ANNUAL REPORT 2009

LHDN
MALAYSIA

The Inland Revenue Board of Malaysia
Together We Develop The Nation

LHDN
MALAYSIA

THE INLAND REVENUE BOARD OF MALAYSIA

Annual Report

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THE IRBM CORPORATE VALUE

The IRBM Corporate Values are formed through rebranding which involves the change in Vision, Mission, Quality Policy, Slogan and the introduction of a Service Motto. The rebranding is an initiative by IRBM to enhance the quality value of the service delivery system to customers and the society as well as to achieve excellence in the implementation of all functions and responsibilities.

Vision

Leader in Tax Administration

Mission

To provide taxation services with quality and integrity towards promoting voluntary compliance

Objective

To implement an effective, a just and fair taxation management system

Quality Policy

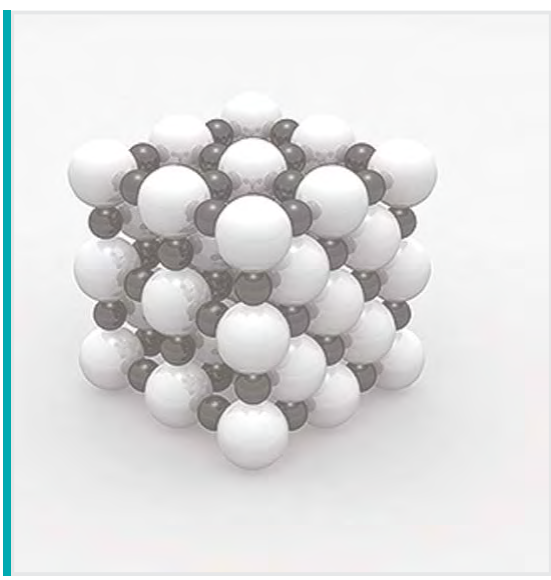
With integrity as foundation, we are committed to giving the best service to our customers

Slogan

Together We Develop The Nation

Service Motto

The Best Service For You



Functions

The functions of 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 between the government and the Board,
b. To advise the government on matters related to taxation and to collaborate with Ministries and statutory bodies with respect to those matters,
c. To participate in meetings, discussions and agreements on matters related to local and international taxation,
d. To act as a collection agent for and on behalf of any statutory body to recover the unpaid loans to those body under any written laws, and
e. To carry out any other functions given to IRBM by any other written laws.

Responsibilities

IRBM is responsible in the administration of the following laws:

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

IRBM must comply with all Double Taxation Agreements (DTAs) signed by the Malaysian Government with governments of foreign countries. In addition, IRBM must comply with all regulations related to the administration of IRBM:

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. Rules of the High Court 1980, and
l. Subordinate Courts Rules 1980.

IRBM also continue to administer several repealed legislations to resolve outstanding cases from previous years:

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

Members of the Inland Revenue Board of Malaysia

IRBM is regulated by the following Board Members:

a. The Secretary General of Malaysian Treasury cum IRBM Chairman,
b. Attorney General or a representative,
c. Director General of Public Services or a representative,
d. Two other individuals appointed by the Finance Minister to represent the government, and
e. Two other individuals appointed by the Finance Minister from the private sector.

Board Members had convened for 11 meetings in 2009.

Official Address

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The Governance of IRBM

CHAIRMAN'S STATEMENT

Secretary General of the Malaysian Treasury
Cum Chairman of
Inland Revenue Board of Malaysia

CHAIRMAN'S STATEMENT

In line with the government's initiatives to achieve a developed nation's status based on transformation and innovation, beginning 1 March 2009, The Inland Revenue Board of Malaysia (IRBM) has charted the course of the organisation with the rebranding of its vision and mission. The slogan "Together We Develop The Nation" was formed to become the basis of the planning and implementation of 2009 activities and program and the future. IRBM acts as the country's direct tax collection agent on the backdrop of a challenging global economy and the achievement of the collection of revenues in 2009 is due to the hard work and solid commitment of all parties involved including the customers and the Malaysian public. As a result, tax collection is a major contributor towards the catalyst of development of the nation for the benefit of its people.

Innovation is the foundation in the initiatives to improve the quality of the service delivery. From this perspective, IRBM has continued and upgraded the electronic and online services to facilitate the taxpayers in performing their tax responsibilities. Customers can leverage the online service because transactions are just a few clicks away. Thus, everyone is encouraged to optimise the online services provided by IRBM.

Innovation to maintain the confidence and trust of the people in tax administration is evident in IRBM's Strategic Planning 2009-2013. Value added services, implementation of best practices and frugality in financial management, adherence to integrity, accountability and the creation of highly professional human capital are important characteristics of administration and management.

The strategic planning also emphasizes on the performance appraisal system method through the Key Performance Indicators (KPI). This approach will contribute to the accomplishment of IRBM's vision to become the leader in tax administration in the future. "The Best Service For You" is the service motto adopted by IRBM based on the emphasis on integrity in the implementation of responsibilities and duties of all levels of IRBM officers. The relationship of innovation to integrity has been proven with the creation of the IRBM Integrity Plan which is a valuable commitment to ensure the level of professionalism among officers.

A solid commitment by all sectors has contributed to the government's effort in implementing development programs for the wellbeing of the nation. I hereby would like to convey my heartfelt gratitude to all the management and employees of IRBM for their cooperation and collaboration to achieve the revenue collection set by the government and for always believing in teamwork.

