider scale through the various media, including print and electronic media;
- to set up more RSCs for the people's convenience in obtaining service and thereby increasing the collection of stamp duty;
- to actively pursue compliance and enforcement of taxation laws to improve voluntary compliance among taxpayers with the SAS;
- to strengthen the system for monitoring arrears in revenue in addition to improving work processes and refund procedures to expedite the approval process; and
- to continue implementing the taxpayer education programme to produce a tax-literate society thereby improving voluntary tax compliance, which will in turn contribute to future tax revenues.

### **Improving the quality of taxation services**

Under this strategy, the IRBM will implement programmes and activities that add value to its service delivery. The aims of these activities are:

- to improve the management of customer service, public complaints and channels of communication to ensure customer satisfaction when dealing with the IRBM,
- to support the government's effort in upgrading its services through the e-KL application;
- to update the Customer Charter by considering revisions to the working process based on customer needs;
- to multiply the productivity of IRBM officers through improved competencies, skills, expertise, knowledge, diligence, discipline, integrity and commitment in providing service to customers:

- to improve efficiency and performance of service delivery by improving regulations, systems, procedures and work processes to meet customer needs in line with current changes; and
- to provide guidelines for counter service uniformity .

### **To improve the efficiency of the IRBM's tax administration**

The IRBM will proactively take measures to raise the public's trust and confidence in the efficiency of its tax administration by implementing the following activities:

- to develop the IRBM Integrity Plan as a step towards creating a culture of ethics and integrity in fulfilling its responsibilities;
- to develop an information technology system that fully supports all tax administration functions to expedite and simplify all transactions;
- to strengthen the management and distribution functions for human resource, finance and project management to ensure an effective, efficient and economical tax administration; and
- to form networking and build relationships with various sectors, including the taxes of other countries as well as international bodies, with the objective of sharing knowledge, gaining expertise, increasing information exchange and leveraging on best practices, which will in turn contribute to effective tax administration in the future.



## Acknowledgement

I would hereby like to record my appreciation and sincere thanks to the Chairman and all Members of the Board for their views and support in ensuring the smooth administration of the IRBM. I would also like to thank the Ministry of Finance and the Economic Planning Unit for their contribution and cooperation in 2007.

My appreciation and congratulations go to all IRBM employees for carrying out their duties and responsibilities with enthusiasm and dedication. I highly appreciate the commitment and dedication shown. The professional working culture of the IRBM staff has proven to have a positive impact and has contributed to the excellent achievement of the working targets set by the management.

On behalf of the IRBM, I would also like to thank all taxpayers for fulfilling their individual tax obligations. You have indeed made a significant contribution to your country. Together, we will benefit from it through national development and progress in a peaceful and prosperous country. The IRBM will continue to be committed in providing friendly service, will provide assistance and will strive to provide satisfactory service to its customers. Finally, let us all continue working together and giving our best in ensuring that our beloved country remains progressive, peaceful and prosperous.

FRIENDLY HELPFUL SATISFACTORY



(DATO' HASMAH BINTI ABDULLAH)

Chief Executive Officer/Director General of Inland Revenue  
Inland Revenue Board of Malaysia

## TOP MANAGEMENT



**DATO' HASMAH BINTI ABDULLAH**

Chief Executive Officer/  
Director General of Inland Revenue



**CHE OMAR BIN A. RAHAMAN**

Deputy Director General  
(Compliance)



**DATO' DR. MOHD SHUKOR BIN  
HJ. MAHFAR**

Deputy Director General  
(Operations)



**SHAHMIN TA BIN ABDULLAH**

Deputy Director General  
(Corporate Affairs)



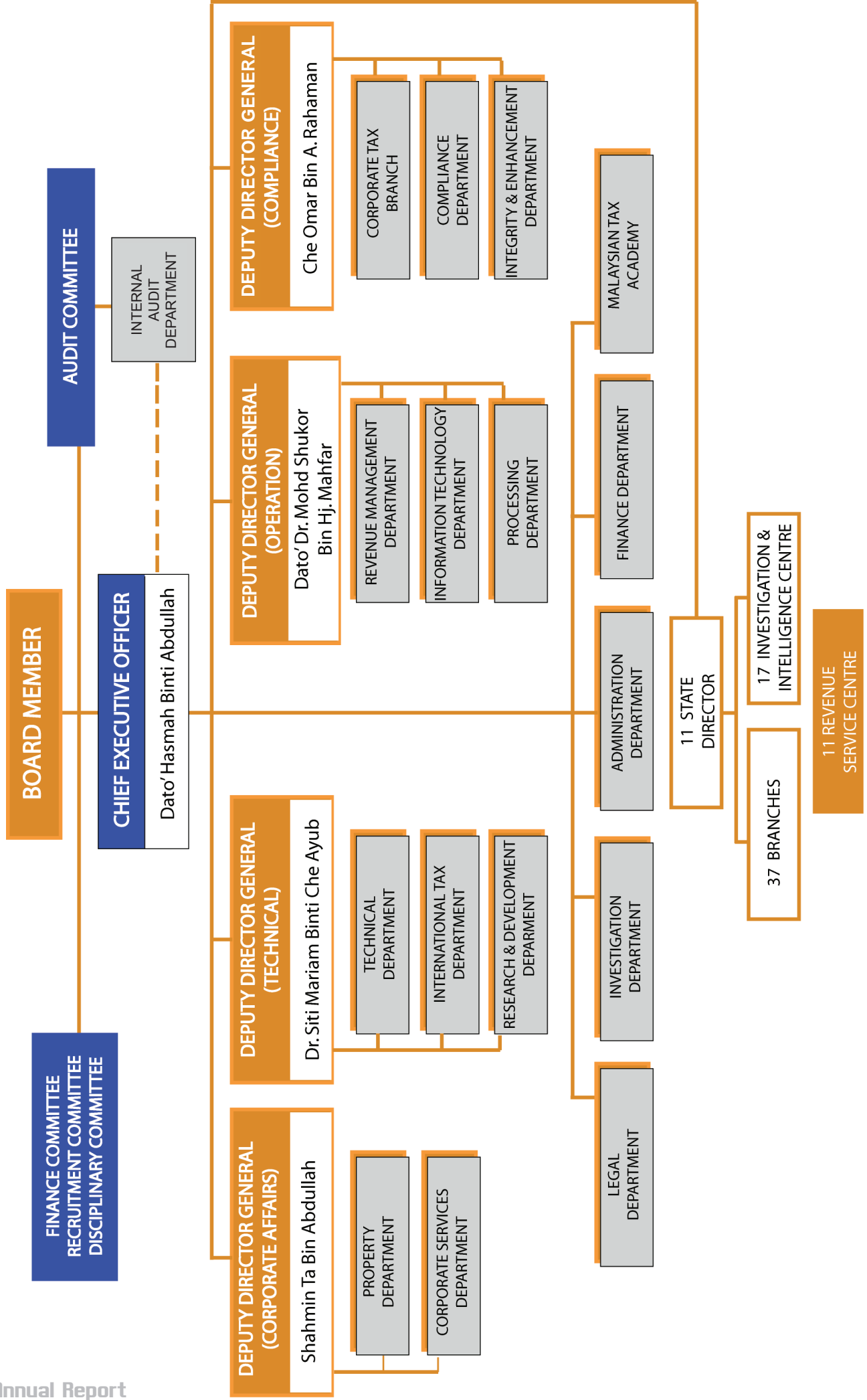
**DR. SITI MARIAM BINTI CHE AYUB**

Deputy Director General  
(Technical)





## ORGANISATION CHART



# IRBM PERFORMANCE



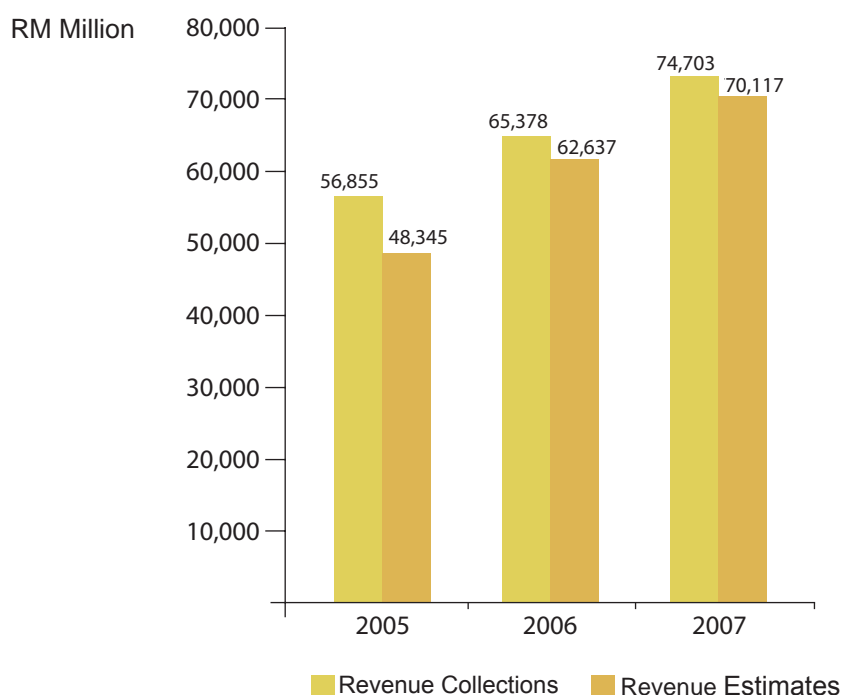


## OPERATIONS

The IRBM implemented the 2007 taxation programme by focusing on the tax collection and refunding of excess taxes collected, of which both are the primary activities of the Self-Assessment System (SAS). Meanwhile, enforcement activities, such as tax audits, investigations, withholding taxes, visits to premises, travel restrictions, and civil suits were carried out continuously to ensure tax compliance. In addition, customer service activities, innovation in the work system, and improvements in service delivery were also given attention to ensure a balanced overall performance of the IRBM.

### Revenue Collections

Malaysia recorded a Gross Domestic Product (GDP) growth of 6.0%\* in 2007. The country's economy continued to expand with almost all economic sectors recording positive growth and continued profitability. In 2007, the IRBM collected a record RM74.70 billion in national direct taxes. This is 6.55% higher than the Government's revised estimates of RM70.12 billion. The total amount of RM74.70 billion in taxes collected represents 52.69% of the Federal Government's overall income of RM141.79\* billion in 2007.



**CHART 1: REVENUE COLLECTIONS AGAINST REVISED ESTIMATES**

(\*Source: 2007/2008 Economic Report, Ministry of Finance Malaysia)

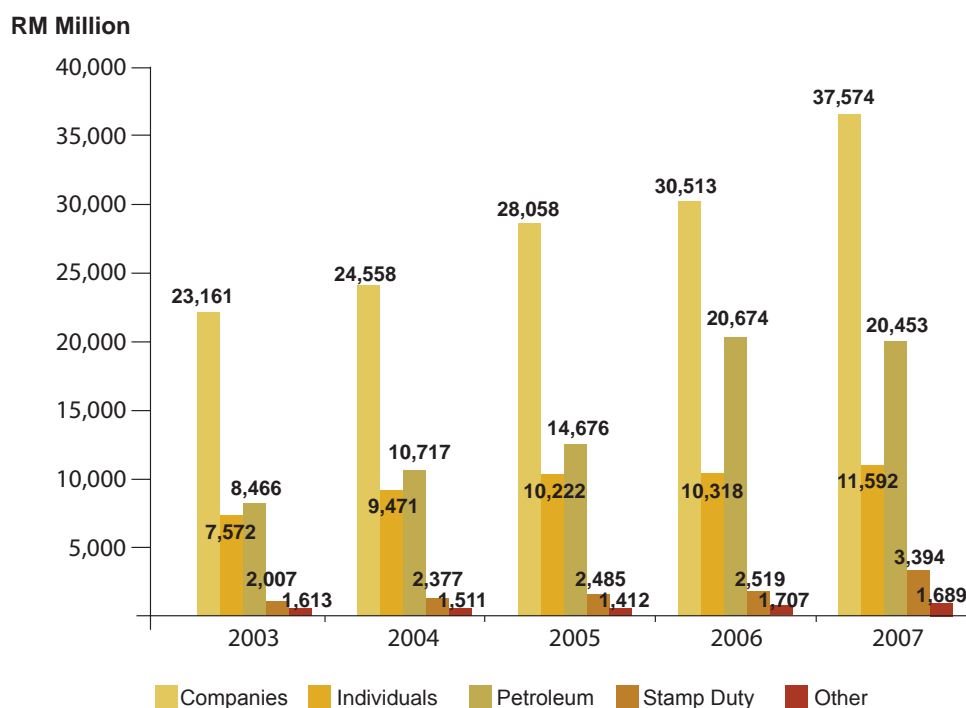
The component of direct taxes consist of income tax from companies, individuals, petroleum, cooperatives, associations, trust bodies, withholding tax and other taxes (stamp duty,

RPGT, Labuan offshore business activity tax [IOFC], estate duty and business registration tax [Sarawak]).

**TABLE 1: PERCENTAGE OF CONTRIBUTION BY TAX COMPONENT TO THE OVERALL COLLECTION OF DIRECT TAXES**

Tax Component	2007 (RM Million)	Percentage of Contribution
Companies	37,574.55	50.30
Petroleum	20,453.02	27.38
Individuals	11,592.18	15.52
Cooperatives	188.99	0.25
Stamp Duty	3,394.91	4.54
RPGT	227.43	0.37
Withholding Tax	1,189.44	1.59
IOFC	12.87	0.02
Other taxes	19.82	0.03
<b>TOTAL</b>	<b>74,703.21</b>	<b>100</b>

The main contributor to the overall 2007 revenue was company income taxes, which made up 50.30%. This was followed by petroleum income tax and individual income tax, contributing 27.38% and 15.52% respectively. Other contributors to the overall revenue collections include cooperative tax, stamp duty, RPGT, withholding tax, IOFC tax, and other taxes. (Table 1, Chart 2)



**CHART 2: REVENUE COLLECTIONS BY MAIN DIRECT TAX CATEGORY**

Source: Annual Revenue Statement of the Inland Revenue Board of Malaysia

2007 revenue collections increase by 13.64% from 2006. Company income tax recorded an increase of 23.54% (RM7,159.15 million) in collections whereas individual income tax recorded an increase of 11.36% (RM1,182.53 million). Increases were also recorded for stamp duty, increasing by 33.99% (RM861.24 million), followed by RPGT and IOFC by 23.99% (RM 53.67 million) and 10.38% (RM1.21 million) respectively.

**TABLE 2: COLLECTION OF DIRECT TAXES FOR 2007 AND 2006**

Direct Tax Component	2007 (RM Million)	2006 (RM Million)	Increase (RM Million)	Percentage Variance
Companies	37,574.55	30,415.40	7,159.15	23.54
Petroleum	20,453.02	20,673.78	-220.76	-1.07
Individuals	11,592.18	10,409.65	1,182.53	11.36
Cooperatives	188.99	176.24	12.75	7.23
Stamp Duty	3,394.91	2,533.67	861.24	33.99
RPGT	277.43	223.76	53.67	23.99
Withholding Tax	1,189.44	1,275.50	-86.06	-6.75
IOFC	12.87	11.66	1.21	10.38
Other taxes	19.82	18.62	1.20	6.44
<b>TOTAL</b>	<b>74,703.21</b>	<b>65,738.28</b>	<b>8,964.93</b>	<b>13.64</b>

## Tax Refund Programme

In 2007, the IRBM not only expedited the refunding of excess taxes to taxpayers but also succeeded in resolving a major part of tax refund claims from previous years. At as 31 December 2007, the IRBM had successfully processed 649,578 cases of tax refund claims compared to 291,315 cases in 2006 (Table 2A).

During the same period, the IRBM successfully issued refunds for 400,360 cases totalling RM5,394.27 million, compared to 183,731 cases amounting to RM4,342.39 million in 2006 (Table 2B). The 400,360 cases refunded were for 2007 and previous years.

**TABLE 2A: PROCESSING OF TAX REFUNDS**

Year	Cases carried forward to 1 Jan	Refund claim	Processed	Refunds issued	Non- refund	Cases brought forward
2007	73,190	637,286	649,578	421,914	227,664	60,898
2006	NA	104,662*	291,315	185,894	105,421	73,190

\* Report stated July 2006 .

## Tax Refund Service Delivery Performance

In line with the Prime Minister's recommendation to improve the effectiveness of the public service delivery system, the IRBM's focus in 2007 was on timely refunds in the tax refund process. Delays in managing tax refunds due to over payments or to tax credit have long been the subject of public contention against the IRBM. To address this, the IRBM had set a target of 90 working days to act on and resolve a refund case and 30 working days if the ITRs was sent through e-Filing. This step is in line with measures adopted by other countries, such as Australia, Canada, Ireland, Korea, New Zealand, Singapore and South Africa, all of which have determined that timely refunds is a standard for service delivery.

Prompt tax refunds have several advantages, as follows:

- Prompt tax refunds can improve the taxpayer's cash flow. The taxpayer can utilise the money for expenses or investments, which will cause positive impact to the economy.
- The degree of voluntary compliance among taxpayers will increase. With confidence in the refund system, taxpayers will not hesitate to make higher tax estimates because they are confident that refunds for any excess will be processed promptly. An inefficient refund system will cause the taxpayer to avoid paying higher tax estimate and which indirectly contribute to insufficient payment compared to the amount due.