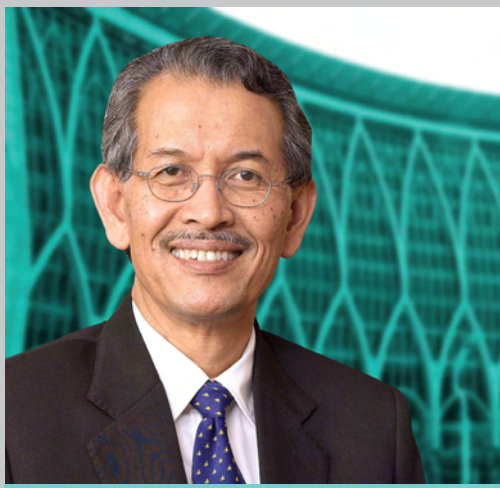
I would also like to wish the best of luck to two former Board Members who are retiring: YBhg Datuk Nor Bee binti Ariffin and YBhg Datuk Aziyah binti Bahauddin. Our utmost gratitude for all your efforts and commitment in making IRBM as the organisation to be reckoned with. I would like to welcome YBhg Dato' Engku Nor Faizah binti Engku Atek and YBhg Dato' Siti Halimah binti Ismail. May your guidance as Board Members enable IRBM to achieve higher notch of excellence and be at par with other world class organisations.

Finally, I would like to thank the Board Members who have been giving sound advice and played an active role in IRBM's success in 2009. And to all the taxpayers and the people, I would like to congratulate you for your contribution towards the development of the nation.

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

BOARD MEMBERS

Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah
Secretary General of the Malaysian Treasury
Cum Chairman of
Inland Revenue Board of Malaysia



Tan Sri Ismail bin Adam
Director General of Public Services
Public Services Department of Malaysia

Datuk Aziyah binti Bahauddin
Secretary, Tax Analysis Division
Malaysian Treasury
(until 3 October 2009)

Dato' Mohd Salleh bin Mahmud
Accountant General
Accountant General Department of Malaysia

Datuk Nor Bee binti Ariffin
Parliamentary Legal Draftsman
Drafting Division
Attorney General's Chambers of Malaysia
(until 4 January 2009)

Dato' Engku Nor Faizah binti Engku Atek
Parliamentary Legal Draftsman
Drafting Division
Attorney General's Chambers of Malaysia
(starting 15 January 2009)

Dato' Siti Halimah binti Ismail
Secretary, Tax Analysis Division
Malaysian Treasury
(starting 4 October 2009)

Datuk Wira Haji Ahmad Rusli bin Joharie
Private Consultant

Dato' Sivalingam a/l Selvadurai
Private Consultant

PREAMBLE

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

The national direct tax administration in the year 2009 on the backdrop of a changing globalisation is more challenging compared to previous years. Thus, the management of IRBM took an innovation based approach which is expended in the strategic management of financial matters, customers, internal processes and education. Transformation and creativity through innovation contributes to the improvement of the quality of delivery services to the people in line with the objective to facilitate their tax payments.

IRBM implemented the organisational performance measurement method through the implementation of the Key Performance Indicators (KPI). This initiative is in line with the focus on the Critical Success Factor which is translated into the Key Result Area (KRA) and the monitoring of the achievement of the KRA objective. IRBM's KPI is a tax administration commitment which emphasizes on performance in order to achieve an outcome which satisfies the expectations, needs and confidence of the customers.

The year 2009 recorded many initiatives by IRBM to quickly move forward proactively and innovatively in line with the new direction planning under the Strategic Planning 2009-2013. Thus the role, function and responsibilities of IRBM are more focused. These initiatives are closely related to the rebranding of IRBM based on the change of vision, mission, quality policy, slogan and the introduction of a service motto of IRBM namely "The Best Service For You".

Efforts to ensure the integrity of IRBM to achieve excellence in creating and implementing a fair and effective tax management system is given emphasis. The level of integrity will determine that the people and IRBM itself will always be reckoned with and respected. The objective of integrity is defined in the fifth strategic goal of the IRBM Strategic Planning 2009-2013 to produce a competent, professional, integrity and dedicated human capital. The focus of integrity is realised through the IRBM Integrity Plan which was launched in 2009. The plan that was drawn up in line with the National Integrity Plan will strengthen the ethics and integrity at all levels of IRBM employees.

I would like to take this opportunity to congratulate the staff of IRBM who made it possible for IRBM to achieve the target collection in 2009 as stipulated by the government amid the country's economic recession. IRBM collected 2.91% over the targeted collection amount and managed the refund activities as had been planned. As IRBM is the government's revenue collection agent which contributes more than half of the Federal Revenue, it is hoped that we will continue with this excellent performance in the future to ensure the welfare and wellbeing of the country and its people.

On behalf of IRBM, I would like to thank the Board Members for their support, advice and feedback to strengthen the tax administration. I would also like to thank all the taxpayers who fulfilled their responsibilities and cooperated with IRBM initiatives in line with the slogan "Together We Develop The Nation".