**TABLE 2B : TAX REFUND PERFORMANCE**

Year	Individuals		Companies		Total		Total % Increase	
	No. of cases	Amount (RM Million)	No. of cases	Amount (RM Million)	No. of cases	Amount (RM Million)	No. of cases (%)	Amount (%)
2003	105,589	532.65	7,426	2,012.50	113,015	2,545.15	-	-
2004	147,826	1,710.31	12,930	3,139.52	160,756	4,849.83	42.24	90.55
2005	149,154	880.06	12,955	2,396.19	162,109	3,276.26	0.84	-32.45
2006	170,691	2,029.26	13,040	2,313.13	183,731	4,342.39	13.34	32.54
2007	371,042	1,497.68	29,318	3,896.59	400,360	5,394.27	117.91	24.22

Table 2B shows the number and amount of tax refunded by the IRBM from 2003 to 2007. There is an upward trend in the number of tax refunds issued yearly from 113,015 in 2003 to 160,756 in 2004 (42.24%), 162,109 in 2005 (0.84%), 183,731 in 2006 (13.34%) and 400,360 in 2007 (117.91%). This clearly demonstrates the effort made by the IRBM to refund excess taxes to taxpayers, especially for 2007 when the number of refunds issued increased drastically by 117.91% from 2006. The amount of refunds issued increased by RM1,051.88 million or 24.22%. The 24.22% increase in the refunded amount, which is less than the 117.91% increase in the number of cases, shows that the IRBM does not discriminate between big and small cases in processing the refunds.



## Tax Payments

Tax payment services are provided at the Kuala Lumpur, Kuching, and Kota Kinabalu Collection Branches. These payment counters accept tax payments by cash, cheque, bank draft, postal order or money order. Tax payments can also be made by post to these branches.

The IRBM continuously takes steps to improve the services effectiveness at all its payment counters. These include increasing the number of counters and consultation rooms, extending service hours during peak periods and increasing the facilities available for taxpayers at the waiting area.



To provide further convenience to taxpayers, CIMB and PBB including Public Finance Bhd. were appointed as collecting agents. Income tax and RPGT payments can be made at all CIMB and PBB branches nationwide. In 2007, the amount collected through the banks recorded an increase of 30.16% compared to 2006. Likewise, tax payments by Schedular Tax Deductions (STD) via electronic banking offered by the two banking groups had also increased (Table 3). The IRBM continues to work with the two banking groups to offer several new methods of payment for the convenience of all taxpayers.

**TABLE 3: TAX PAYMENT METHODS**

Year	Payment Counter* and Mail (RM Million)	Bank Counter (RM Million)	Internet Banking (RM Million)	Others** (RM Million)	Total (RM Million)
2007	58,916.11	11,998.42	100.20	3,688.47	74,703.21
2006	53,911.96	9,217.93	66.29	2,542.10	65,738.28
<b>Percentage Variance</b>	<b>9.28</b>	<b>30.16</b>	<b>51.15</b>	<b>45.10</b>	<b>13.64</b>

\* Payment counters at the Kuala Lumpur, Kuching and Kota Kinabalu Collection Branches.

\*\* Including stamp duty, estate duty, IOFCs and business registrations.

## Tax Collection by Instalment

Taxpayers with sources of income other than employment are required to pay in bi-monthly instalments. Under this scheme, an instalment payment notice (Form CP500) will be issued to the taxpayer specifying an instalment payment schedule from March to January of the following year. If the instalment for a given month is not paid within 30 days from the due date, the amount payable will be increased by 10% of the unpaid amount. The taxpayer



can amend the instalment amount by submitting an instalment amendment application form (Form CP502) not later than 30 June of that year (Table 4).

The monthly instalments for companies, trust bodies, unit trusts, and cooperatives are based on the estimated tax submitted through the relevant form (Form CP204). Under this scheme, the taxpayer is required to commence payment from the second month of the basis period. Failure to abide by the payment schedule will result in a tax increase of 10%. Taxpayers are also allowed to amend the tax estimate in the sixth or ninth month, or both, of the basis period. The IRBM will issue an instalment payment order (Form CP205) to taxpayers who fail to submit their tax estimates within the stipulated period. (Table 4).

**TABLE 4: COMPANY TAX ESTIMATES (FORM CP204) AND INDIVIDUAL INSTALMENTS (FORM CP500)**

	2007	2006
Number of CP204 Forms Received	242,049.00	232,920.00
Tax Estimates in CP204 Forms* (RM Million)	25,897.28	23,662.29
Number of CP500 Forms Issued	251,737.00	257,200.00
Instalments in CP500 Forms** (RM Million)	1,106.84	1,215.93

\* The tax estimates in Form CP204 (for companies, cooperatives, and trust bodies) are stated prior to any amendment or payment.

\*\*The CP500 instalments (for non-companies) are stated prior to any amendment or payment.

## Schedular Tax Deductions

The collection of taxes from employed individuals is made by the respective employers through the Schedular Tax Deduction (STD) scheme. STD collections of RM7,455 million made up 9.98% of direct tax collections in 2007. The amount represents an increase of 25% compared to 2006 (Table 5).

**TABLE 5: COLLECTIONS VIA STD AGAINST TOTAL REVENUE COLLECTIONS**

	2007	2006	Percentage Variance
Collection via STD (RM Million)	7,455.08	5,964.17	25.00
Total Revenue Collection (RM Million)	74,703.21	65,738.28	13.64
Percentage of Contribution	9.98	9.07	-

The IRBM's continuous monitoring as well as the strict enforcement on non-compliant employers have further increased tax collections via STD. Improved compliance was also attributed to the provision of various payment facilities, the use of the STD software and tax education programmes for employers. STD payments via counters of appointed banks recorded an increase of 15.86%. STD payments via electronic banking at the two

banking groups also recorded an increase of 34.70%, which demonstrates the encouraging response of employers to this facility (Table 6).

**TABLE 6: TOTAL STD PAYMENT OVER THE COUNTER (RM MILLION)**

	2007	2006	Deference	Percentage
IRBM Payment Counter				
<b>Total</b>	<b>6,881.17</b>	<b>5,477.90</b>	<b>1,403.27</b>	<b>25.62</b>
Bank Counters				
BCBB/CIMB	230.01	183.91	46.10	25.07
PBB	268.79	246.60	22.19	9.00
<b>Total</b>	<b>498.80</b>	<b>430.51</b>	<b>68.29</b>	<b>15.86</b>
Internet Banking				
BCBB/CIMB	22.95	17.80	5.15	28.93
PBB	52.17	37.96	14.21	37.43
<b>Total</b>	<b>75.11</b>	<b>55.76</b>	<b>19.35</b>	<b>34.70</b>
<b>Grand Total</b>	<b>7,455.08</b>	<b>5,964.17</b>	<b>1,490.91</b>	<b>25.00</b>

Through the enforcement activities under the STD Audit Programme in 2007 employers who had failed to comply with the regulations under the Income Tax Rules (Salary Deduction), 1994 were identified. These employers were either compounded or charged in courts.

## Withholding Tax

Tax collection for some types of payments received by non-residents from Malaysian residents is made through withholding tax mechanism. Withholding tax includes provisions under sections 107A (contract payment) and 109/109B (interests, royalties, service fees, rentals and other payments) of the Income Tax Act (ITA) 1967, as well as the increased amount due to the late payment. However, withholding tax imposed under section 109C of the ITA, 1967 is related to interests paid to residents. In 2007, a total of RM1,189.44 million in withholding tax was collected, contributing 1.59% to the total revenue collection (Table 7).

**TABLE 7: WITHHOLDING TAX COLLECTIONS**

Year	Section 107A (RM Million)	Section 109/ 109B (RM Million)	Section 109C (RM Million)	Section 109D* (RM Million)	Total (RM Million)
2007	74.56	1,092.46	10.87	11.55	1,189.44
2006	67.40	1,191.78	16.24	-	1,275.42

\* New section introduced in 2007

## Visit to Premises

The Visit to Premises Programme is a proactive effort by the IRBM to collect tax arrears. This customer-friendly approach is carried out as follows:

- delivering of reminder letters or notices of demand of tax arrears to the taxpayer, and discussing the payment schedule with taxpayers;
- advising taxpayers on how to make payment via the approved payment methods;
- explaining the consequences of non-compliance and further action that follows if tax remain unpaid; and
- delivering a summons to the taxpayer who defaults on tax payments after demand notices have been issued.

If no feedback is received, or if the taxpayer fails to comply with the agreed payment schedule, a civil suit action will be taken. Should the notices and summonses fail to be served, the taxpayer will be traced by checking the information in the IRBM Data Warehouse as well as other appropriate sources of information.

## Travel Restrictions

To collect tax arrears, the IRBM enforces a ban from leaving the country on taxpayers who were believed to be planning to leave Malaysia without paying their tax arrears. The ban from leaving the country is provided under the provisions of section 104 of the ITA, 1967 and section 22 of the Real Property Gains Tax Act (RPGTA), 1976. The provision was imposed on 7,553 individuals in 2007 involving a total of RM103.90 million outstanding taxes (Table 8).

**TABLE 8: TRAVEL RESTRICTIONS**

Type of Tax	No. of Cases in Effect (January-December 2007)	Amount of Tax Involved (RM Million)	No. of Cases Effective until 2007*	Amount of Tax Involved (RM Million)
Income Tax	6,281	90.44	43,628	1,420.13
Real Property Gains Tax (RPGT)	1,272	13.46	6,658	137.95
<b>Total</b>	<b>7,553</b>	<b>103.90</b>	<b>50,286</b>	<b>1,558.08</b>

\* The number of cases effective until 31 December 2007 (including cases prior to 2007).

## Civil Suits

Under the ITA 1967 and the RPGTA 1976, outstanding and payable taxes are debt due to the Government which are recoverable through civil suits. As such, civil suits are taken against taxpayers who fail to settle their income tax or real property gains tax within the stipulated period.

A civil suit is initiated by filing a summons and a statement of claim either at the Magistrate's Court, the Sessions Court or the High Court, depending on the amount of claim. Claims not exceeding RM25,000.00 are filed at the Magistrate's Court, claims up to RM250,000.00 are filed at the Sessions Court, and claims of more than RM250,000.00 are filed at the High Court. Civil suits are conducted in court until a judgement is obtained against the taxpayer.

In 2007, a total of 9,149 summonses were filed in court, involving an amount of RM883.77 million in taxes. Of this total, 1,117 cases are company taxpayers with taxes amounting to RM701.97 million, whilst the remaining 8,032 cases are individual taxpayers with taxes amounting to RM181.80 million.

Once judgement is obtained, post judgement actions are taken on the taxpayer. A Writ of Confiscation and Sale, Judgement Debtor Summons or Bankruptcy will be taken against individual taxpayers whilst winding up procedures will be taken against company taxpayers.

A total of 2,452 bankruptcy notices were filed against individuals, involving RM67.24 million in taxes. 98 winding up procedures were taken against companies, involving taxes amounting to RM21.77 million in 2007. For cases served with winding up or bankruptcy orders, proof of debts are registered with the Malaysian Department of Insolvency where during 2007, 514 cases of company taxpayers and 505 cases of individual taxpayers were registered. During the same period, 1,076 civil suit cases with RM73.07 million in outstanding taxes were collected or filed.

## Online Submissions of Tax Returns (e-Filing)

The e-Filing application was first introduced in February 2006. The online submission of Tax Return (TR) application can be used by both individual and company taxpayers. Due to extensive promotions and training programmes carried out for taxpayers, the e-Filing system has received encouraging response from taxpayers. In 2007, the e-Filing application was upgraded and simplified. The computerised systems were also improved to help taxpayers

complete their transactions within a shorter time. With a shorter turnover time, the system can accommodate more users at any given time. Beside enhancing the system and simplifying the filing method, the IRBM also stepped up tax education activities nationwide. The IRBM has increased the number of briefings to disseminate information and bring awareness especially on SAS and e-Filing to more taxpayers. This has resulted in more taxpayers using e-Filing. In 2007, the number of TRs filed through e-Filing increased tremendously by 369.02% to 875,051 compared to 186,569 in the previous year (Table 9). This far exceeds the target of 500,000 users by the second year of the system's introduction.

**TABLE 9: ELECTRONIC FILING PERFORMANCE**

Type of Form	2007	2006	% Increase
No. of Form C	1,956	298	556.38
No. of Form B	110,942	22,393	395.43
No. of Form BE	762,153	163,878	365.07
<b>Total</b>	<b>875,051</b>	<b>186,569</b>	<b>369.02</b>

Apart from providing taxpayers with a convenient way of filing TRs that saves them both cost and time, the IRBM also benefits in cost savings as they no longer have to issue TRs to taxpayers. In 2007, TRs were no longer physically issued to taxpayers who had used e-Filing in 2006. The estimated cost savings is approximately RM2.632 million.

## Income Tax Collections

The SAS was fully implemented to all taxpayers in 2005. With the implementation of the SAS, a major change occurred in the administration of direct taxes in Malaysia. The IRBM no longer assesses TRs to determine the tax liability of each taxpayer. The Director General of Inland Revenue (DGIR) is deemed to have raised the tax assessment on the date on which the taxpayer submitted the TR. The TR submitted is also deemed to be the Notice of Assessment and the taxpayer is required to pay the amount of tax assessed on or before the specified date.

**TABLE 10: INCOME TAX COLLECTIONS**

	2007	2006	2005
Grand Total of Collection (RM Million)	74,703.21	65,738.28	56,854.56
Less: Refunds (RM Million)	5,394.27	4,342.39	3,276.26
<b>Net Amount of Collection (RM Million)</b>	<b>69,308.94</b>	<b>61,395.89</b>	<b>53,578.30</b>

Tax Returns received will go through a data entry process at the IRBM Processing Centre where information on income, tax assessment and a summary of the business income

statement will be uploaded into the IRBM's information management system. The system will identify cases to be audited or inspected to check the level of compliance by the taxpayer. In 2007, 400,360 refunds involving a total of RM5,394.27 million in excess payments were processed.

## Call-Out Centre

The Call-Out Centre established at all IRBM collection units had turned out to be an effective tax collection innovation. Their role is to contact taxpayers who have outstanding tax liabilities and remind them to pay up. For taxpayers with cash flow problems, the Call-Out Centre officer will advise them on how to settle the debt based on an agreed instalment payment schedule.

**TABLE 11: CALL-OUT CENTRE PERFORMANCE**

Year	No. of Calls	Amount of Tax Arrears (RM Million)	Amount of Tax Arrears Collected (RM Million)	(%)
2007	58,409	1,586.64	622.53	39.24
2006	66,260	2,050.90	490.39	23.91
<b>Amount of Increase/Decrease</b>	<b>(7,851)</b>	<b>(464.26)</b>	<b>(132.14)</b>	<b>(15.33)</b>

This customer friendly and helpful approach of collecting taxes has been well-received by taxpayers. Although the amount of outstanding taxes being handled by the Call-Out Centre (RM1,586.64 million) declined from 2006 (RM2,050.90 million), the total amount of outstanding taxes collected in 2007 increased by RM132.14 million to RM622.53 million (Table 11). This demonstrates the improved effectiveness of the Call-Out Centres. The officers face the greatest difficulty during the initial stage of contact as taxpayers are usually reluctant to cooperate and are not convinced that the IRBM is at hand to advise them on how to settle their tax. The officers act professionally and with integrity to gain their confidence by communicating with professionalism and integrity in helping them to settle their debts. Usually, several calls need to be made before a mutual agreement is reached on the mode of payment. In addition, cases need to be monitored to ensure that the taxpayer makes the payment according to the agreed instalment schedule.

## Collection of Stamp Duty

Stamp duty is imposed on legal, commercial and financial documents that are listed in the First Schedule of the Stamp Act, 1949. Documents subject to duties are called instruments.

In 2007, stamp duty imposed on stamped documents (excluding sale of revenue stamps) amounting to RM3,285.66 million, compared to RM2,428.31 million the previous year. Total of revenue stamps sold in 2007 was RM109.26 million, compared to RM105.36 million sold in 2006 (Table 12)

**TABLE 12: STAMP DUTY ASSESSMENTS AND COLLECTIONS AT IRBM STAMP DUTY OFFICES AND REVENUE SERVICE CENTRES**

Type of Document	2007		2006	
	No.	Duty Amount (RM Million)	No.	Duty Amount (RM Million)
Property and share transfers	525,123	1,700.17	518,612	1,330.94
Property leases and rentals	544,649	46.26	458,802	46.02
Equipment leasing securities and others	3,898,916	688.30	3,661,697	551.07
Memorandums/ Articles of Association	116,193	6.65	91,757	5.95
Other documents/ Assessment Fee/ Compound Duties/ Mail Franking	7,770,346	838.45	7,499,132	488.61
Documents charge with penalties	205,209	5.83	121,561	5.72
Sale of Revenue Stamps	-	109.26	-	105.36
<b>Total</b>	<b>13,060,436</b>	<b>3,394.92</b>	<b>12,351,561</b>	<b>2,533.67</b>

## Objections and Appeals

Taxation laws grant the right to the taxpayer to submit an appeal on the assessment raised by the IRBM. Any appeal regarding tax assessments or revised assessments made by the IRBM must be submitted within 30 days from the date on which the assessment notice was issued. The IRBM will review the appeal before making a decision. Should the taxpayer still be dissatisfied with the decision of the IRBM regarding his appeal, he can submit subsequent appeals to the Special Commissioner of Income Tax by filling up Form Q. The Director General of Inland Revenue (DGIR) will present the case to the Special Commissioner of Income Tax, who will make a decision after considering the facts of the case. Further appeals may be made by any party to the High Court and subsequently to the Court of Appeals. The number of taxpayers who submitted official objections in 2007 is shown in Tables 13 and 14.