DATO' HASMAH BINTI ABDULLAH

TOP MANAGEMENT

Dato' Hasmah binti Abdullah
Chief Executive Officer/
Director General of Inland Revenue
Inland Revenue Board of Malaysia

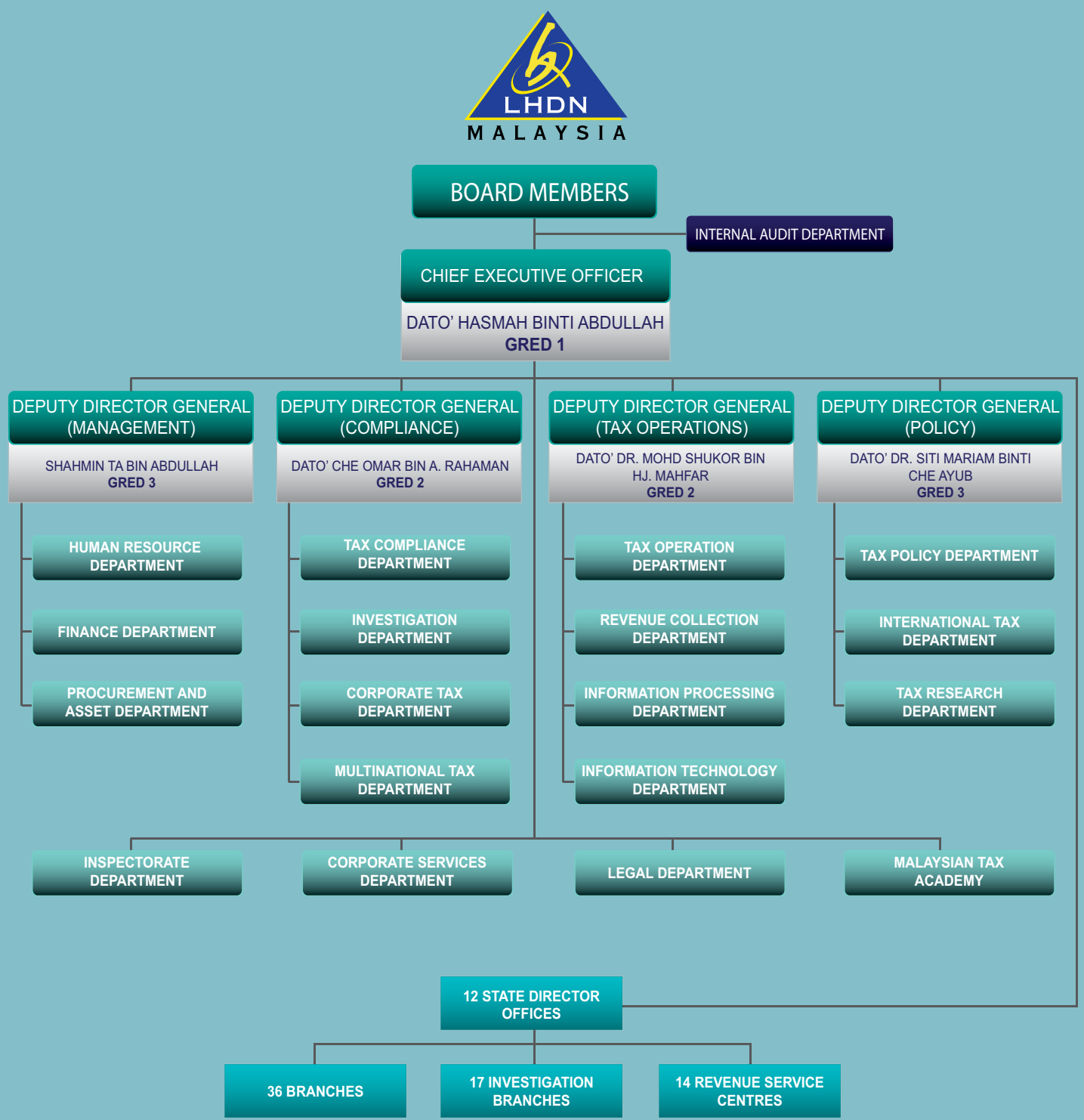
Dato' Che Omar bin A. Rahaman
Deputy Director General (Compliance)
Inland Revenue Board of Malaysia

Dato' Dr. Mohd Shukor bin Hj. Mahfar
Deputy Director General
(Tax Operations)
Inland Revenue Board of Malaysia

Shahmin Ta bin Abdullah
Deputy Director General (Management)
Inland Revenue Board of Malaysia

Dato' Dr. Siti Mariam binti Che Ayub
Deputy Director General (Policy)
Inland Revenue Board of Malaysia