**TABLE 13: OFFICIAL OBJECTIONS**

Objection	Income Tax				RPGT	
	Companies		Individuals*			
	2007	2006	2007	2006	2007	2006
In process (b/f)**	10	18	2	2	3	6
Filed in the year	46	44	8	4	8	10
<b>Total</b>	<b>56</b>	<b>62</b>	<b>10</b>	<b>6</b>	<b>11</b>	<b>16</b>
Finalised	44	52	8	4	6	13
In process (c/f)***	12	10	2	2	5	3

\* Includes trust bodies, organisations and partnerships

\*\* b/f: brought forward from previous year

\*\*\* c/f: carried forward to following year

**TABLE 14: APPEALS TO THE SPECIAL COMMISSIONER OF INCOME TAX AND THE COURT**

Appeal	High Court		Court of Appeals		Federal Court	
	2007	2006	2007	2006	2007	2006
In process (b/f)*	26	24	8	7	1	0
Filed in the year	26	13	4	4	0	1
<b>Total</b>	<b>52</b>	<b>37</b>	<b>12</b>	<b>11</b>	<b>1</b>	<b>1</b>
Finalised	8	11	2	3	1	0
In process (c/f)**	44	26	10	8	0	1

\* b/f: brought forward from previous year

\*\* c/f: carried forward to following year

## Customer Service

As a Government statutory body that serves the public, customer service is one of the IRBM's important functions. The IRBM's customer service programmes were designed to increase tax compliance among individual taxpayers, companies, tax agents, employers and potential taxpayers. Various customer service programmes had been conducted to assist the taxpayer in enhancing their tax knowledge following the implementation of the SAS.

### Tax Education Programme

Tax education and publicity programmes were conducted on a large scale to inform taxpayers about the changes in the tax administration following the implementation of the SAS. To ensure that the SAS runs smoothly, the tax education programme was intensified to help taxpayers in fulfilling their tax obligations under the new system.



## Tax Briefings and Education

Briefings on the SAS and e-Filing were the main tax education channels to improve tax compliance among the public. Under the SAS, the taxpayer calculates his own tax liability. To minimize errors, the IRBM continuously educates taxpayers through tax briefings and education programmes not only to enable them to calculate their taxes but also to know their individual responsibilities under the tax regulation.

**TABLE 15: BRIEFINGS ON THE SAS AND e-FILING**

Briefing	2007	2006	Total Increased	Percentage Increased
No. of briefings	4,988	3,358	1,630	48.54
No. of participants	314,426	272,083	42,343	15.56

A total of 4,988 briefing sessions on the SAS and e-Filing were held in 2007 compared to 3,358 briefings in 2006, an increase of 48.54% (Table 15). The number of participants trained had also increased in 2007 to 314,426 (15.56%) from 272,083 in 2006. The increase in the number of participants reflects the improved tax awareness and voluntary compliance among the taxpayers.

In addition, the IRBM also received 108 visits by 2,187 visitors comprising students of higher institute of education, government agencies and private companies. They were briefed on the subject of direct taxation. The IRBM provides tax education to existing and future taxpayers alike. Thus, the IRBM will be able to increase awareness and interest among taxpayers and the public on how to exercise their responsibilities as taxpayers.



## Tax Education Programmes via the Print, Radio and Television Media

Tax education programmes through print and electronic media were also given priority to enable the dissemination of current tax information to a wider tax community. Collaboration with television and radio stations and with print media companies facilitated the task (Table 16). However, the programme's success rate was more dependent on the willingness of these radio and television stations to invite and provide airtime to the IRBM.

**TABLE 16: TAX EDUCATION VIA THE MEDIA**

	2007	2006
Learning via TV	11 sessions	4 sessions
Learning via radio	8 sessions	37 sessions
Publication of articles/ information on taxation in the newspapers	103 items	2 items
Write-ups/ advertisements in magazines/ directories	2 items	12 items
Exclusive interviews	3 sessions	3 sessions
e-Filing advertisements in major newspapers	11 advertisements	9 advertisements
e-Filing advertisements on TV1, 2 & 3: 15 March - 30 April 2007	2 slots per day	2 slots per day
e-Filing advertisements on the radio: 15 March - 30 April 2007	14 slots per day	22 slots per day

Interview sessions on the topic of taxation were also aired on radio and television from time to time. These sessions were used to disseminate the latest information to taxpayers as well as to other viewers and listeners. Television and radio are among the most effective communication channel for conveying tax information.

Publicity increases public awareness on the tax education activities and the enforcement operations carried out by the IRBM. It is also necessary for the purpose of disseminating tax information to the public. The IRBM publicised information through electronic and print media by holding press conferences and issuing press statements on tax programmes implemented. Publicity through newspapers usually includes reminders on the submission deadlines for tax returns, coverage of business censuses and litigations for non-compliance. The deadline for the submission of tax returns and information on the opening of off-site service counters are posted on television as a crawler at suitable times. The SAS jingle, *Nada Pesona*, was broadcasted by almost all major radio stations in the country to inform the public about the implementation of the SAS as part of the country's administration of direct taxes.

### Revenue Speech Competition

The Revenue Speech Competition is an annual event organised by the IRBM in collaboration with the Ministry of Education Malaysia to enhance tax awareness among students so



that they will grow up to be tax-literate adults. The competition was opened to all sixth form students. A total of 719 students took part in the competition at district and state levels nationwide. Of this total, 15 participants were selected to represent their states to compete at the national level in Putrajaya.

## **Publication of Articles on Taxation**

As part of the tax education programme, the IRBM also prepared several articles that discuss specific tax topics, to be published in magazines and local newspapers. Several newspapers periodically provide a special column on taxation. Press releases are also issued from time to time to disseminate important information to the public. Seven articles were published in The Yellow Post to disseminate information on tax education to the public in 2007.

## **Tax Information through the Internet**

Tax information displayed on the IRBM website ([www.hasil.org.my](http://www.hasil.org.my)) enables easy access to basic information on taxation for the public and provides schedules of various service programmes as well as current information on the IRBM. The website also provides hyperlinks, tax laws, career information, and other corporate news.

## **IRBM Publications**

The IRBM has also re-published 18 tax brochures in a more concise and easy format, which were distributed to the public through the service counters at all IRBM branches.

## **Services and Facilities for Taxpayers**

The IRBM believes that efficient and effective service can reduce the cost, as well as increase the rate, of compliance among taxpayers. To this end, the IRBM provides the following types of services and facilities to assist taxpayers in fulfilling their tax obligations:

- **Service Centres**

- **Revenue Service Centre**

The IRBM has set up Revenue Service Centres (RSCs) to expand its services to smaller districts. Among the services offered at these RSCs are:

- a) assessment and payment of stamp duties,
- b) endorsement of instruments of transfers, loans and others.

Taxpayers can also check their income tax status and obtain tax advisory services. In 2007, three more RSCs were opened in Bentong, Tampin and Sri Aman. To date, a total of eleven RSCs have been established, including those in Lahad Datu, Kudat, Hulu Langat, Mukah, Limbang, Manjung, Batu Pahat and Kemaman.

- Customer Service Centre

The Customer Service Centre was established in line with the implementation of the SAS for the convenience of taxpayers in obtaining related services and guidance. The Customer Service Centre is located at the Processing Centre, Pandan Indah, Kuala Lumpur. The centre provides one-stop counter services and entertains enquiries by telephone, e-mail and fax. The services provided include explanation on the processes and procedures adopted by the IRBM in implementing the SAS, such as estimates, instalments, assessments and status of tax returns. Communication equipment was upgraded to enable calls to be directed to officers who deal with specific needs. A toll-free hotline, 1-300-88-3010, was also introduced for the convenience of taxpayers. In 2007, the Centre recorded an increase of 31.61% in the number of telephone calls. The number of e-mails received also increased by 23.72% from the previous year. Meanwhile, there was a decrease in the number of consultations and interviews. The decline was anticipated and desired by the IRBM since the e-Filing application introduced in 2006 has facilitated tax payments (Table 17).

**TABLE 17: CUSTOMER SERVICE CENTRE**

No.	2007	2006	Percentage Variance
Telephone Calls	213,920	162,538	31.61
E-mails received	29,962	24,218	23.72
No. of Consultation / Interviews	3,320	6,089	-45.48
<b>Total</b>	<b>247,202</b>	<b>192,845</b>	<b>28.19</b>

- Counter Service

- Taxpayers' Service Month (TSM)

The TSM is an annual programme held just before the deadline for the submission of income tax returns. The TSM has helped taxpayers with various tasks, such as filling up, submitting and requesting for TRs; obtaining advisory services on taxation, e-Filing, and registering tax files at IRBM service counters.

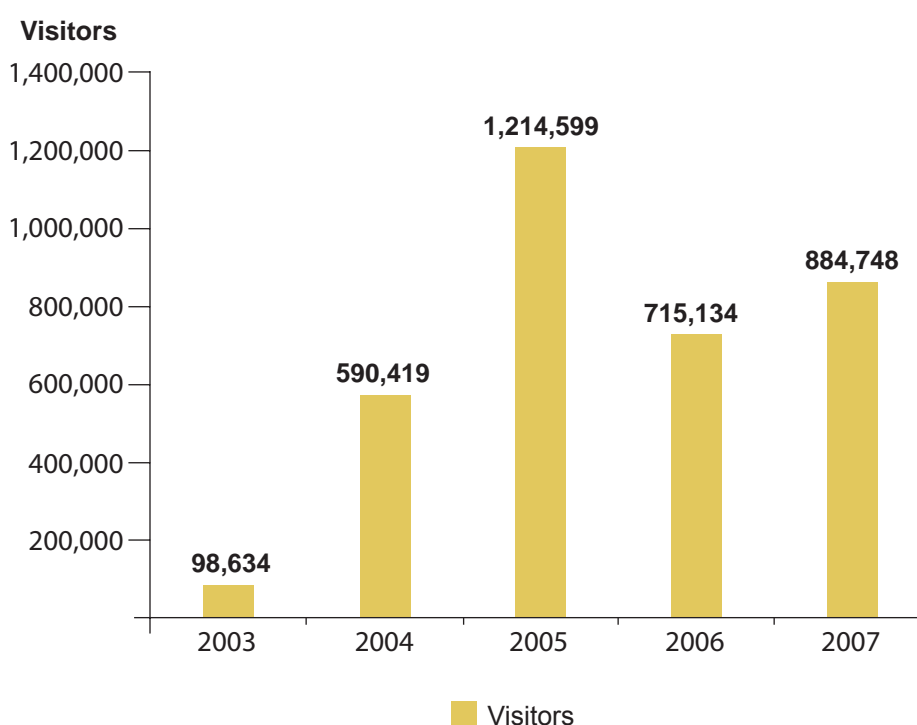


During the TSM, the IRBM widened its services by opening off-site service counters at shopping centres, Government offices, private company

offices, hospitals, schools, banks, community halls, etc. Operating hours of service counters at the IRBM office are extended to after office hours and weekends during the TSM. In 2007, the TSM was held from 1 March to 30 June. During the TSM, a total of 7,103 service counters were opened at various public locations. TSM counters continued to receive good response from taxpayers, attracting 884,748 visitors (Table 18 and Chart 3).

**TABLE 18: TSM SERVICE COUNTERS**

No.	2007	2006	Percentage Difference
Counters	7,103	7,978	-10.97
Visitors	884,748	715,134	23.72



**CHART 3: VISITORS AT TSM COUNTERS**

- Information Counters / Expos

IRBM information counters are opened during trade expos, exhibitions and public functions organised by the Government, statutory bodies and private companies. Information counters offer services such as registration, verification of tax accounts and receipt of tax returns. Among the expos participated by the IRBM were the Consumer Day, Language Month Expo, Investor Education Campaign and National Tax Conference.

- **Small Traders' Support Services**

The services are provided by officers who have been specially trained to provide assistance and advice on taxation issues to small traders who are not represented by tax agents. Small traders may obtain such advisory services from all IRBM branches. In addition, the officers also visit business premises upon the request of the trader. The main objective of this service is to provide guidance on record-keeping and the proper preparation of business accounts in a more conducive environment. Practical training were also given to reinforce the traders' tax knowledge.

A total of 8,492 participants were given training in 2007, compared to 9,216 in 2006. The decline in 2007 is due to the increased awareness among taxpayers where those who were previously not represented by tax agents have now chosen to do so. In addition, the continuous audit and business census activities carried out by the IRBM also played an important role in prompting the traders to appoint tax agents in preparing their accounts and calculating their taxes correctly and accurately.

- **Payment Counters**

Tax payments can be made in cash at IRBM payment counters located at the Kuala Lumpur, Kuching and Kota Kinabalu collection branches. Taxpayers can also send their payments by mail to these collection branches. Alternatively, tax payments can be made at all counters of CIMB and PBB, the appointed collections agents for tax payments.

- **One-Stop Counters**

The One-Stop Counter Service is provided by the Customer Service Unit (CSU) at all IRBM branches to enable taxpayers to manage all matters regarding their taxes and payments of stamp duty more conveniently at a single location. Taxpayers can personally go to these one-stop branch counters or interact with the CSU officers through telephone, fax, mail or e-mail.

- **Electronic Services**

- **Payment of Income Tax via Electronic Banking**

Employers may choose to make their Schedular Tax Deduction (STD) payments for their workers online through the electronic banking service offered by CIMB ([Cimbclicks.com](http://Cimbclicks.com)) and PBB ([Pbebank.com](http://Pbebank.com)).



- Real Property Transfer Assessment System (RPTAS)

The RPTAS was developed to facilitate the assessment of stamp duty for the transfer of property, and can be accessed at <http://pinharta@hasil.org.my>. By using this system, all transactions between the relevant parties, namely the Department of Valuation and Property Services (DVPS), legal firms or agents and Branch Stamp Duty Offices, are conducted online. Users of the system can monitor the status of their applications from registration, property valuation and stamp duty assessment to the issuance of notices of stamp duty assessment. The user prints the assessment notice and makes payment at the nearest Stamp Duty Office. Through the RPTAS, the process of assessing stamp duty can be significantly shortened. The system has received very good response, with an increase in the number of firms using it, the number of transactions done and the amount of assessed duty collected (Table 19).

**TABLE 19: LEGAL FIRMS/REGISTERED AGENTS AND TRANSACTIONS VIA THE RPTAS**

Year	No. of Legal Firm/ Agents Using the RPTAS	No. of Transaction via the RPTAS	Total Amount of Duty Collected via the RPTAS (RM Million)
2007	1,895	89,598	448.90
2006	599	56,826	281.91

## Tax Compliance and Prevention

### Street Survey

The Street Survey Operations (SSOs) is a programme implemented to increase the compliance rate and expand the tax base. Street surveys are carried out through visits by IRBM officers to the business premises of taxpayers at identified locations. Visits are focused on the following locations:

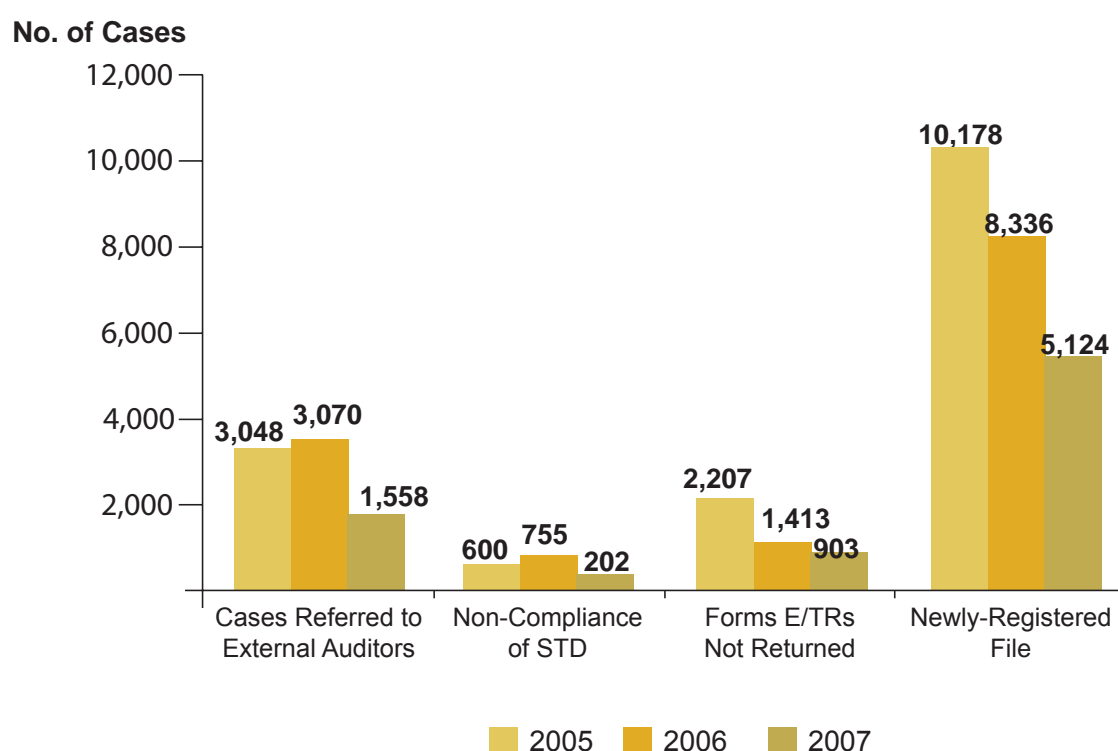
- new business locations;
- high-risk strategic areas; and
- areas identified through feedback from the economic zone mapping at every IRBM branch.