ORGANISATION CHART

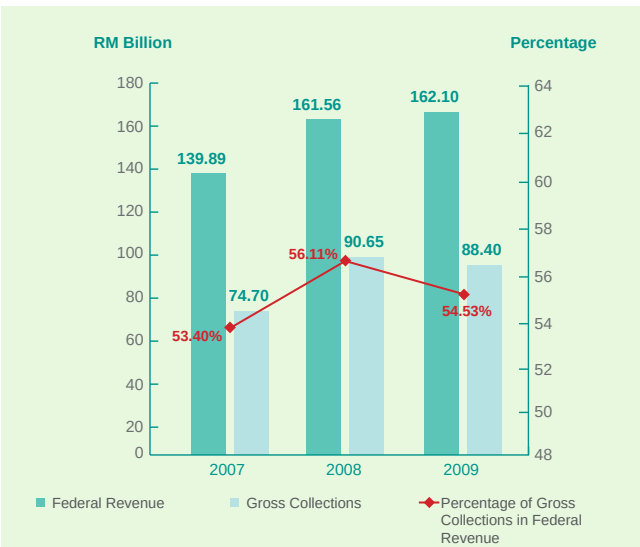


Hasil's Performance

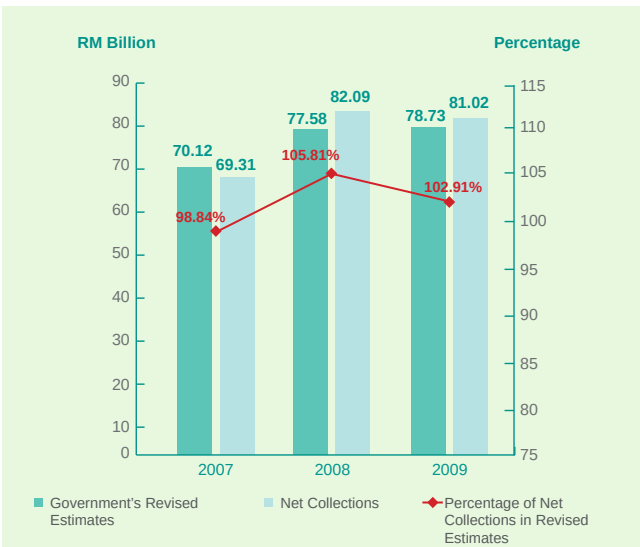
Revenue Collections

In 2009, IRBM collected gross direct tax of RM88.40 billion. This amount is a decrease of RM2.25 billion from the previous year as a result of the global economic crisis beginning from the third quarter of 2008. However, the performance of direct tax collection for 2009 still surpassed the target set by the government. Net tax collection of RM81.02 billion after Tax Refund Fund deduction exceeded the government revised estimates of RM78.73 billion by 2.91%.

IRBM direct tax collection for 2009 contributes to 54.53% from the total income of the Federal Government of RM162.10* billion.



CONTRIBUTION OF DIRECT TAXES TO THE FEDERAL GOVERNMENT'S REVENUE



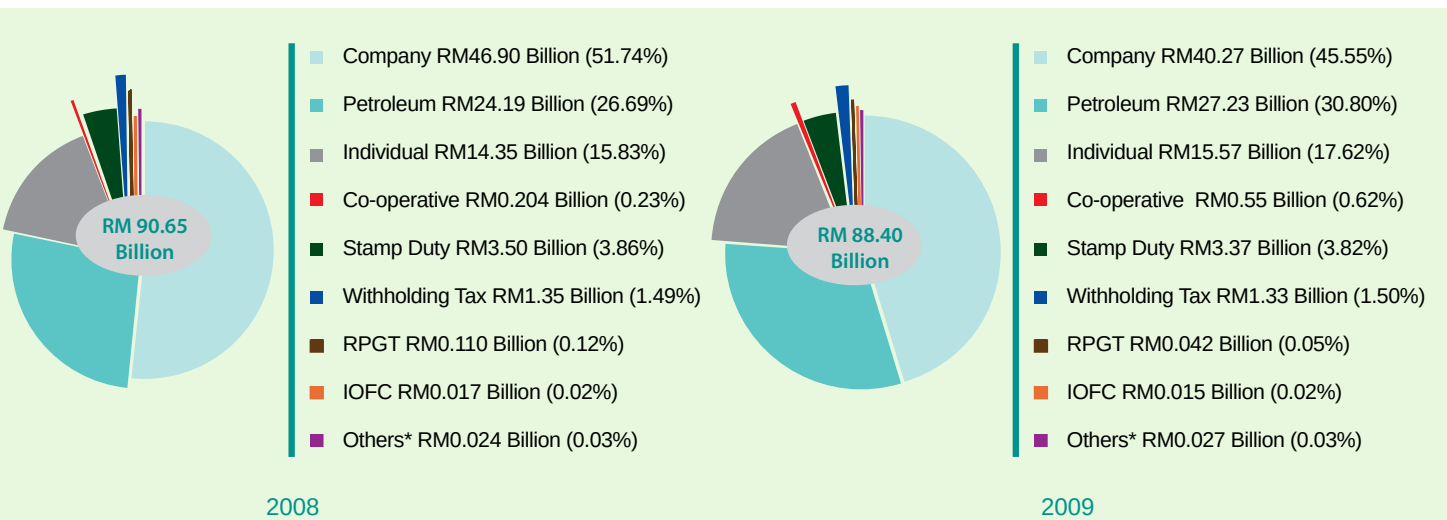
CONTRIBUTION OF NET DIRECT TAXES TO THE GOVERNMENT'S REVISED ESTIMATES

*Source: Estimated 2010 Revenue of the Federal Government.

Revenue Collections

Company taxpayers still constitute as the biggest contributor to the government's revenue of RM40.27 billion which is 45.55% of the total revenue collection. This was followed by petroleum income tax and individual income tax which contribute to 30.80% and 17.62% respectively. The percentage of total contribution of tax components to the total direct tax collection is according to the following diagram.

Due to the economic recession, the performance of collection for most direct tax components declined except for petroleum, individual and co-operative taxes. The petroleum tax collection increased by 12.57% compared to the year 2008. The increase is due to the fact that petroleum companies were still assessed on the previous year basis and the price of fuel was at its highest in 2008.



* Others include the payment of Section 124 Income Tax Act 1967, court fees, bank interests, legal revenue, business registration fees and service fee of Section 138B Income Tax Act 1967.

DIRECT TAX COLLECTION BY COMPONENTS FOR 2008 AND 2009

Tax Management Efficiency

Kerajaan yakin sasaran cukai RM86b dicapai

Kutipan merosot 2.9 peratus disebabkan kelembapan ekonomi

Ahmad Faizal Hajat

KERAJAAN yakin kutipan dijangka mampu mencecah sasaran yang di-tetapkan Perbendaharan ia-tu RM86 bilion tahun ini. Itu sebanyak RM86 bilion, maskipun kutipan cukai setahun ini masih tidak mencapai sasaran yang ditetapkan Perbendaharan ia-tu RM86 bilion tahun ini. "Secara amnya, kutipan cukai sedang berbeza berbanding tahun lalu susutan persekitaran ekonomi kurang baik. Disember lalu menyakibkan hasil cukai kutipan cukai lebih banyak dengan ini masih tidak pemurunan kecil berbanding tahun lalu susutan persekitaran ekonomi kurang baik. Setakat 21 Disember 2009, tarun ekonomi kurang persekitaran ekonomi kurang baik. Setakat 21 Disember 2009, tarun ekonomi kurang baik. Setakat 21 Disember 2009, tarun ekonomi kurang baik. Setakat 21 Disember 2009, tarun

RM3.1 bilion lebihan cukai dikembalikan

KUALA LUMPUR 1 Julai – Lembaga Hasil Dalam Negeri (LHDN) mengumumkan pembayaran balik lebihan cukai sebanyak RM3.1 bilion kepada 323,517 pembayar cukai pada tahun ini.

Ketua Pegawai Eksekutifnya, Datuk Hasmah Abdullah (**gambar**) berkata, jumlah itu merangkumi 70 peratus daripada keseluruhan kes pembayaran balik yang mengambil masa antara sebulan hingga tiga bulan.

Katanya, pembayaran balik itu dibuat sama ada secara dalam talian atau manual.

"Kita sudah membayar semula le- ... berjumlah RM3.1 billion ... bayaran cukai pendapatan masing-masing sehingga tengah malam tadi.

Katanya, jumlah tersebut semakin meningkat dari tahun ke tahun sejak sistem itu mula diperkenalkan pada 2006.

"Sehingga pukul 12 tengah malam tadi, jumlah itu mencecah 1.5 juta dan ia tidak dikira sekali dengan borang yang dihantar secara manual.

"Ia menunjukkan peningkatan dari tahun ke tahun. Peningkatan mendadak ini menunjukkan sikap positif masyarakat negara ini terhadap kemudahan e-Filing," jelasnya.

Dalam perkembangan lain, Hasmah menegaskan, individu yang ga- ... gal melunaskan cukai pendapatan ... kan penalti sebelum ...

RM3.1 bilion lebihan cukai sudah dibayar

Tahap kesedaran ... meningkat

Quoted from Utusan Malaysia and Berita Harian

Refunds

IRBM continued with its tax operation program for 2009 by giving priority to tax refund cases for the current year to taxpayers beside finalising the balance of refund claims for previous years. The emphasis on refund activities according to the time frame is in line with the introduction of IRBM service motto which to provide the best service to the customers and to improve the quality of service delivery in any economic scenario.

All refund cases for the current year will be processed without prior application from the taxpayers and will be processed within the following period provided the Return Form (RF) submitted to IRBM is complete and in order:

- 30 working days from the day RF is received if submitted via e-Filing; and
- 90 working days from the day RF is received if submitted manually.

In 2009, IRBM issued 657,707 refund vouchers totaling RM8,090.18 million. This amount includes refund claims by individuals and companies.

PERFORMANCE OF REFUNDS OF OVERPAID TAXES

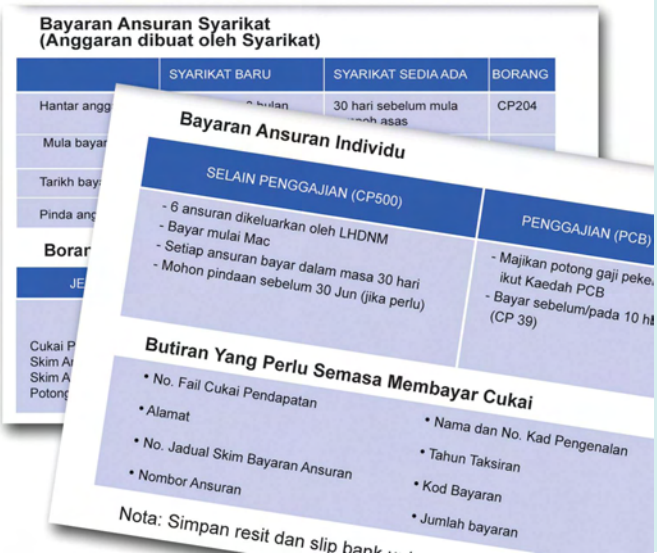
		2009	2008	2007
Non-Companies	No. of Cases	636,035	531,930	371,042
	Amount (RM Million)	1,672.51	1,963.76	1,497.68
Companies	No. of Cases	21,672	27,021	29,318
	Amount (RM Million)	6,417.67	6,595.92	3,896.59

Tax Collection Methods

As the main tax collection agency for the government, IRBM is responsible in ensuring tax due to the government is collected efficiently and effectively. Tax debt or tax arrears must be kept at a minimum in order to achieve the targeted performance. IRBM has implemented various methods to reduce the amount of tax arrears.

As of 31 December 2009, a total of 783,529 cases of tax arrears have been settled. The achievement in reducing tax arrears cases has helped to reduce the balance of Accounts Receivable by 52.45% which amounts to RM4.72 billion.

The collection mechanism adopted to collect current taxes and tax arrears is continously streamlined to ensure the effectiveness of tax collection activities.



Tax Collection Methods

Tax Collection By Instalments

There are two categories of tax collection through instalment payment:

Individual taxpayers with business income:

- Tax collection is through bimonthly instalment payment notice (Form CP500) issued by the Director General of Inland Revenue Board;
- The instalment schedule is from March until January of the following year; and
- Application to amend the schedule (Form CP502) can be made before 30 June of the current year.