Street surveys are carried out at a predetermined time, including evenings, depending on the business activities at the location. SSOs also serve to;

- collect additional information on taxpayers' businesses through observation and questionnaires during visits;
- educate and provide advisory services and explanation on taxation;

- report cases fit to be selected for desk audits and external audits;
- enhance the development of the Data Warehouse system; and
- broaden government agencies' access to information.

SSOs are conducted at branch-level and also through joint operations by the Compliance Department at the Headquarters. In 2007, the IRBM visited 51,711 taxpayers' premises, compared to 69,938 premises in 2006 (Chart 4). There was a decline in the percentage of new files registered in 2007 compared to the previous year through the street surveys,



**CHART 4: BUSINESS CENSUS**

## Tax Audits

The tax audit programme ensures that taxpayers comply with the provisions of current tax laws and regulations. Under the Self-Assessment System, tax audits have become the main function of the IRBM branches. Tax audits are implemented either through visits to taxpayers' business premises or management offices, or through desk audits at IRBM branches based on information submitted by taxpayers.

In 2007, taxes and penalties imposed through tax audits amounting to RM1,410.57 million, compared to RM692.68 million in 2006 (Table 20). The Special Audit Division handles audits on selected cases involving multinational companies and special industries.

**TABLE 20: TAX AUDITS FINALISED**

	2007		2006	
	No. of Cases Finalised	Taxes & Penalties (RM Million)	No. of Cases Finalised	Tax & Penalties (RM Million)
Company Cases	11,848	538.20	2,427	517.38
Non-Company Cases	267,327	872.37	4,314	175.30
<b>Grand Total</b>	<b>279,175</b>	<b>1,410.57</b>	<b>6,741</b>	<b>692.68</b>

## STD Audits

Schedular Tax Deduction (STD) audits are aimed at ensuring that every employer makes and remits tax deductions from their employees' monthly salaries according to the Income Tax Rules (Salary Deduction), 1994. STD audits are carried out by examining employees' salary records at the employers' premises. In 2007, 38,399 visits were made, through which 8,479 employers were found to have failed to comply with the said regulations (Table 21).

**TABLE 21: STD AUDIT PERFORMANCE**

Year	No. of Employers Audited	No. of Non-Compliant Employers	No. of Offences	No. of Offences Charged with Compounds	Number of Offences in Court
2007	38,399	8,479	83,624	47,788	2,571
2006	31,931	8,271	52,176	47,044	4,658

## Investigations

Investigations are enforcement measures to eradicate tax evasion. It is performed through surprise visits to residential premises, business premises and any other premises related to the taxpayer's business. Related business records and financial records are taken away to be examined at the IRBM office. To ensure its effectiveness, investigations are divided into Civil Investigations and Criminal Investigations.

The Civil Investigation Division carries out investigations to address deliberate as well as oversight tax evasion in tax reports. Investigations in 2007 focused on finalising new cases, as well as monitoring and finalising the remaining outstanding cases.

As at 31 December 2007, 748 cases under investigation were successfully finalised, as compared to 1,389 cases in 2006. Likewise, the amount of additional taxes collected as a result of finalising cases under investigation had also declined from RM903.23 million in 2006 to RM688.32 million in 2007. These represent a drop of 641 in the number of cases finalised and a RM214.91 million reduction in the amount of settlements. This drastic

decline was due to an operation organised in 2006 by the IRBM to resolve backlogs in hand. Of the 1,389 cases finalised in 2006, 932 were backlogs. A total of 748 cases were finalised in 2007 of which 174 were backlog cases (Tables 22 and 23).

**TABLE 22: FINALISED CASES UNDER INVESTIGATION BY FILE TYPE**

Year	Non-companies		Companies		Total	
	No. of Cases	Amount (RM Million)	No. of Cases	Amount (RM Million)	No. of Cases	Amount (RM Million)
2007	218	108.93	530	579.39	748	688.32
2006	653	109.19	736	794.04	1,389	903.23

**TABLE 23: FINALISED BACKLOG CASES**

Year	Cases Brought Forward	No. of Cases Finalised	Total Amount Finalised (RM Million)	Case Carried Forward	Percentage Finalised
2007	239	174	103.97	65	72.8
2006	1,171	932	298.99	239	80.3

However, the number of current cases finalised increased from 457 (1,389-932) to 574 (748-174) with RM584.35 million recovered (RM688.32 million-RM103.97 million). This is a most significant achievement as the Investigations Framework, which took effect from 1 January 2007, had set a time limit of only seven years to resolve cases under investigation. As of 31 December 2007, there were only 65 cases left unresolved (Table 23).

The Criminal Investigations Division investigates tax evasion cases and subsequently takes legal action against the offenders. In 2007, six new cases were investigated for suspected offences committed under subsections 113(1) and 120 of the ITA 1967. Legal action was taken against eight such cases (Table 24).

**TABLE 24: CASES INVESTIGATED AND IDENTIFIED FOR LEGAL ACTION**

Action	Companies			Total
	Subsection 113(1)	Subsection 114(1)	Subsection 120	
No. of cases investigated	5	-	1	6
No. of cases prosecuted in court	2	6	-	8

The Criminal Investigations Division had also succeeded in increasing tax collections through the finalisation of cases. In 2007, six cases were finalised compared to only one in 2006, with a total settlement of RM4.21 million (Table 25).

**TABLE 25: NO. OF CRIMINAL PROSECUTION CASES**

Year	No. of cases finalised	Total taxes finalised (RM)
2007	6	4,213,559.73
2006	1	303,848.82

To enhance the effectiveness of investigations, the IRBM has established the Intelligence Division, the Forensic Laboratory and the Investigations Training Centre. The Intelligence Division was established to assist in selecting appropriate cases for investigation. The division gathers information from various sources, such as government and private agencies, and also from public complaints received. During 2007, a total of 781 cases were reviewed and investigated.

**TABLE 26: NO. OF INQUIRY CASES IN 2007**

Inquiry Case	No. of Inquiries	No. of Referrals
Civil Investigations	1,107	762
Criminal Investigations	15	12
Audit/ Other	8	7

The Forensics Laboratory Division plays a very important role in civil or criminal investigations. Its main activity is to detect and analyse information in electronic or physical documents that has been erased, deleted or altered as court evidence for criminal investigation cases, as well as findings, omissions and non-declarations of incomes for civil investigation cases.

**TABLE 27: STATISTICAL REPORT OF THE FORENSICS LABORATORY DIVISION**

Item	No. of Cases
No. of cases undertaken	76
No. of cases finalised	74
No. of media reviewed	
a) Compact discs	124
b) Diskettes	825
c) Other	3
No. of physical documents	3
No. of electronic forensics cases	-

The Investigations Training Centre (ITC) has been given the role of training potential and existing investigations officers in the field of investigation. The training provided includes specialised skills in investigation, intelligence, crime, etc.

The centre is responsible for analysing training needs, planning training programmes, performing research, developing training material and subsequently implementing and evaluating their training programmes.

The ITC also organises training in collaboration with the Malaysian Tax Academy, IRBM branches and other agencies. In 2007, a total of 22 courses were conducted by the ITC for 532 investigations officers.

The Compliance and Prevention Special Division carries out investigation on special cases as directed by the IRBM's Top Management. Their work comprises investigation on selected groups of taxpayers, illegal activities and cases that require monitoring at headquarters level.

**TABLE 28: STATISTICAL REPORT OF THE COMPLIANCE AND PREVENTION SPECIAL DIVISION**

Year	No. of Cases Finalised	Total Amount Finalised (RM Million)
2007	5	8,387
2006	19	21.205

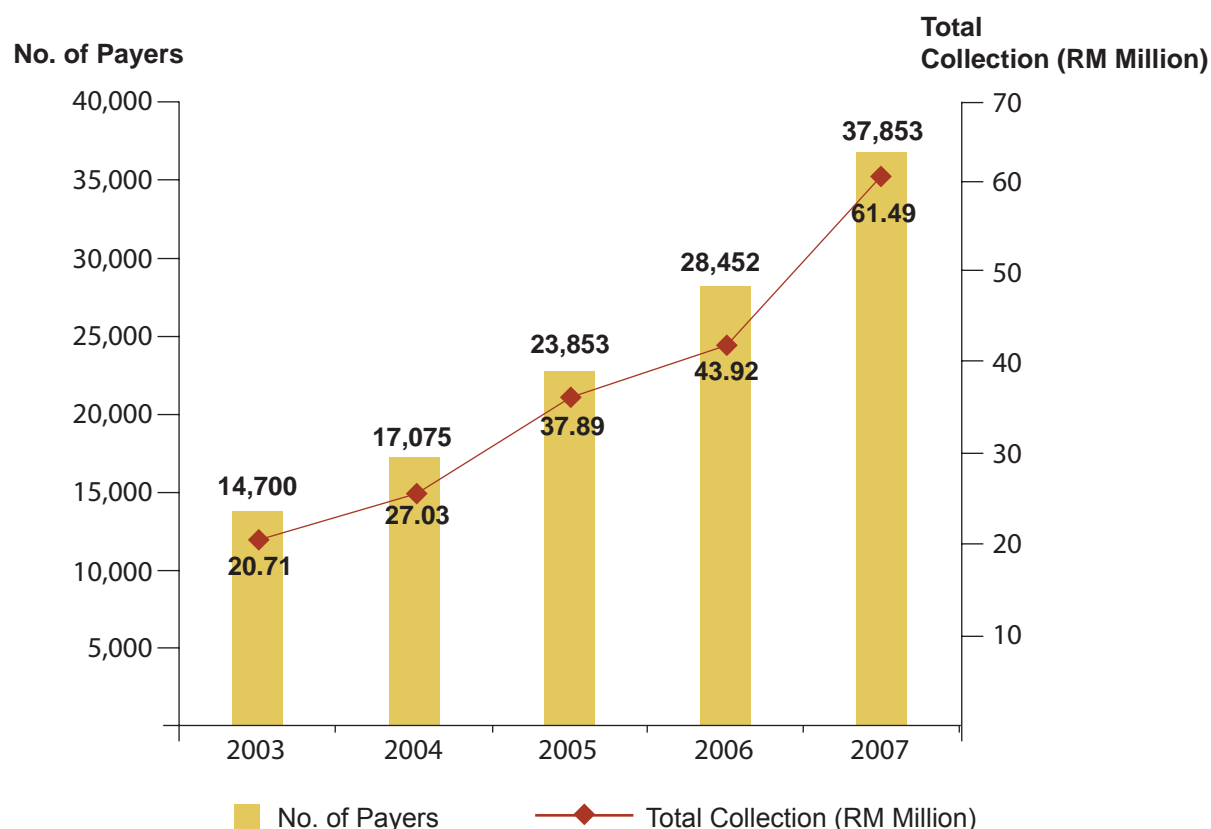


## PTPTN Collections Agent

The IRBM is one of the study loan collections agents appointed by the National Higher Education Fund Corporation / *Perbadanan Tabung Pendidikan Tinggi Nasional* (PTPTN). In 2007, the IRBM collected RM61.49 million from 37,853 borrowers, compared to RM43.92 million from 28,452 borrowers in 2006. Total collections and the number of payers recorded an increase of 40% and 33.04% respectively, compared to the previous year. Overall, the increase in collections is attributed to the higher number of borrowers who made their loan repayments through salary deductions (Table 29 and Chart 5)

**TABLE 29: TOTAL REPAYMENTS OF PTPTN LOANS RECEIVED**

	2007	2006	Increase	Percentage
No. of Payers	37,853	28,452	9,401	33.04
Total Collections (RM Million)	61.49	43.92	17.57	40.00



**CHART 5: COLLECTION OF PTPTN LOAN REPAYMENTS**

## INTERNATIONAL NETWORK

Malaysia's economic policy focuses primarily on the development of international trade. In line with the objective to continue growing and liberalising international trade, Malaysia needs an attractive and competitive taxation mechanism to facilitate business with its trade counterparts.

### Double Taxation Agreement

The IRBM is continuously involved as an active representative of Malaysia in any discussion to establish and enforce Double Taxation Agreements (DTAs) with other countries. The DTA is an agreement between two countries to avoid imposing taxes twice on the same income. The agreement determines the taxing rights of each country on cross-border incomes and the agreement of both countries to provide a tax credit or tax relief for the purpose of avoiding double taxation. The DTA stimulates the growth of foreign investments and attracts foreign investors.



In implementing this policy, due consideration is given to protect the tax base, in order to stem the outflow of national revenue as a result of disproportionate taxing rights. The main objective of the DTA is to avoid double taxation on income and to prevent incidences of tax evasion involving residents of the two countries in the agreement.

In 2007, six DTA negotiations were completed with Belgium, Brunei, German, Oman, Qatar and Yemen, whilst 15 DTAs are still being negotiated. Presently, 58 DTAs are in effect between Malaysia and other countries in trade relationships.

The IRBM recognises the importance of providing its officers with continuous exposure on the latest developments in global taxation and learning the best taxation practices adopted by other tax administrators, especially those in developed countries. To this end, the IRBM continues to strengthen its working relationships with international taxation organisations and the tax administrators of member countries. As a result, the IRBM continued to organise several international taxation courses at the Malaysian Tax Academy by engaging trainers from international organisations, such as ATO\*, OECD\*, CATA\*, IBFD\*, JICA\* and SGATAR\*. These courses were most beneficial to many IRBM officers as well as the tax officers of other countries who are in trade relationships with Malaysia.

In 2007, IRBM officers participated in two annual international conferences, namely the 28th CATA Technical Conference held in Nairobi, Kenya on 5-10 August 2007 and the 37th SGATAR Meeting in Cebu, Philippines on 22 November 2007. Both conferences were also attended by representatives from the Malaysian Treasury.

The IRBM also continued to organise taxation courses with the help of the Economic Planning Unit of the Prime Minister's Department under the Malaysian Technical Cooperation Programme (MTCP) using local and external expertise. The close relationships with tax administrators of other countries have enabled the IRBM to organise a series of working visits to the respective agencies. It also facilitates international cooperation programmes, such as the exchange of information on taxation.

As a pioneer in the establishment of the ATAIC\*, which is an international organisation representing tax and tithe authorities of Muslim countries, the IRBM plays an active role in sharing expertise and experience with Kuwait, the organiser of the ATAIC's Fourth Technical Conference in 2007. The conference was held on 24-28 November in Kuwait. Malaysia was represented by senior IRBM officers and a senior officer from the Malaysian Treasury. The IRBM hopes that this will help continue mobilising the activities of the ATAIC, which is the only international forum for Islamic countries to discuss and exchange experience on taxation and tithes. The conference was also attended by 98 representatives from 13 member countries, including observers from Bahrain, Oman, Turkey, United Arab Emirates, IBFD, and CATA.

## Conferences, Training and International Visits

As a result of the cooperation and understanding between the IRBM and various international organisations, such as CATA\*, ATAIC\*, CIAT\*, JICA\*, OECD\* and SGATAR\*, a total of 84 officers were sent to attend several international conferences, seminars, workshops and training courses in South Korea, the United States, Slovenia, Australia, Britain, Singapore, Sweden, Thailand, Kenya, Taiwan, France, Argentina, China, Switzerland, the Philippines, Kuwait and Vietnam.

The knowledge and experience gained by participating in these conferences, seminars, workshops and training courses have developed IRBM officers who are skilful and highly-competent in handling current issues and establishing close working relationships with foreign tax administrators.

The level of excellence displayed by the IRBM has attracted visits by senior taxation officers from Nepal, Vietnam, Morocco, Kenya, Uganda and Pakistan in 2007. The purpose of their visits was to learn from the IRBM's experience and understand the approaches used by the IRBM, as well as to closely observe the improvements implemented in Malaysia's administration of direct taxes.



\*Note:

ADB	- Asian Development Bank Institute
ATAIC	- Association of Tax Authorities of Islamic Countries
ATO	- Australian Tax Office
CATA	- Commonwealth Association of Tax Administrators
CIAT	- Inter-American Centre of Tax Administrations
FLETC	- Federal Law Enforcement Training Centre
IBFD	- International Bureau of Fiscal Documentation
IOTA	- Intra-European Organisation of Tax Administration
IRS	- Internal Revenue Service, United States of America
JICA	- Japan International Cooperation Agency
OECD	- Organisation for Economic Co-operation and Development
SGATAR	- Study Group on Asian Tax Administration and Research

## HUMAN RESOURCE DEVELOPMENT

The Training Needs Analysis (TNA) was introduced in 2006. TNA takes the IRBM's Competency Profile as its key reference. The Competency Profile describes the main components to be addressed, namely the knowledge, skills and attitudes of officers. These components are divided into three categories, containing a total of 19 competencies that every IRBM officer should possess (Chart 6).

Individual Abilities	Teamwork	Organisation Commitment and Customer Focus
Self Control Self Confidence Initiative Work Quality Result Orientated Flexibility Analytical Thinking Functional Expertise	Cooperation Leadership Persuasiveness Ability to Develop Officers Giving Instruction Decision-Making	Communication Skills Organisational Commitment Customer Services Orientation Interpersonal Skills Resourcefulness

**CHART 6: IRBM COMPETENCY PROFILE**

The profile was created to provide guidelines and a source of reference in implementing human resource management activities. These activities cover recruitment, career path planning, transfers (placements), promotions, succession planning, training management and performance management.

The Human Resource Development Programme focused on Training Management as its main activity. As a first step, the Training Need Analysis (TNA) was introduced and implemented by the Human Resource Development and Training Unit of the Organisational Development Division (ODD). The analysis was applied in the planning of courses and training for IRBM officers. In line with our efforts for continuous improvement, the ODD is also developing a Performance Appraisal Form, containing characteristics for competency evaluation that are appropriate for the Human Resource Development Programme.

### Recruitment and Placement

To achieve the vision of becoming a world-class tax administrator, the IRBM needs officers who are efficient and able to work effectively to improve the performance and competitiveness of the organisation. Accordingly, recruitment programmes are continued to expand the human resource pool to its optimum size based on current needs. In 2007, 586 candidates were appointed to permanent positions to fill vacancies due to retirement, resignation and death. 768 candidates were offered part-time employment to address the

increasing workload. Recruitment is carried out to improve the productivity and performance of the IRBM, particularly to cope with the additional workload after the implementation of the SAS. The IRBM's human resource profile as at 31 December 2007 is shown in Tables 30 and 31.

**TABLE 30: RECRUITMENT PROFILE BY CATEGORY**

No.	Category	No. of Position	No. of Recruitments	No. of Vacancies
1	Top Management	23	23	0
2	Information Technology	1,005	773	232
3	Assessment	5,380	4,745	635
4	Legal	96	29	67
5	Accounting	297	246	51
6	Administration	3,571	3,195	406
<b>Total</b>		<b>10,372</b>	<b>8,981</b>	<b>1,391</b>

**TABLE 31: DISTRIBUTION PROFILE OF OFFICERS BY GRADE AND CATEGORY**

Grade	Technical	Legal	Information Technology	Accounting/ Finance	Administration	Group Position	Total
1-4	-	-	-	-	23	-	23
5	38	6	2	2	6	2	56
6	331	20	10	10	16	6	393
7	2,131	46	9	19	54	23	2,282
8-9	1,216	73	2	46	69	2	1,408
10-16	1,029	628	-	169	2,991	2	4,819
<b>Total</b>	<b>4,745</b>	<b>773</b>	<b>23</b>	<b>246</b>	<b>3,159</b>	<b>35</b>	<b>8,981</b>

## Implementation of Training Programmes

Every organisation needs to develop training programmes that can provide the required knowledge and skill. As such, the staff define the competitiveness of an organisation. IRBM has always placed importance on continuously strengthening the knowledge and intellectual capabilities of its officers through a training policy that targets a minimum of 40 hours' training a year per officer. Having competent officers is a critical factor in building confidence among customers and good relationships between the IRBM and its clients. The IRBM's excellent performance in increasing revenue collections every year is proof of the effectiveness of the continuous training and learning programmes that have been implemented.

The IRBM is always sensitive to changes in work implementation needs and the Government's expectations as stakeholders. The implementation of the SAS has introduced a new dimension to the IRBM's duties, which require increased interaction with taxpayers when providing service or enforcing compliance. The IRBM aims to develop human resources



with skill, discipline and integrity through the implementation of planned, comprehensive and effective training programmes. The training plan at the IRBM places key emphasis on the following programmes:

### **Basic Training for Voluntary Cadet Forces**

The Basic Training for Voluntary Cadet Forces was introduced at the IRBM in 2001 in collaboration with the 515<sup>th</sup> Voluntary Forces Regiment of the Malaysian Armed Forces. The training includes marching, exercises, shooting, self-defence, battlefield and march past. The Voluntary Forces Cadet Training was created to:

- instil high self-discipline among IRBM officers;
- equip IRBM officers with greater courage and self-confidence, especially those who deal directly with taxpayers;
- develop leadership qualities among IRBM officers;
- improve the mental and physical resilience of IRBM officers; and
- encourage the involvement of IRBM officers in uniformed unit activities.



### **Specialised Training**

This programme trains IRBM officers to become work specialists. Officers' skills in their present fields of work are sharpened through specialised training in RPGT, Stamp Duty, Collections, Prosecution, Audit and Investigation. The training is implemented at the following institutions:

- **Malaysian Tax Academy (MTA)**

The MTA is the IRBM's primary training centre. Currently, the following courses are offered at the MTA:

- Research and International Studies
- Basic Training

- Multimedia and ICT
- Management
- Audit
- Skills Training

The MTA functions as a centre of excellence that trains IRBM officers, tax administrators of other countries and the public on taxation. In addition to providing on-the-job training as well as skills training and self-development courses, the MTA also offers Diploma Programmes in Management Science and Accountancy, in collaboration with Universiti Utara Malaysia (UUM) and Universiti Teknologi MARA (UiTM). The MTA also discusses joint ventures with several Public Institutions of Higher Learning (PIHL) to offer Master's programmes to IRBM officers. Joint training programmes with several international bodies such as the OECD, CATA and JICA are continued, including the Malaysian Technical Co-operation Programme (MTCP) with the Economic Planning Unit of the Prime Minister's Department.

The Federal Training Award from the Public Services Department is also offered to IRBM officers who are interested to further their studies to Master and Doctor of Philosophy levels. In 2007, two officers received the above offers to further their studies locally at Master level and two more to further their studies at Doctor of Philosophy level overseas.

The IRBM also offered Training Awards to 15 officers to further their studies locally at Masters level. The IRBM also conducted several training sessions on work integrity and ethics for its officers. It is hoped that this will produce officers of high integrity and commendable work ethics.

- **Audit Training Centre (ATC)**

The ATC's role is to improve IRBM officers' tax audit skills as auditing has become one of their core functions. Effective audit training will improve the efficiency of the IRBM's audit programme, which can help improve compliance among taxpayers.

- **Investigation Training Centre (ITC)**

The ITC's special role is to provide training to new officers who will be posted at the IRBM's Investigation Centres. The training is intended to improve these officers' skills in investigating cases of tax evasion. The combination of theory and practical training during their placement at nearby Investigation Centres will enable officers to master the skills required to carry out their duties effectively.

- **Stamp Duty Training Centre (SDTC)**

Established in 2005, the SDTC took over training functions related to stamp duty from the MTA. With its establishment, officers serving at Stamp Duty Units, Revenue Service Centres and District Offices can undergo the relevant training more frequently in order to carry out their duties more skilfully and efficiently. The move should improve services and standardise Stamp Duty charging practices at all Stamping Centres.

- **Organisational Development Division (ODD) and External Training Agencies**

The ODD organises courses that provide exposure to IRBM officers on the enhancement of skills, language, management, administration, information technology and self-improvement. The ODD also coordinates IRBM officers' participation in several training programmes organised by external agencies.





## Awards and Recognitions

To motivate officers to strive for work excellence, dedication and integrity, the IRBM continued to provide opportunities for promotion, besides offering service excellence awards and other forms of recognition to its officers. The incentive is in line with the IRBM's policy of being sensitive to its workers' welfare, providing opportunities for career development and rewarding individual excellence.



Officers who display excellence in their work are promoted to act in a higher position and given the opportunity to be confirmed in that position. The Service Excellence Award is another form of recognition given to officers with outstanding performance in the appraisal year. Selected officers will receive a higher salary increment, additional bonus and a certificate of appreciation. Officers who have served the IRBM for more than 25 years and those who retired from service by requirement are also rewarded with a special token and a certificate of appreciation. As recognition to the achievements of IRBM officers, several received Medals, Decorations and Orders at Federal and State levels.

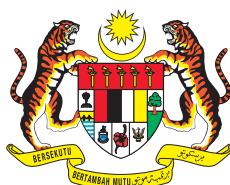


# FINANCIAL STATEMENTS









**CERTIFICATE OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF THE  
INLAND REVENUE BOARD OF MALAYSIA  
FOR THE YEAR ENDED 31 DECEMBER 2007**

The financial statements of the Inland Revenue Board of Malaysia for the year ended 31 December 2007 have been audited by my representative. These financial statements are the responsibility of the management. My responsibility is to audit and to express an opinion on these financial statements.

2. The audit has been carried out in accordance with the Audit Act 1957 and in conformity with approved standards on auditing. Those standards require an audit be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement. The audit includes examining on a test basis, evidence supporting the amount and adequate disclosures in the financial statements. It also includes assessment of the accounting principles used as well as evaluating the overall presentation of the financial statements.

3. In my opinion, the financial statements give a true and fair view of the state of financial affairs of the Inland Revenue Board of Malaysia as at 31 December 2007 and of the results of its operations and its cash flows for the year ended based on the approved accounting standards.

**( TAN SRI DATO' SETIA HAJI AMBRIN BIN BUANG )**

AUDITOR GENERAL  
MALAYSIA

PUTRAJAYA  
4 JULY 2008



## **INLAND REVENUE BOARD OF MALAYSIA**

(Established According to the INLAND REVENUE BOARD OF MALAYSIA ACT 1995)

### **STATEMENT BY THE CHAIRMAN AND ONE OF THE BOARD MEMBERS**

We **DATO' SRI DR. WAN ABDUL AZIZ BIN WAN ABDULLAH** and **DATO' MOHD. SALLEH BIN MAHMUD** being the Chairman and one of the Board Members of the **INLAND REVENUE BOARD OF MALAYSIA** do hereby state that, in the opinion of Board Members, the accompanying Balance Sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement together with the enclosed notes to the Financial Statement, are drawn up so as to give a true and fair view of the state of affairs of the **INLAND REVENUE BOARD OF MALAYSIA** as at December 31, 2007 and of their results and changes in financial position for the year ended on that date.

On behalf of the Board,



**DATO' SRI DR. WAN ABDUL AZIZ BIN WAN ABDULLAH**

CHAIRMAN

April 23, 2008

Kuala Lumpur



**DATO' MOHD. SALLEH BIN MAHMUD**

BOARD MEMBER

April 23, 2008

Kuala Lumpur

## INLAND REVENUE BOARD OF MALAYSIA

(Established According to the INLAND REVENUE BOARD OF MALAYSIA ACT 1995)

### DECLARATION SIGNED BY THE OFFICER PRIMARILY RESPONSIBLE FOR FINANCIAL MANAGEMENT

I, **ZAKARIA BIN A. SAMAD**, the officer primarily responsible for the financial management and accounting records of the **INLAND REVENUE BOARD OF MALAYSIA** do solemnly and sincerely declare that the accompanying Balance Sheet, Income Statement, Statement Of Changes In Equity and Cash Flow Statement together with the enclosed notes to the Financial Statement, to the best of my knowledge and belief, are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared     )  
by the above named                         )  
at Kuala Lumpur                             )  
April 22, 2009                                 )

  
**ZAKARIA BIN A. SAMAD**

Before me,



  
COMMISSIONER FOR  
OATHS  
**TEOH AI SUAN**  
**PESURUHJAYA SUMPAH**  
**LEMBAGA HASIL DALAM NEGERI**  
**KUALA LUMPUR**

## BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 RM	2006 RM
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>3</b>	<b>553,369,700</b>	<b>343,765,819</b>
<b>LOANS TO EMPLOYEES</b>	<b>4</b>	<b>1,414,188</b>	<b>2,045,492</b>
		<b>554,783,888</b>	<b>345,811,311</b>
<b>CURRENT ASSETS</b>			
Loans to Employees	4	1,255,682	1,860,342
Deposit and Prepayment	5	2,958,780	2,142,020
Payment Of Advances	6	3,787,856	9,313,642
Other Debtors	7	143,949	416,158
Stock/Inventory		1,877,414	-
Accrued Interest		592,767	826,893
Fixed Deposits and Short Term Investment	8	181,000,000	202,000,000
Cash and Bank Balances		4,717,259	1,820,522
<b>TOTAL CURRENT ASSETS</b>		<b>196,333,707</b>	<b>218,379,577</b>
<b>CURRENT LIABILITIES</b>			
Sundry Creditors	9	123,981,472	65,970,110
Terms Loan	10	26,237,500	17,237,500
Provision For Audit Fee		70,400	64,000
Provision For Doubtful Debts		96,087	-
Deposit		7,824,757	7,786,631
<b>TOTAL CURRENT LIABILITIES</b>		<b>158,210,216</b>	<b>91,058,241</b>
<b>NET CURRENT ASSETS</b>		<b>38,123,491</b>	<b>127,321,336</b>
<b>TOTAL NET ASSETS</b>		<b>592,907,379</b>	<b>473,132,647</b>
<b>FUNDED BY:</b>			
Development Fund	11	271,722,679	158,066,329
Trust Fund	12	2,258,752	1,710,934
Other Fund	13	36,000,000	36,000,000
Asset Valuation Reserve		36,877,826	-
Accumulated Surplus	14	176,624,163	221,443,925
		<b>523,483,420</b>	<b>417,221,188</b>
<b>LONG TERM LIABILITIES</b>			
Terms Loan	10	69,423,959	55,911,459
		<b>592,907,379</b>	<b>473,132,647</b>

*The accompanying notes on pages 74 to 98 are an integral part of the Financial Statement.*

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 RM	2006 RM
Revenue	15	842,733,039	730,309,320
Other Operating Income		110,609	6,786,883
Staff Cost	16	(602,303,774)	(442,510,590)
Depreciation Of Property, Plant and Equipment		(51,032,988)	(43,007,681)
Other Operating Expenditure		(235,054,533)	(209,821,755)
<b>Surplus/(Deficit) From Operations</b>		<b>(45,547,647)</b>	<b>41,756,177</b>
Finance Cost		(6,895,349)	(5,966,495)
Income From Investment And Loans		7,623,234	5,566,204
<b>Current Surplus/(Deficit)</b>		<b>(44,819,762)</b>	<b>41,355,886</b>

*The accompanying notes on pages 74 to 98 are an integral part of the Financial Statement.*

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2007

	Development Fund RM	Trust Fund RM	Other Fund RM	Asset Valuation Reserve RM	Surplus / (Deficit) RM	Total RM
<b>Balance as at 01 January 2006</b>	<b>124,305,764</b>	<b>1,411,162</b>	<b>36,000,000</b>	<b>-</b>	<b>180,088,039</b>	<b>341,804,965</b>
Current Surplus / (Deficit)	33,760,565	299,772	-	-	41,355,886	75,416,223
<b>Balance as at 31 December 2006</b>	<b>158,066,329</b>	<b>1,710,934</b>	<b>36,000,000</b>	<b>-</b>	<b>221,443,925</b>	<b>417,221,188</b>
Current Surplus / (Deficit)	113,656,350	547,818	-	-	(44,819,762)	69,384,406
Land Valuation	-	-	-	8,093,696	-	8,093,696
Building Valuation	-	-	-	28,784,130	-	28,784,130
<b>Balance as at 31 December 2007</b>	<b>271,722,679</b>	<b>2,258,752</b>	<b>36,000,000</b>	<b>36,877,826</b>	<b>176,624,163</b>	<b>523,483,420</b>

*The accompanying notes on pages 74 to 98 are an integral part of the Financial Statement.*

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 RM	2006 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Received From Federal Government and Other Income	17	813,511,655	739,667,412
Payment To Suppliers and Staffs	18	(779,903,898)	(650,057,964)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>33,607,757</b>	<b>89,609,448</b>
Purchasing Of Property, Plant and Equipment		(179,730,919)	(66,194,325)
Received from Disposal Of Property, Plant and Equipment		154,680	271,638
Income From Investment and Loans		7,857,360	4,786,810
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(171,718,879)</b>	<b>(61,135,877)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Development Fund		102,630,000	60,783,677
Trust Fund		568,605	325,614
Terms Loan Received		45,000,000	-
Payment Of Terms Loan		(22,487,500)	(17,237,500)
Loans to Employees		1,235,964	3,100,488
Finance Cost Paid		(6,939,210)	(6,018,218)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>120,007,859</b>	<b>40,954,061</b>
Net Increase In Cash		(18,103,263)	69,427,632
Cash And Cash Equivalents At The Beginning Of The Year		203,820,522	134,392,890
<b>Cash And Cash Equivalents At The End Of The Year</b>		<b>185,717,259</b>	<b>203,820,522</b>

*The accompanying notes on pages 74 to 98 are an integral part of the Financial Statement.*



## **NOTES TO THE FINANCIAL STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2007**

#### **1. CORPORATE REVIEW**

Inland Revenue Board of Malaysia (IRBM) was incorporated on 1st March 1996 under INLAND REVENUE BOARD OF MALAYSIA ACT 1995, (Act 533).

IRBM acts as an agent to the government and providing services related to the administration, assessment, collection and enforcement on the payment of income tax, tax on income from petroleum, real property gain tax, tax on income from Labuan offshore business activity, stamp duty, estate duty and others tax.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1. Basic of Accounting**

The accounts of IRBM have been prepared in accordance with:

2.1.1. The historical cost; and

2.1.2. The approved accounting standards by Malaysian Accounting Standards Board (MASB) which is Private Entity Reporting Standards (PERS).