Companies, co-operatives, trust bodies, unit trusts and investment trusts:

- Tax collection is bimonthly instalment based on a tax estimate (Form CP204) submitted by the taxpayer;
- The instalment schedule is from the second month of the basis period of a year of assessment; and
- Application to amend the schedule may be made in the sixth or ninth month, or both, of the accounting period.

Failure to adhere to the instalment payment schedule will result in a tax increase of 10% on the balance of unpaid instalment for both categories of taxpayers.

COMPANY TAX ESTIMATES (FORM CP204) AND INDIVIDUAL INSTALMENTS (FORM CP500)

	2009	2008
No. of CP204 Forms Received	276,758	247,483
Tax Estimates in CP204 Forms* (RM Million)	36,731.89	32,916.24
No. of CP500 Forms Issued	270,729	224,067
Instalments in CP500 Forms** (RM Million)	1,563.74	1,244.98

* The tax estimate stated in CP204 (for companies, co-operatives and trust bodies) is before any amendments and payments.

** The CP500 instalments (for non-companies) are stated prior to any amendments or payments.

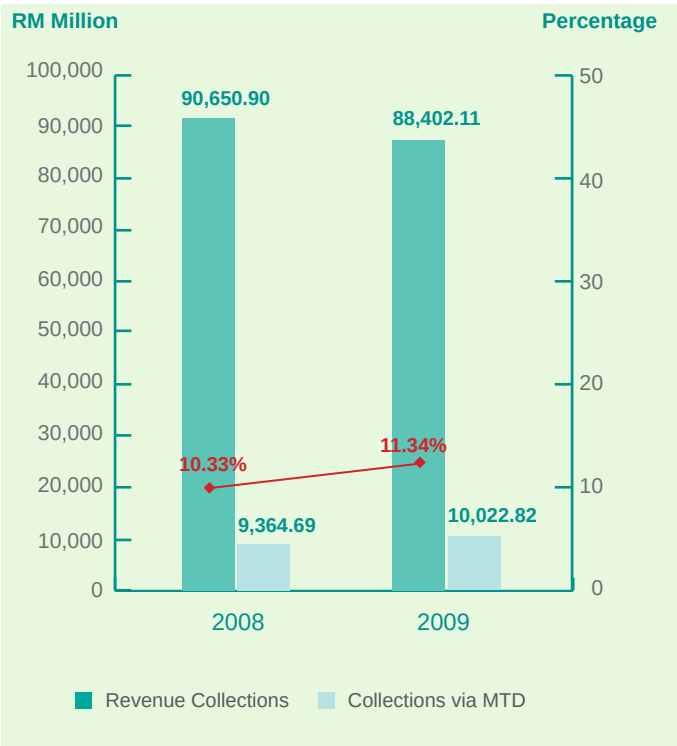
Tax Collection Methods

Monthly Tax Deductions

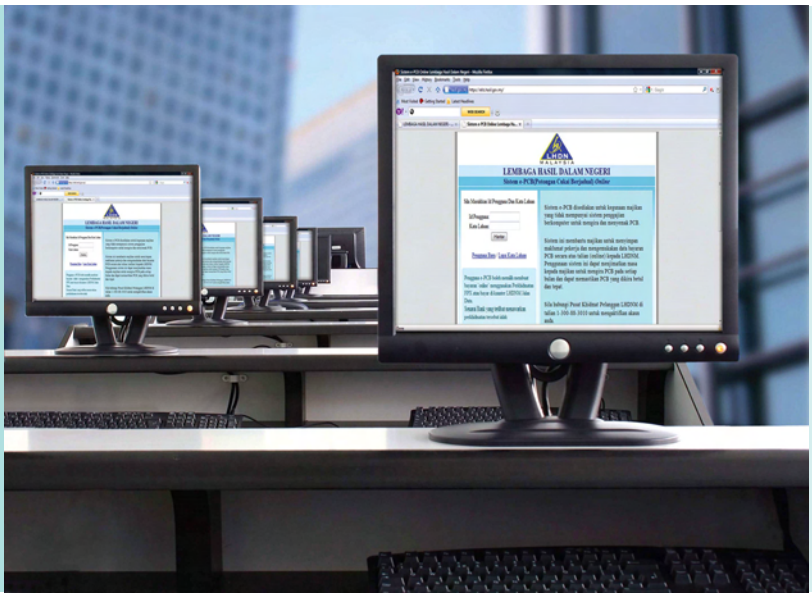
Individual taxpayers with salaried income may pay taxes through Monthly Tax Deductions (MTD) deducted by their employer from the employee's monthly salary. Beginning 2009, IRBM implemented MTD 2009 according to the Income Tax (Deduction from Remuneration) Rules 1994. MTD 2009 was implemented to ensure that MTD payment is equal or almost equal to the actual tax due. The calculation of MTD is adjusted with:

- Giving exemptions to allowance/perquisite/gift/benefit which are tax exempted (Budget 2009);
- To include the value of Benefits in Kind/Value of Accommodation as part of salary (if applicable); and
- Allowing deduction/rebate claims for any of the months.

In 2009, the collection through MTD amounts to RM10,022.82 million and it contributes to 11.34% of the direct tax collection.