The preparation of the financial statement in accordance with Private Entity Reporting Standards (PERS) required certain changes of the accounting policies. The impact on the changes of accounting policies on the existing policies are disclosed in Note 22.

##### **2.2. Property, Plant and Equipment**

2.2.1. Started from year 2003, property, plant and equipment that financed by the Development Fund and Trust Fund were shown separately.

2.2.2. Property, plant and equipment, which cost not less than RM1,000 per unit, shall be capitalised. However carpet, curtain and related items acquired irrespective the cost shall not be capitalized.

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2. Property, Plant and Equipment (Continued)

- 2.2.3. Property, plant and equipment are accounted at cost. Freehold Land and Work in Progress is not depreciated. Depreciation is calculated based on a straight-line method through out the estimated useful lives of the assets.

Rates of depreciation per year are as follows:-

Land - Leasehold	Period of lease
Building	2%
Office Equipment	20%
Vehicle	20%
Computer	33.33%

- 2.2.4. Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each Balance Sheet date. At each Balance Sheet date, assets have to assess whether there is any indication of impairment. Revaluation on properties is made once every five (5) years, to assess for any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount as stated in 2.3.

- 2.2.5. The depreciation rate on purchase of completed building of which the cost of land and building could not be specifically identified at the acquisition stage will follow the depreciation rate of building which is at 2% per year.

### 2.3. Impairment Of Assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An Impairment Loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An Impairment Loss is charged to the Income Statement. In respect of other assets, any subsequent increase in recoverable amount is recognised in the Income Statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

## **NOTES TO THE FINANCIAL STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2007**

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.4. Stock / Inventory**

Stock / Inventory are stated at cost.

### **2.5. Revenue Recognition**

#### **2.5.1. Investment**

Interest income from saving in Conventional Banking Scheme is recognised on the accrual basis while profit from Al-Mudharabah Scheme is recognised as an income when the profit is actually received.

#### **2.5.2. Profit from Insurance Syarikat Takaful Protection Scheme**

Profit from Insurance Syarikat Takaful Protection Scheme is recognised as an income when the profit is actually received.

#### **2.5.3. Rental Of Office Space**

Income from rental of office space is recognised in Income Statement in the month the rental is actually received.

#### **2.5.4. Profit on Disposal of Property, Plant and Equipment**

Profit on disposal of property, plant and equipment is recognised as an income when the profit is actually received.

### **2.6. Recognition of Received From Federal Government**

#### **2.6.1. Development Fund**

Development fund provided by Federal Government for the purpose of financing the cost of development project is recognised as an income in the Income Statement (Development Fund) in the year it is incurred. The fund is used for capital expenditure will be recognised as a deferred income and only depreciation value of the asset for the year will be charged in Income Statement.

#### **2.6.2. Conveyance Loan Fund**

Conveyance Loan Grant received or provision transferred from Received From Federal Government for the purpose of financing the conveyance loan will be credited to the Conveyance Loan Fund.

## **NOTES TO THE FINANCIAL STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2007**

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.6. Recognition of Received From Federal Government (Continued)**

#### **2.6.3. Computer Loan Fund**

Computer Loan Grant received or provision transferred from Received From Federal Government for the purpose of financing the computer loan will be credited to the Computer Loan Fund.

#### **2.6.4. Trust Fund**

Trust Fund Grant received or provision transferred from Received From Federal Government for the purpose of financing the activities held by Malaysian Tax Academy will be credited to the Trust Fund.

Trust fund is recognised as an income in the Income Statement (Trust Fund) in the year it is incurred. The fund is used for capital expenditure will be recognised as a deferred income and only depreciation value of the asset for the year will be charged to Income Statement.

#### **2.6.5. Investment Fund**

Investment Grant received or provision transferred from Received From Federal Government for investment purpose will be credited to the Investment Fund.

### **2.7. Loans To Employees**

Loans to employees are stated at cost.

### **2.8. Terms Loan**

Terms loan are stated at cost.

### **2.9. Debtors**

Debtors are stated at cost. Bad debt are written off in the period in which they are identified. An estimate is made for doubtful debts based on review of all outstanding amounts at year-end.

### **2.10. Creditors**

Creditors are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

## **NOTES TO THE FINANCIAL STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2007**

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.11. Foreign Currency Transaction**

Income Statement items in foreign currency are stated based on the transaction date exchange rate. The exchange difference is recognise in Income Statement.

### **2.12. Cash And Cash Equivalentents**

Cash and cash equivalentents in the Cash Flow Statement have been prepared based on the Direct Method. Cash and cash equivalentents comprised of short term investments, fixed deposits and cash.

### **2.13. Financial Risk Management Policies**

The financial risk management policy is to be ascertain that IRBM has sufficient financial sources for operations by the related risk management purposes. IRBM carried out the operations based on policies that have been approved by the Government and IRBM itself.

The major financial risks faced by IRBM and the policies related to principal operating activities are as follows:

#### **2.13.1. Interest Rate Risk**

IRBM borrows from Pensions Trust Fund Council at a fixed rate to prevent the increase of interest rate and hence reducing the interest rate risk .

#### **2.13.2. Credit Risk**

Credit risk is being controlled by a credit approval procedure, limits and observation. Internal examination on the credit will be done if the risk are material.

#### **2.13.3. Liquidation and Cash Flow Risk**

Cautious management of liquidity risk involve in maintaining cash and sufficient fund by credit facilities. Because of the dynamic basic operation, IRBM planned to maintain its financial flexibility by maintaining existing credit facilities.

## **NOTES TO THE FINANCIAL STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2007**

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.14. Provision For Employee Benefits/Staff Retirement Benefits**

#### **2.14.1. Short Retirement Benefits**

Salaries, allowances and bonuses are recognised as expenses in the Income Statement in the year the employees rendered their services to IRBM.

#### **2.14.2. Defined Contribution Plans**

IRBM make a contribution to Employees Provident Fund for the staff under the IRBM Salary Scheme and to Government Pension Fund for those in the pension scheme. The contribution are recognised as an expense in the Income Statement in the year the employees rendered their services to IRBM.

IRBM also make a contribution to Social Security Organisation. Such contribution are recognised as an expense in the Income Statement in the year the employees rendered their services to IRBM.

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

### 3. PROPERTY, PLANT AND EQUIPMENT

#### PROPERTY, PLANT AND EQUIPMENT - TOTAL

	As At 01 January 2007	Additions	Disposals/ Transfer/ Write Offs/ Adjustments/ Reclassification	Revaluation/ Impairment Loss	As At 31 December 2007
	RM	RM	RM	RM	RM
<b>COST</b>					
Land	41,265,442	4,413,999	488,817	8,093,697	54,261,955
Building	221,020,962	45,000,000	-	28,784,129	294,805,091
Work-In-Progress	9,174,952	150,197,644	3,736,892	-	163,109,488
Motor Vehicles	22,702,463	13,102,610	(937,781)	-	34,867,292
Furniture & Fittings	52,733,612	4,166,209	(87,255)	-	56,812,566
Computer	274,656,526	2,655,535	(8,681,731)	-	268,630,330
<b>TOTAL</b>	<b>621,553,957</b>	<b>219,535,997</b>	<b>(5,481,058)</b>	<b>36,877,826</b>	<b>872,486,722</b>
<b>ACCUMULATED DEPRECIATION</b>					
Land	2,937,556	254,937	(2,197,590)	-	994,903
Building	19,848,989	5,245,420	-	1,914,167	27,008,576
Work-In-Progress	-	-	-	-	-
Motor Vehicles	12,789,193	3,307,312	(1,695,492)	-	14,401,013
Furniture & Fittings	35,420,832	5,512,449	(232,510)	-	40,700,771
Computer	206,791,568	36,996,293	(7,776,102)	-	236,011,759
<b>TOTAL</b>	<b>277,788,138</b>	<b>51,316,411</b>	<b>(11,901,694)</b>	<b>1,914,167</b>	<b>319,117,022</b>
<b>NET BOOK VALUE</b>				As At 01 January 2007	As At 31 December 2007
				RM	RM
Land				38,327,886	53,267,052
Building				201,171,973	267,796,515
Work-In-Progress				9,174,952	163,109,488
Motor Vehicles				9,913,270	20,466,279
Furniture & Fittings				17,312,780	16,111,795
Computer				67,864,958	32,618,571
<b>TOTAL</b>				<b>343,765,819</b>	<b>553,369,700</b>



## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### PROPERTY, PLANT AND EQUIPMENT - TOTAL (CONTINUED)

	As At 01 January 2006	Additions	Disposals/ Transfer/ Write Offs/ Adjustments/ Reclassification	Revaluation/ Impairment Loss	As At 31 December 2006
	RM	RM	RM	RM	RM
<b>COST</b>					
Land	41,265,442	-	-	-	41,265,442
Building	184,153,490	-	36,867,472	-	221,020,962
Work-In-Progress	40,006,543	12,172,832	(43,004,423)	-	9,174,952
Motor Vehicles	15,115,965	8,539,410	(952,912)	-	22,702,463
Furniture & Fittings	42,160,041	5,718,329	4,855,242	-	52,733,612
Computer	232,362,647	46,603,754	(4,309,875)	-	274,656,526
<b>TOTAL</b>	<b>555,064,128</b>	<b>73,034,325</b>	<b>(6,544,496)</b>	<b>-</b>	<b>621,553,957</b>
<b>ACCUMULATED DEPRECIATION</b>					
Land	2,661,429	276,127	-	-	2,937,556
Building	15,735,799	4,113,190	-	-	19,848,989
Work-In-Progress	-	-	-	-	-
Motor Vehicles	11,377,436	2,046,677	(634,920)	-	12,789,193
Furniture & Fittings	31,378,799	5,321,342	(1,279,309)	-	35,420,832
Computer	179,842,586	31,250,345	(4,301,363)	-	206,791,568
<b>TOTAL</b>	<b>240,996,049</b>	<b>43,007,681</b>	<b>(6,215,592)</b>	<b>-</b>	<b>277,788,138</b>
<b>NET BOOK VALUE</b>				As At 01 January 2006	As At 31 December 2006
				RM	RM
Land				38,604,013	38,327,886
Building				168,417,691	201,171,973
Work-In-Progress				40,006,543	9,174,952
Motor Vehicles				3,738,529	9,913,270
Furniture & Fittings				10,781,242	17,312,780
Computer				52,520,061	67,864,958
<b>TOTAL</b>				<b>314,068,079</b>	<b>343,765,819</b>

# NOTES TO THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2007

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 3.1. PROPERTY, PLANT AND EQUIPMENT - OPERATION FUND

	As At 01 January 2007	Additions	Disposals/ Transfer/ Write Offs/ Adjustments/ Reclassification	Revaluation/ Impairment Loss	As At 31 December 2007
	RM	RM	RM	RM	RM
<b>COST</b>					
Land	17,628,822	4,413,999	488,817	453,605	22,985,243
Building	167,153,490	45,000,000	-	26,161,318	238,314,808
Work-In-Progress	-	39,232,987	3,933,849	-	43,166,836
Motor Vehicles	22,702,463	13,102,610	(937,781)	-	34,867,292
Furniture & Fittings	40,672,819	4,150,479	(87,255)	-	44,736,043
Computer	80,176,457	2,655,535	(1,650,849)	-	81,181,143
<b>TOTAL</b>	<b>328,334,051</b>	<b>108,555,610</b>	<b>1,746,781</b>	<b>26,614,923</b>	<b>465,251,365</b>
<b>ACCUMULATED DEPRECIATION</b>					
Land	1,093,710	133,073	(873,592)	-	353,191
Building	18,058,869	4,168,070	-	1,614,167	23,841,106
Work-In-Progress	-	-	-	-	-
Motor Vehicles	12,789,193	3,307,312	(1,695,492)	-	14,401,013
Furniture & Fittings	29,640,634	4,051,464	(232,373)	-	33,459,725
Computer	63,321,549	9,769,492	(747,555)	-	72,343,486
<b>TOTAL</b>	<b>124,903,955</b>	<b>21,429,411</b>	<b>(3,549,012)</b>	<b>1,614,167</b>	<b>144,398,521</b>
<b>NET BOOK VALUE</b>				As At 01 January 2007	As At 31 December 2007
				RM	RM
Land				16,535,112	22,632,052
Building				149,094,621	214,473,702
Work-In-Progress				-	43,166,836
Motor Vehicles				9,913,270	20,466,279
Furniture & Fittings				11,032,185	11,276,318
Computer				16,854,908	8,837,657
<b>TOTAL</b>				<b>203,430,096</b>	<b>320,852,844</b>

# NOTES TO THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2007

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 3.1 PROPERTY, PLANT AND EQUIPMENT - OPERATION FUND (CONTINUED)

	As At 01 January 2006	Additions	Disposals/ Transfer/ Write Offs/ Adjustments/ Reclassification	Revaluation/ Impairment Loss	As At 31 December 2006
	RM	RM	RM	RM	RM
<b>COST</b>					
Land	17,628,822	-	-	-	17,628,822
Building	167,153,490	-	-	-	167,153,490
Work-In-Progress	-	-	-	-	-
Motor Vehicles	15,115,965	8,539,410	(952,912)	-	22,702,463
Furniture & Fittings	36,734,055	5,042,473	(1,103,709)	-	40,672,819
Computer	68,577,506	12,876,551	(1,277,600)	-	80,176,457
<b>TOTAL</b>	<b>305,209,838</b>	<b>26,458,434</b>	<b>(3,334,221)</b>	<b>-</b>	<b>328,334,051</b>
<b>ACCUMULATED DEPRECIATION</b>					
Land	1,056,336	37,374	-	-	1,093,710
Building	14,715,799	3,343,070	-	-	18,058,869
Work-In-Progress	-	-	-	-	-
Motor Vehicles	11,377,436	2,046,677	(634,920)	-	12,789,193
Furniture & Fittings	26,801,311	3,940,635	(1,101,312)	-	29,640,634
Computer	55,327,135	9,264,233	(1,269,819)	-	63,321,549
<b>TOTAL</b>	<b>109,278,017</b>	<b>18,631,989</b>	<b>(3,006,051)</b>	<b>-</b>	<b>124,903,955</b>
<b>NET BOOK VALUE</b>				As At 01 January 2006  RM	As At 31 December 2006  RM
Land				16,572,486	16,535,112
Building				152,437,691	149,094,621
Work-In-Progress				-	-
Motor Vehicles				3,738,529	9,913,270
Furniture & Fittings				9,932,744	11,032,185
Computer				13,250,371	16,854,908
<b>TOTAL</b>				<b>195,931,821</b>	<b>203,430,096</b>

# NOTES TO THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2007

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 3.2. PROPERTY, PLANT AND EQUIPMENT - DEVELOPMENT FUND

	As At 01 January 2007	Additions	Disposals/ Transfer/ Write Offs/ Adjustments/ Reclassification	Revaluation/ Impairment Loss	As At 31 December 2007
	RM	RM	RM	RM	RM
<b>COST</b>					
Land	23,636,620	-	-	7,640,092	31,276,712
Building	53,867,472	-	-	2,622,811	56,490,283
Work-In-Progress	9,174,952	110,964,657	(196,957)	-	119,942,652
Motor Vehicles	-	-	-	-	-
Furniture & Fittings	11,920,872	-	-	-	11,920,872
Computer	194,439,288	-	(7,030,882)	-	187,408,406
<b>TOTAL</b>	<b>293,039,204</b>	<b>110,964,657</b>	<b>(7,227,839)</b>	<b>10,262,903</b>	<b>407,038,925</b>
<b>ACCUMULATED DEPRECIATION</b>					
Land	1,843,846	121,864	(1,323,998)	-	641,712
Building	1,790,120	1,077,350	-	300,000	3,167,470
Work-In-Progress	-	-	-	-	-
Motor Vehicles	-	-	-	-	-
Furniture & Fittings	5,669,542	1,448,661	(137)	-	7,118,066
Computer	143,443,307	27,218,338	(7,028,547)	-	163,633,098
<b>TOTAL</b>	<b>152,746,815</b>	<b>29,866,213</b>	<b>(8,352,682)</b>	<b>300,000</b>	<b>174,560,346</b>
<b>NET BOOK VALUE</b>				As At 01 January 2007  RM	As At 31 December 2007  RM
Land				21,792,774	30,635,000
Building				52,077,352	53,322,813
Work-In-Progress				9,174,952	119,942,652
Motor Vehicles				-	-
Furniture & Fittings				6,251,330	4,802,806
Computer				50,995,981	23,775,308
<b>TOTAL</b>				<b>140,292,389</b>	<b>232,478,579</b>

# NOTES TO THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2007

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 3.2. PROPERTY, PLANT AND EQUIPMENT - DEVELOPMENT FUND (CONTINUED)

	As At 01 January 2006	Additions	Disposals/ Transfer/ Write Offs/ Adjustments/ Reclassification	Revaluation/ Impairment Loss	As At 31 December 2006
	RM	RM	RM	RM	RM
<b>COST</b>					
Land	23,636,620	-	-	-	<b>23,636,620</b>
Building	17,000,000	-	36,867,472	-	<b>53,867,472</b>
Work-In-Progress	40,006,543	12,172,832	(43,004,423)	-	<b>9,174,952</b>
Motor Vehicles	-	-	-	-	-
Furniture & Fittings	5,302,261	659,660	5,958,951	-	<b>11,920,872</b>
Computer	163,744,360	33,727,203	(3,032,275)	-	<b>194,439,288</b>
<b>TOTAL</b>	<b>249,689,784</b>	<b>46,559,695</b>	<b>(3,210,275)</b>	-	<b>293,039,204</b>
<b>ACCUMULATED DEPRECIATION</b>					
Land	1,605,093	238,753	-	-	<b>1,843,846</b>
Building	1,020,000	770,120	-	-	<b>1,790,120</b>
Work-In-Progress	-	-	-	-	-
Motor Vehicles	-	-	-	-	-
Furniture & Fittings	4,480,930	1,366,609	(177,997)	-	<b>5,669,542</b>
Computer	124,500,483	21,974,368	(3,031,544)	-	<b>143,443,307</b>
<b>TOTAL</b>	<b>131,606,506</b>	<b>24,349,850</b>	<b>(3,209,541)</b>	-	<b>152,746,815</b>
<b>NET BOOK VALUE</b>				As At 01 January 2006  RM	As At 31 December 2006  RM
Land				22,031,527	21,792,774
Building				15,980,000	52,077,352
Work-In-Progress				40,006,543	9,174,952
Motor Vehicles				-	-
Furniture & Fittings				821,331	6,251,330
Computer				39,243,877	50,995,981
<b>TOTAL</b>				<b>118,083,278</b>	<b>140,292,389</b>

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 3.3. PROPERTY, PLANT AND EQUIPMENT - TRUST FUND

	As At 01 January 2007	Additions	Disposals/ Transfer/ Write Offs/ Adjustments/ Reclassification	Revaluation/ Impairment Loss	As At 31 December 2007
	RM	RM	RM	RM	RM
<b>COST</b>					
Land	-	-	-	-	-
Building	-	-	-	-	-
Work-In-Progress	-	-	-	-	-
Motor Vehicles	-	-	-	-	-
Furniture & Fittings	139,921	15,730	-	-	155,651
Computer	40,781	-	-	-	40,781
<b>TOTAL</b>	<b>180,702</b>	<b>15,730</b>	<b>-</b>	<b>-</b>	<b>196,432</b>
<b>ACCUMULATED DEPRECIATION</b>					
Land	-	-	-	-	-
Building	-	-	-	-	-
Work-In-Progress	-	-	-	-	-
Motor Vehicles	-	-	-	-	-
Furniture & Fittings	110,656	12,324	-	-	122,980
Computer	26,712	8,463	-	-	35,175
<b>TOTAL</b>	<b>137,368</b>	<b>20,787</b>	<b>-</b>	<b>-</b>	<b>158,155</b>
<b>NET BOOK VALUE</b>				As At 01 January 2007	As At 31 December 2007
				RM	RM
Land				-	-
Building				-	-
Work-In-Progress				-	-
Motor Vehicles				-	-
Furniture & Fittings				29,265	32,671
Computer				14,069	5,606
<b>TOTAL</b>				<b>43,334</b>	<b>38,277</b>

**NOTES TO THE FINANCIAL STATEMENT**  
FOR THE YEAR ENDED 31 DECEMBER 2007

**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**3.3. PROPERTY, PLANT AND EQUIPMENT - TRUST FUND (CONTINUED)**

	As At 01 January 2006	Additions	Disposals/ Transfer/ Write Offs/ Adjustments/ Reclassification	Revaluation/ Impairment Loss	As At 31 December 2006
	RM	RM	RM	RM	RM
<b>COST</b>					
Land	-	-	-	-	-
Building	-	-	-	-	-
Work-In-Progress	-	-	-	-	-
Motor Vehicles	-	-	-	-	-
Furniture & Fittings	123,725	16,196	-	-	<b>139,921</b>
Computer	40,781	-	-	-	<b>40,781</b>
<b>TOTAL</b>	<b>164,506</b>	<b>16,196</b>	-	-	<b>180,702</b>
<b>ACCUMULATED DEPRECIATION</b>					
Land	-	-	-	-	-
Building	-	-	-	-	-
Work-In-Progress	-	-	-	-	-
Motor Vehicles	-	-	-	-	-
Furniture & Fittings	96,558	14,098	-	-	<b>110,656</b>
Computer	14,968	11,744	-	-	<b>26,712</b>
<b>TOTAL</b>	<b>111,526</b>	<b>25,842</b>	-	-	<b>137,368</b>
<b>NET BOOK VALUE</b>				As At 01 January 2006  RM	As At 31 December 2006  RM
Land				-	-
Building				-	-
Work-In-Progress				-	-
Motor Vehicles				-	-
Furniture & Fittings				27,167	29,265
Computer				25,813	14,069
<b>TOTAL</b>				<b>52,980</b>	<b>43,334</b>



## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 4. LOANS TO EMPLOYEES

	Conveyance Loan RM	Computer Loan RM	Total RM
Balance As At 1 January 2006	5,708,227	1,298,095	7,006,322
Loans To Employees	151,031	21,100	172,131
	5,859,258	1,319,195	7,178,453
Less: Repayment Of Loans By Staff	2,529,955	742,664	3,272,619
<b>Balance As At 31 December 2006</b>	<b>3,329,303</b>	<b>576,531</b>	<b>3,905,834</b>
Loans To Employees	187,400	568,700	756,100
	3,516,703	1,145,231	4,661,934
Less: Repayment Of Loans By Staff	1,554,291	437,773	1,992,064
<b>Balance As At 31 December 2007</b>	<b>1,962,412</b>	<b>707,458</b>	<b>2,669,870</b>

Loans To Employees Shown In The :

	2007 RM	2006 RM
Non Current Asset	1,414,188	2,045,492
Current Asset (Total Repayment For Conveyance Loan And Computer Loan Within 12 Months)	1,255,682	1,860,342
	<b>2,669,870</b>	<b>3,905,834</b>

#### 5. DEPOSIT AND PREPAYMENT

	2007 RM	2006 RM
Water Deposit	5,360	5,000
Electricity Deposit	259,000	159,000
Sundry Prepaid	2,694,420	1,978,020
	<b>2,958,780</b>	<b>2,142,020</b>

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 6. PAYMENT OF ADVANCES

	Emolument RM	Advances Staff RM	Misc. RM	Total RM
<b>Balance As At 1 January 2006</b>	<b>1,982</b>	<b>146,420</b>	<b>8,127,257</b>	<b>8,275,659</b>
Advances	35,720	595,535	5,127,514	5,758,769
	37,702	741,955	13,254,771	14,034,428
Less:				
Repayment of Advances	31,074	455,530	1,561,654	2,048,258
Adjustment	-	-	2,672,528	2,672,528
	31,074	455,530	4,234,182	4,720,786
<b>Balance As At 31 December 2006</b>	<b>6,628</b>	<b>286,425</b>	<b>9,020,589</b>	<b>9,313,642</b>
Advances	7,514	533,325	5,591,638	6,132,477
	14,142	819,750	14,612,227	15,446,119
Less:				
Repayment of Advances	12,998	766,506	1,487,705	2,267,209
Adjustment	-	-	9,391,054	9,391,054
	12,998	766,506	10,878,759	11,658,263
<b>Balance As At 31 December 2007</b>	<b>1,144</b>	<b>53,244</b>	<b>3,733,468</b>	<b>3,787,856</b>

#### 7. OTHER DEBTORS

	2007 RM	2006 RM
Emolument Debtors	21,403	-
Trade Debtors	122,546	416,158
	<b>143,949</b>	<b>416,158</b>

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 8. FIXED DEPOSITS AND SHORT TERM INVESTMENT

	2007 RM	2006 RM
Licensed Banks	181,000,000	202,000,000

#### 9. SUNDRY CREDITORS

	2007 RM	2006 RM
Supply and Services	26,423,737	5,222,793
Accrued Interest On Terms Loan	354,535	398,396
Outstanding Bonus	87,539,621	52,948,127
Employees Provident Fund	9,191,024	7,018,871
Social Security Organisation	472,555	381,923
	<b>123,981,472</b>	<b>65,970,110</b>

#### 10. TERMS LOANS

	2007 RM	2006 RM
Repayment Of Terms Loans		
- Within 1 year	33,096,369	22,356,390
- 1 to 5 years	93,623,348	52,409,363
- After 5 years	-	22,040,000
	<b>126,719,717</b>	<b>96,805,753</b>
Less: Service Cost On Terms Loans	31,058,258	23,656,794
<b>Current Value Of The Terms Loans</b>	<b>95,661,459</b>	<b>73,148,959</b>
Terms Loan Shown As:		
Current Liabilities (Total Repayment Of Terms Loans Within 12 Months)	26,237,500	17,237,500
Long Term Liabilities	69,423,959	55,911,459
	<b>95,661,459</b>	<b>73,148,959</b>

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

### 10. TERM LOANS (CONTINUED)

IRBM had received loans from Retirement Fund Incorporated formerly known as Pensions Trust Fund. The details of loan IRBM with Retirement Fund Incorporated are as follows:

Year	Loan Amount	Administration Fee	Repayment Period	Building/Land
	RM	% / Year	Year	
2007	45,000,000	6.5 (Fixed Rate)	5	Wisma Ting Pek Khiing, Kuching, Sarawak.
2006	48,000,000	6.5 (Fixed Rate)	8	Menara Jati, Johor Bahru, Johor.
2001	89,900,000	7 (Reducing Balance)	8	Antap Plaza, Ipoh, Perak, Wisma Mercu Wawasan Tawau, Sabah, Wisma Hasil, Miri, Sarawak and SOCSO Building, Kota Bharu, Kelantan and also a piece of land at Lot 2, Jalan 14/2, Seksyen 4, Bandar Baru Bangi, Selangor.

### 11. DEVELOPMENT FUND

Development Fund is the fund which provided by Federal Government to finance the development project.

	2007 RM	2006 RM
Balance As At 1 January	158,066,329	124,305,764
Received Cash From Federal Government	102,630,000	83,589,000
Received Non Cash From Federal Government	39,868,565	-
	<b>300,564,894</b>	<b>207,894,764</b>
Less: Amortisation of Development Grant:		
- Cash Expenditure	-	22,805,323
- Depreciation/Impairment Loss Of Property, Plant and Equipment	30,166,213	24,349,850
Adjustment	(1,323,998)	2,673,262
	<b>28,842,215</b>	<b>49,828,435</b>
<b>Balance As At 31 December</b>	<b>271,722,679</b>	<b>158,066,329</b>

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 12. TRUST FUND

Trust Fund consist of Malaysian Tax Academy Trust Fund and International Courses Trust Fund. Malaysian Tax Academy Trust Fund has been set up to account for all revenue and expenses related to the welfare of courses participants, training activities, research and publications of the Malaysian Tax Academy.

International Courses Trust Fund represents the balance of allocation for the international courses which managed by Malaysian Tax Academy and with incorporation of Economic Planning Unit, Prime Minister Department under Malaysian Technical Cooperation Programme.

	2007			2006		
	Malaysian Tax Academy	International Courses	Total	Malaysian Tax Academy	International Courses	Total
	RM	RM	RM	RM	RM	RM
<b>Revenue</b>						
Received From Government	-	703,252	703,252	-	622,734	622,734
Internal Revenue	394,914	144,512	539,426	329,079	-	329,079
Adjustment	-	-	-	130,750	(130,750)	-
	<b>394,914</b>	<b>847,764</b>	<b>1,242,678</b>	<b>459,829</b>	<b>491,984</b>	<b>951,813</b>
<b>Less: Expenditure</b>						
Cash Expenditure	95,018	579,055	674,073	142,918	483,281	626,199
Depreciation Of Property, Plant And Equipment	20,787	-	20,787	25,842	-	25,842
	<b>115,805</b>	<b>579,055</b>	<b>694,860</b>	<b>168,760</b>	<b>483,281</b>	<b>652,041</b>
Current Surplus / (Deficit)	279,109	268,709	547,818	291,069	8,703	299,772
Accumulated Surplus/ (Deficit) From Previous Year	1,053,125	657,809	1,710,934	762,056	649,106	1,411,162
<b>Accumulated Surplus/ (Deficit) Carried Forward</b>	<b>1,332,234</b>	<b>926,518</b>	<b>2,258,752</b>	<b>1,053,125</b>	<b>657,809</b>	<b>1,710,934</b>

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 13. OTHER FUND

	2007 RM	2006 RM
Conveyance Loan Fund	15,000,000	15,000,000
Computer Loan Fund	3,000,000	3,000,000
Investment Fund	18,000,000	18,000,000
	<b>36,000,000</b>	<b>36,000,000</b>

#### 14. ACCUMULATED SURPLUS

	2007 RM	2006 RM
Revenue	813,195,964	682,502,106
Other Operating Income	110,609	6,786,883
Operating Expenditure	(836,684,234)	(628,900,823)
Depreciation Of Property, Plant And Equipment	(22,169,986)	(18,631,989)
Surplus/(Deficit) From Operations	(45,547,647)	41,756,177
Finance Cost	(6,895,349)	(5,966,495)
Income From Investment And Loans	7,623,234	5,566,204
Current Surplus/(Deficit)	(44,819,762)	41,355,886
Accumulated Surplus/(Deficit) From Previous Year	221,443,925	180,088,039
<b>Accumulated Surplus/(Deficit) Carried Forward</b>	<b>176,624,163</b>	<b>221,443,925</b>

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 15. REVENUE

IRBM main revenue received from Federal Government being a return on services as an agent to government. The revenue also comprise of income from the following resources:

	2007 RM	2006 RM
Received From Federal Government	811,979,600	681,644,700
Amortisation Of Development Grant	28,842,215	47,155,173
Amortisation Of Trust Fund	694,860	652,041
Rental	959,206	439,008
Sales Of Others Printing Goods	205,418	331,522
Service and Service Payments	10,352	15,571
Profit Of Insurance Protection Scheme From Takaful Company	2,905	54,594
Penalties	10,592	6,064
Other Income	27,891	10,647
	<b>842,733,039</b>	<b>730,309,320</b>

#### 16. STAFF COST

Staff cost consist of:

	2007 RM	2006 RM
Salary	367,656,615	280,957,550
Fixed Allowance	35,729,257	24,035,562
Statutory Contribution	86,702,819	65,053,149
Overtime Allowance	6,618,262	4,140,280
Other Financial Benefit	105,596,821	68,324,049
	<b>602,303,774</b>	<b>442,510,590</b>

In year 2007, the staff cost increased due to salary increment within 10% to 25% according to grade position, an increased of 100% on Cost of Living Allowance (COLA) and increased of bonus by ½ month salary.



## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 17. RECEIVED FROM GOVERNMENT AND OTHER INCOME RECEIVED

	2007 RM	2006 RM
Total Revenue (Note 15)	842,733,039	730,309,320
Other Operating Income	110,609	6,786,883
Amortisation Of Development Grant	(28,842,215)	(47,155,173)
Amortisation Of Trust Grant	(694,860)	(652,041)
Non Cash Received	-	(6,840,000)
Gain/(Loss) On Disposal Of Fixed Asset	(88,530)	56,531
Other Receivable	-	57,578,000
Trade Debtors	293,612	(416,108)
	<b>813,511,655</b>	<b>739,667,412</b>

#### 18. PAYMENT TO CREDITORS AND STAFFS

	2007 RM	2006 RM
Staff Cost (Note 16)	602,303,774	442,510,590
Other Operating Expenditure	235,054,533	209,821,755
Development and Trust Fund Cash Expenditure	(674,073)	(23,431,522)
Provision For Audit Fee	(6,400)	-
Sundry Creditors	(58,055,223)	20,409,975
Deposit	(38,126)	(4,867,960)
Deposit and Prepayment	816,760	1,940,273
Advance Payment	(1,300,077)	3,710,510
Emolument Debtors	21,403	(35,657)
Stock / Inventory	1,877,414	-
Provision For Doubtful Debts	(96,087)	-
	<b>779,903,898</b>	<b>650,057,964</b>

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 19. CAPITAL COMMITMENT

	2007 RM	2006 RM
Approved and contracted	71,500,895	112,501,909

#### 20. FINANCIAL INSTRUMENT

##### 20.1. Interest Rate Risk

Interest rate risk is where financial instrument will vary due to the changes of market interest rate and the average effective interest rate is based on the financial asset and financial liability as follows:

	Total Brought Value RM'000	Within 1 Year RM'000	1 To 5 Years RM'000	After 5 Years RM'000	Effective Interest Rate %
<b>2007</b>					
<b>Financial Asset</b>					
Loans To Employees	2,670	1,256	1,414	-	4
Fixed Deposit and Short Term Investment	181,000	181,000	-	-	3.5 - 3.8
Cash and Bank Balances	4,717	4,717	-	-	-
<b>Financial Liability</b>					
Terms Loans	95,661	26,237	69,424	-	6.5 - 7
<b>2006</b>					
<b>Financial Asset</b>					
Loans To Employees	3,906	1,860	2,046	-	4
Fixed Deposit and Short Term Investment	202,000	202,000	-	-	3.5 - 3.8
Cash and Bank Balances	1,821	1,821	-	-	-
<b>Financial Liability</b>					
Terms Loans	73,149	17,238	41,411	14,500	6.5 - 7

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 20. FINANCIAL INSTRUMENT (CONTINUED)

##### 20.2. Credit Risk

Maximum credit risk involving with financial assets identified as the brought value as stated in the balance sheet.