COLLECTIONS VIA MTD AGAINST REVENUE COLLECTIONS



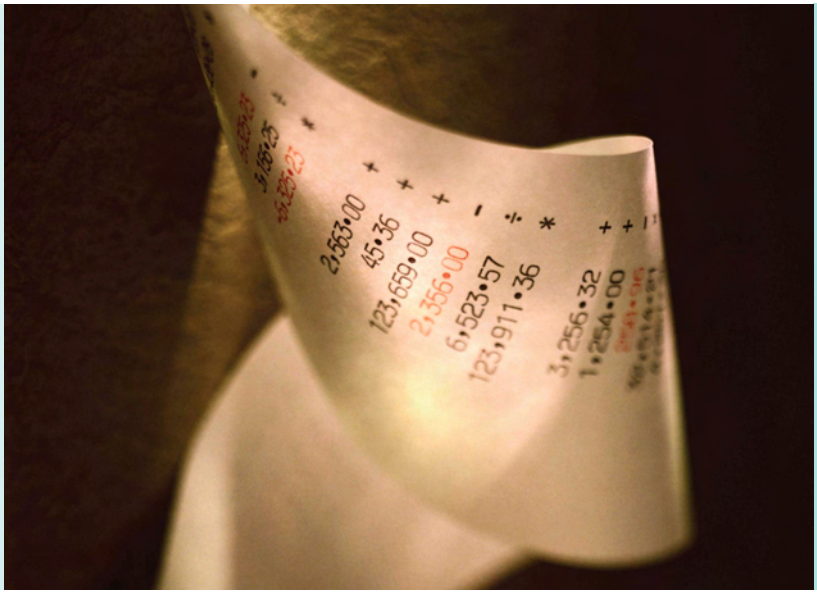
Tax Collection Methods

The increase in MTD collection is supported by continuous seminars and tax education to employers and the use of e-PCB, *Kalkulator PCB* and MTD software. MTD also made it convenient for employers to make payments through electronic banking and bank counters appointed as receiving agents.

MTD COLLECTIONS BY PAYMENT METHOD

	2009 (RM Million)	2008 (RM Million)	Percentage (%)
IRBM Payment Counters			
Total	9,157.66	8,626.22	6.16
Bank Counters			
CIMB Bank Berhad	273.88	279.18	-1.90
Public Bank Berhad	402.86	341.38	18.01
Total	676.74	620.56	9.05
Internet Banking			
CIMB Bank Berhad	76.11	34.24	122.28
Public Bank Berhad	88.04	73.67	19.51
RHB Bank Berhad	22.48	10.00	124.80
Alliance Bank Berhad	0.28	0	0
Maybank Berhad	1.51	0	0
Total	188.42	117.91	59.80
Grand Total	**10,022.82**	**9,364.69**	**7.03**

Tax Collection Methods

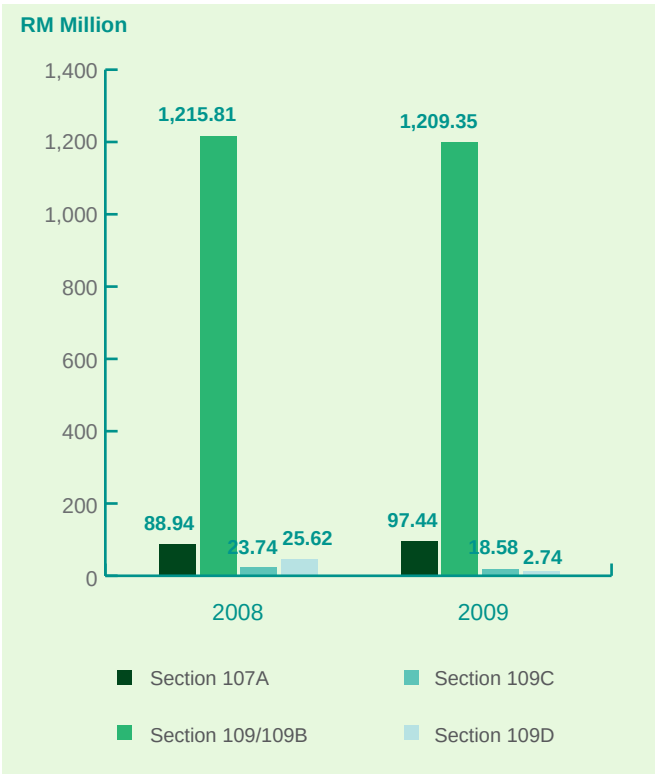


Collection of Withholding Tax

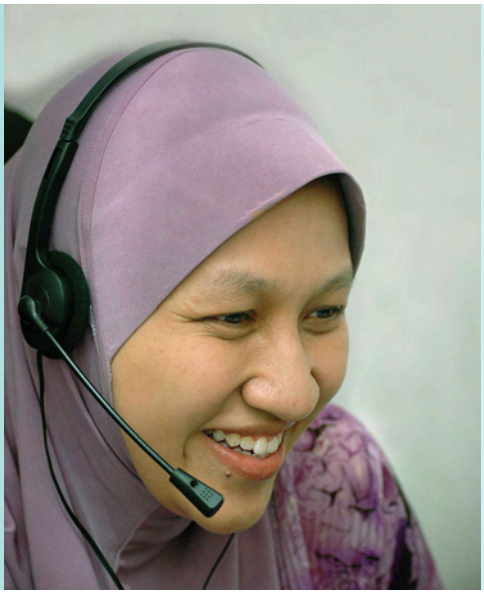
Tax on several types of payments received by non-residents from resident payers in Malaysia is collected through the withholding tax method. Withholding tax collection is carried out for the types of income under the provisions of the Income Tax Act (ITA) 1967 as follows:

- Section 107A (contract payments);
- Section 109/109B (interests, royalties, service payments or fees, rentals and other payments);
- Section 109C (interests [except exempted interest] paid by approved financial institutions); and
- Section 109D (income distribution of a Unit Trust).

In 2009, RM1,328.11 million was collected through this mechanism.