IRBM does not have any specific deal towards the credit risk with any other parties.

##### 20.3. Fair Value

The brought value for all the financial asset and financial liabilities of IRBM on the Balance Sheet date is estimated at the fair value.

#### 21. INCOME TAX

According to the section 127(3)(b) of Income Tax Act 1967, IRBM is exempted from tax in the year of assessment 1997 until subsequent years of assessment. This exemption does not include dividend income.

#### 22. CHANGES IN ACCOUNTING POLICIES

MASB 15 - Property, Plant and Equipment and MASB 23 - Impairment Of Assets did have impact on carrying amount property consists of land and building.

The total amount to be recognized as impairment loss is included in the Income Statement with a corresponding adjustment to equity over the remaining vesting period. The financial impact arising from the change in this accounting policy is as follows:

	2007 RM
Increase In Carrying Amount Property Consists of Land and Building	34,963,660
Recognize in Income Statement	1,914,166
Increase In Asset Revaluation Reserve	(36,877,826)
	-

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 23. CHANGES IN ACCOUNTING ESTIMATES

In the current year, IRBM recalculate depreciation expenses of leasehold land based on actual period of lease. Reclassification amounts have been recognized in Income Statement as follows:

	2007 RM
Current Depreciation of Leasehold Land	254,937
Less: Recalculate Depreciation Expenses	(2,197,590)
<b>Current Depreciation of Leasehold Land After Recalculate</b>	<b>(1,942,653)</b>

#### 24. COMPARATIVE FIGURES

The comparative figures have been reclassified to suit with current year presentation of Financial Statement.

#### 25. GENERAL INFORMATION

At the end of the financial year IRBM has 9,012 staffs (2006: 8,613 staffs)

# APPENDICES





## STATISTICS

FEDERAL GOVERNMENT'S REVENUE, DIRECT TAXES AND REVISED ESTIMATES					
	2003 RM Million	2004 RM Million	2005 RM Million	2006 RM Million	2007 RM Million
Federal Government's Revenue	92,603	96,917	100,304	120,630	141,790
Direct Taxes	42,820	46,634	56,655	65,738	74,703
Revised Estimates for Direct Taxes	46,481	46,424	48,345	62,637	70,116

TAX COLLECTIONS BY CATEGORY					
	2003 RM Million	2004 RM Million	2005 RM Million	2006 RM Million	2007 RM Million
Companies	23,161.27	24,558.30	28,058.05	30,415.40	37,574.55
Individual	7,571.72	9,470.66	10,222.92	10,409.65	11,592.18
Petroleum	8,465.84	10,716.60	14,676.45	20,673.78	20,453.02
Stamp Duty	2,007.25	2,377.40	2,485.24	2,533.67	3,394.91
Real Property Gains Tax (RPGT)	266.12	152.82	216.44	223.76	277.43
Cooperative	62.32	48.98	69.37	176.24	188.99
Labuan Offshore Business Activity Tax (LOBAT)	17.43	15.51	16.03	11.66	12.67
Withholding Tax	1,265.76	1,292.28	1,099.14	1,275.50	1,189.44
Other Taxes*	1.88	1.36	21.92	18.62	19.82
Total	42,819.57	46,633.71	56,854.56	65,738.28	74,703.21

TAX AUDITS					
	2003	2004	2005	2006	2007
No. of Cases Finalised	2,462	4,657	7,204	6,741	279,175
Taxes and Penalties (RM'000)	182.59	439.31	635.40	692.68	1,410.57

INVESTIGATIONS					
	2003	2004	2005	2006	2007
No. of Cases Resolved	769	794	719	1,388	743
Taxes and Penalties (RM'000)	615.51	630.26	762.97	903.23	686.43



## DOUBLE TAXATION AGREEMENTS (DTAs)

DTAs IN EFFECT			
1	Albania	28	Malta
2	Argentina (Limited Agreement)	29	Mauritius
3	Australia	30	Mongolia
4	Austria	31	Namibia
5	Bahrain	32	Netherlands
6	Bangladesh	33	New Zealand
7	Belgium	34	Norway
8	Canada	35	Pakistan
9	China	36	Papua New Guinea
10	Croatia	37	Philippines
11	Czech Republic	38	Poland
12	Denmark	39	Romania
13	Egypt	40	Russia
14	Fiji	41	Saudi Arabia (Limited Agreement)
15	Finland	42	Singapore
16	France	43	South Korea
17	Germany	44	Sri Lanka
18	Hungary	45	Sweden
19	India	46	Switzerland
20	Indonesia	47	Thailand
21	Ireland	48	Turkey
22	Italy	49	United Arab Emirates
23	Japan	50	United Kingdom
24	Jordan	51	United States of America (Limited Agreement)
25	Kuwait	52	Uzbekistan
26	Lebanon	53	Vietnam
27	Luxembourg		

DTAs GAZETTED			
1	Bosnia and Herzegovina	7	Saudi Arabia (New Agreement)
2	Chile	8	Spain
3	Indonesia (protocol)	9	Syria
4	Iran	10	Zimbabwe
5	Kazakhstan	11	Venezuela
6	Myanmar		

DTA NEGOTIATIONS COMPLETED (INITIALED)			
1	Belgium (New Agreement)	4	Oman
2	Brunei	5	Qatar
3	Germany (New Agreement)	6	Yemen

DTAs BEING NEGOTIATED			
1	Canada (New Agreement)	9	Russia (New Agreement)
2	Brazil	3	South Korea (New Agreement)
3	Finland (New Agreement)	10	Senegal
4	Laos	11	Tunisia
5	Mexico	12	Republic of Slovakia
6	Norway (New Agreement)	13	Uruguay
7	Portugal	14	Ukraine

## TRAINING PROGRAMMES

SEMINAR/COURSE/CONFERENCE MEETING/WORKSHOP	VALUE/DATE	PARTICIPANTS (INDIVIDUAL)	ORGANISER
OECD Taxation of Financial Instruments	Seoul, South Korea 12-16 Feb. 2007	2	OECD
SAP Customer Relationship Management Event 2007	Florida, USA 28-28 Feb. 2007	5	SAP
Meeting of Advisory Group For Cooperation With Non-OECD Economies	Bled, Slovenia 20-22 March, 2007	2	OECD
Automatic Exchange of Information Workshop	Canberra, Australia 16-17 April, 2007	2	ATO
OECD Tax Treaty Issues	Seoul, South Korea 16-20 April, 2007	2	OECD
CATA Management Meeting	London, UK 10-11 May, 2007	2	CATA
18th Asia Pacific Cross Border Transactions	Singapore 14-15 May, 2007	2	Avail Corporation
SAS Executive Forum 2007	Stockholm, Sweden 19-24 May, 2007	3	Stockholm International Fair
6th SGATAR Joint Training Programme	Nakhon Pathom, Thailand 18-22 June, 2007	2	SGATAR
International Tax Conference	New Delhi, India 2-3 July, 2007	3	ADB & INDIA
ADB Tax Administration Seminar IV	Chiang Mai, Thailand 4-6 July, 2007	3	ADB
Training Programme on Advance Application of Tax Treaties	Singapore 16-19 July, 2007	2	OECD/IRAS
Annual Meeting and Technical Assistance Forum Asia Pacific Group on Money Laundering	Perth, Australia 23-27 July, 2007	2	APGML
28th CATA Technical Conference	Nairobi, Kenya 5-10 August, 2007	8	CATA
9th SGATAR Working Level Meeting	Taiwan, Chinese Taipei 4-7 Sept, 2007	2	SGATAR
12th Annual Meeting On Tax Treaties	Paris, France 20-21 Sept, 2007	4	OECD
Advance Financial Crime Prevention Training Course	Hong Kong 8-12 Oct, 2007	2	IFCCT London
ITD (International Tax Dialogue) Global Conference on Taxation of Small Medium Enterprises	Buenos Aires, Argentina 17-19 Oct, 2007	5	ITD
OECD Tax Treaty Administrative Procedures Seminar	Shenzhen, China 22-26 Oct, 2007	7	OECD
OECD Auditing Multinational Enterprise	Seoul, South Korea 22-26 Oct, 2007	2	OECD
Committee of Experts On International Cooperation In Tax Matters (3rd Annual Session)	Geneva, Switzerland 29 Oct-2 Nov, 2007	3	UN
4th ATAIC Conference	Kuwait 04-26 Nov, 2007	4	ATAIC
OECD International Tax Avoidance & Evasion	Seoul, South Korea 26-30 Nov, 2007	1	OECD
OECD Transfer Pricing Guideline	Seoul, South Korea 19-23 Nov, 2007	2	OECD

## TRAINING PROGRAMMES

OVERSEAS CONFERENCES, SEMINARS, MEETINGS, WORKSHOPS AND COURSES ATTENDED BY IRBM OFFICERS			
Conferences / Seminar / Meeting / Workshop / Course	Venue / Dates	Organiser	No. of Participants
4th ATAIC Technical Conference	Kuwait 24-25 Nov. 2007	ATAIC	4
Training Course Auditing of SMEs	Hanoi, Vietnam 26-30 Nov. 2007	OECD / GDT Vietnam	2

VISIT BY FOREIGN DELEGATIONS TO THE IRBM			
No.	Delegation	Date	Purpose
1	Nepal (Inland Revenue Nepal)	24-25 Jan. 2007	Tax Administration Malaysia
2	Vietnam (General Department of Taxation)	29-30 Jan. 2007	Personal Income Tax
3	Morocco (Direction des Impôts)	5-6 March 2007	Information System
4	Kenya (Kenyan High Commissioner to Malaysia)	21 May 2007	Courtesy Visit
5	Uganda (Ugandan Revenue Authority)	3-6 Sept. 2007	Implementing Integrity in Tax Administration
6	Vietnam (General Department of Taxation)	10-14 Sept. 2007	Tax Agent Practices
7	Pakistan (Central Board of Revenue)	20 Nov. 2007	Forensic Lab

OVERSEAS STUDY VISITS BY IRBM OFFICERS			
Bil.	Location	Date	Purpose
1	Florida Department of Revenue Tallahassee	2 March 2007	Study On Customer Relationship Management
2	Inland Revenue Department Hong Kong	28-30 March 2007	e-Stamping and Advance Ruling
3	Property Taxation Branch, Victoria British Columbia	10-12 April 2007	Planning, Development and Implementation of e-Stamping
4	HM Revenue & Customs (HMRC) London, United Kingdom	11-13 April 2007	e-Stamping and Advance Ruling
5	Inland Revenue Authority Singapore (IRAS)	17-18 April 2007	e-Stamping and Advance Ruling
6	Australian Taxation Office (ATO) dan Inland Revenue Department, New Zealand	14-12 June, 2007	Study On Certain Provision in Income Tax Act 1967 and Tax Treatment On Certain Industries
7	Visit to the United States and Switzerland to Evaluate the 2007 IRBM's Tender	23 Sept-6 Oct 2007	Evaluation of IRBM's Tender

## TRAINING PROGRAMMES

MALAYSIAN TAX ACADEMY TRAINING PROGRAMMES			
No.	Course Category	No. of Courses	No. of Participants
1	Law Training Centre	19	2,052
2	Accounts / Audit Training Centre	27	1,114
3	International Training Centre and JICA	17	372
4	Information Technology Training Centre & e-Learning	17	653
5	Management Training Centre	60	4,129
6	Registrar's Office	8	192
	Total	148	8,512

## TAX AND DUTY RATES

INDIVIDUAL INCOME TAXES RATES (EFFECTIVE FROM YEAR OF ASSESSMENT 2002)			
Taxable Income	RM	Rate(%)	Tax (RM)
On the first	2,500	0	0
On the next	2,500	1	35
On the first	5,000		25
On the next	5,000	3	150
On the first	10,000		175
On the next	10,000	5	300
On the first	20,000		475
On the next	15,000	7	1,050
On the first	35,000		1,525
On the next	15,000	13	1,950
On the first	50,000		3,475
On the next	20,000	19	3,800
On the first	70,000		7,275
On the next	30,000	24	7,200
On the first	100,000		14,475
On the next	50,000	27	14,500
On the first	150,000		27,975
On the next	100,000	27	27,000
On the first	250,000		54,975
On the next	250,000	28	

year of assessment 2002, income tax rate for non-resident individual - 28%

WITHHOLDING TAX RATE FOR NON-RESIDENTS	
Type of Income	Tax Rate
Royalties	10%
Services by public entertainers	15%
Interest	15%
Special charges of income - technical fee, installation fee and rental for moveable properties under section 4A of the ITA, 1967	10%
<ul style="list-style-type: none"> <li>Contract payment (service portion) to contractors</li> <li>Contract payment (service portion) for employees' tax</li> </ul>	10% } Eff. from 21.9.2002 3% } Eff. from 21.9.2002

## TAX AND DUTY RATES

COOPERATIVE INCOME TAX RATES (EFFECTIVE FROM YEAR OF ASSESSMENT 2002)			
Taxable Income	RM	Rate (%)	Tax (RM)
On the first On the next	20,000 10,000	0 3	0 300
On the first On the next	30,000 10,000	3 6	300 600
On the first On the next	40,000 10,000	6 9	600 900
On the first On the next	50,000 20,000	12 15	1,800 3,000
On the first On the next	75,000 25,000	18 18	4,800 4,500
On the first On the next	100,000 50,000	24 20	9,800 10,000
On the first On the next	150,000 100,000	30 23	18,800 23,000
On the first On the next	250,000 250,000	36 26	41,800 65,000
On the first On the next	500,000 500,000	28	106,800

year of assessment 2007,

Taxable Income	RM	Income Tax Rates
For every receipt on the first	500,000	20%
For every receipt exceeding	500,000	25%

## TAX AND DUTY RATES

REAL PROPERTY GAINS TAX RATES DISPOSAL BY NON-COMPANIES	
Category of Disposal	Tax Rate
Disposal within two years of an asset's acquisition	30%
Disposal in the third year of an asset's acquisition	20%
Disposal in the fourth year of an asset's acquisition	5%
Disposal in the fifth year of an asset's acquisition	5%
Disposal in the sixth year of an asset's acquisition or thereafter	

DISPOSER IS A NON-CITIZEN INDIVIDUAL AND NON-PERMANENT RESIDENT	
Category of Disposal	Tax Rate
Disposal within five years of an asset's acquisition	30%
Disposal in the sixth year of an asset's acquisition or thereafter	5%



## TAX AND DUTY RATES

STAMP DUTY RATES ON INSTRUMENTS	
Type of Instrument	Duty Payable
Affidavits, Statutory or Written Declarations on Oath or Pledge	RM10
Agreements or Memorandums of Agreement Unsealed agreements or memorandums of agreement	RM10
Articles of association of a Company	RM100
Insurance Policies	RM10
Powers or Letters of Attorney	RM10
Promissory Notes Executed in favour of a bank, merchant bank or company Others	RM10 RM10
Charges or Mortgages (including those executed according to 'Syariah' law), Bonds, Covenants, Debentures (non-marketable securities) Being the principal or primary security (except under certain circumstances) in respect of: a. Loans to small and medium enterprises (SMEs)  for an amount not exceeding RM250,000 of the aggregate loan  for every additional RM1,000 not exceeding RM1,000,000  for every additional RM1,000 or part thereof  b. Foreign currency loans or financing under 'syariah' laws in currencies other than ringgit  c. Other cases	  RM0.50 for every RM1,000 or part thereof  RM2.50 for every RM1,000 or part thereof  RM5.00  RM5 for every RM1,000 (or part thereof) up to a maximum total duty payable of RM5000  RM5 for every RM1,000 or a part thereof

### CONTRACTUAL NOTES

Instrument	Duty Payable
Relating to the sale of any shares, stocks or marketable securities in companies incorporated in Malaysia or elsewhere	RM 1 for every RM1,000 or a part thereof of the value of any shares, stocks or marketable securities

## TAX AND DUTY RATES

CONVEYANCES, ASSIGNMENTS OR TRANSFERS			
Instrument	Duty Payable		
Property Conveyance <sup>1</sup>	For every RM100 or part thereof of the monetary value of the consideration amount or the market value of the property, whichever is higher:  RM1 on the first RM100,000  RM2 on any amount over RM100,000 but not exceeding RM500,000  RM3 on any amount over RM500,000		
Stock, shares or marketable securities (computed on the price or value on the date of transfer, whichever is higher)	RM3 for every RM1,000 or part thereof		
LEASES OR LEASE AGREEMENTS FOR IMMOVABLE PROPERTIES AND FOR SERVICES, FACILITIES AND OTHER MATTERS RELATING TO THE LEASE			
Instrument	Duty Payable		
	Lease is for period of		
	Not more than one year	More than one year but less than three years	More than three years or for any indefinite period
Average rental and other consideration amounts computed for one year (without fines / premiums)			
Not exceeding RM2,400	Nil	Nil	Nil
For every RM250 or part thereof over RM2,400	RM4.00	RM2.00	RM4.00
Consideration in a lump sum or in premiums (without rental)	The same rate of duty as that for property conveyance		
Consideration in a lump sum or premiums or other forms (with rental reserved)	The same rate of duty as that for property conveyance  The same rate of duty as that for average rental considerations and others.		