WITHHOLDING TAX COLLECTIONS



Tax Collection Methods

Call-Out Centre

A call through a Call-Out Centre contacts the taxpayers who have unpaid taxes. The purpose of a Call-Out Centre call is:

- To remind the taxpayer about an outstanding tax;
- To inform of the action to be enforced should the payment remains unpaid; and
- To assist taxpayers with cash flow problem to reschedule their instalment based on their financial capability.

In 2009, 52,276 calls which amounts to an outstanding tax of RM597.33 million were made. A total of RM229.99 million was collected from the outstanding amount.

PERFORMANCE OF CALL-OUT CENTRE

Tax Collection Methods

Visit to Premises

Visit to taxpayer premises are conducted to:

- Deliver the outstanding tax reminder letter or claim notice and discuss the payment with the taxpayer;
- To advise the taxpayer to make payments according to approved methods;
- To explain to the taxpayer on the consequences of non-compliance and actions which will be taken in the event of failure to settle the outstanding tax; and
- To deliver the summons to taxpayers who fail to settle the outstanding payment after notice of outstanding tax claim has been issued.

Taxpayer's information tracking is done through the IRBM Data Warehouse and other appropriate source of information if a notice or summon fails to be delivered during a visit to the taxpayer's premises. Legal action will be initiated if feedback is not received or the taxpayer fails to comply with the agreed payment schedule.

Tax Collection Methods

Travel Restrictions

Prohibition from leaving the country (Section 104, ITA 1967 and Section 22, RPGT Act 1976) will be taken against a taxpayer who fails to settle income tax and RPGT and is believed to be leaving the country. In 2009, a total of 2,211 taxpayers from the income tax category and 137 taxpayers from the RPGT category had the prohibition enforced against them.

It involved an outstanding tax amounted to RM80.26 million and RM1.56 million respectively. Meanwhile, 511 cases of income tax and RPGT were revoked during 2009 because the taxpayers settled their tax obligation amounting to RM8.90 million.

TRAVEL RESTRICTIONS						
	No. of Cases Effective (2008 and Prior)	Amount of Tax Involved (RM Million)	No. of Cases Effective (January - December 2009)	Amount of Tax Involved (RM Million)	No. of Cases Effective (Until 2009*)	Amount of Tax Involved (RM Million)
Income Tax	40,588	1,268.00	2,211	80.26	42,779	1,348.26
Real Property Gains Tax (RPGT)	5,641	130.65	137	1.56	5,778	132.21
Total	46,229	1,398.65	2,348	81.82	48,557	1,480.47

* Number of cases effective as at 31 December 2009 (including cases prior to 2009).

Tax Collection Methods

Civil Suits

Civil suits under ITA 1967 and RPGT Act 1976 will be taken against taxpayers who fails to settle their tax obligation within the stipulated period. The civil suits will be initiated by filing a summon and claim statement in court depending on the amount of tax obligation for each case. The legal action will be conducted in court until judgement is obtained against the taxpayer.

In 2009, IRBM filed 11,507 civil summons in court. These summons involved individuals and companies with a total tax obligation of RM741.00 million.

After a judgement is obtained, enforcement and execution of the judgement will be taken as follows:

- Writ of summons of confiscation and sale, debtor summons or bankruptcy for individual taxpayers; and
- Wind-up action for company taxpayers.

For bankrupt or winding up cases, the evidence of debt will be registered at the Malaysian Department of Insolvency. A total of 921 individual cases and 482 company cases were registered at the Malaysian Department of Insolvency in 2009. During the same period, a number of individuals and companies settled their tax in full amounting to RM84.94 million and RM58.25 million respectively.

Tax Collection Methods

CIVIL SUITS				
	2009		2008	
	No. of Summonses Filed	Tax Amount (RM Million)	No. of Summonses Filed	Tax Amount (RM Million)
Individual	9,642	193.01	7,030	140.21
Company	1,865	547.99	1,295	664.62
Total	11,507	741.00	8,325	804.83

WRITS OF CONFISCATION AND SALE, JUDGEMENT DEBTOR SUMMONSES OR BANKRUPTCIES		
	2009	2008
No. of Cases Involved	7,064	2,849
Tax Amount (RM Million)	369.16	259.81
No. of Cases Registered at the Malaysian Department of Insolvency	921	1,298
No. of Cases Resolved	3,901	1,588
Tax Amount (RM Million)	84.94	39.87

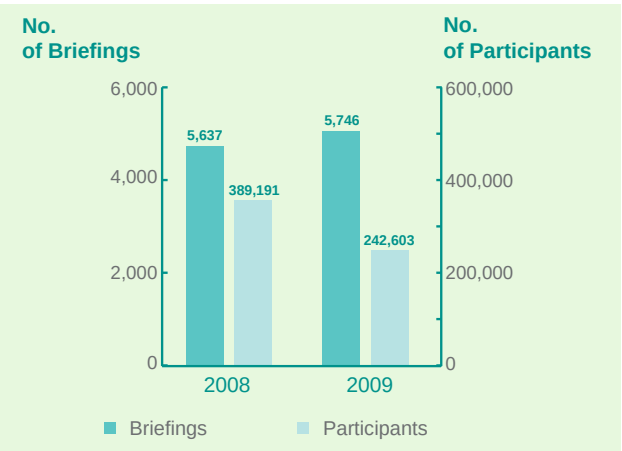
WINDING-UP ORDERS AGAINST COMPANIES		
	2009	2008
No. of Cases Involved	372	263
Tax Amount (RM Million)	234.21	190.39
No. of Cases Registered at the Malaysian Department of Insolvency	482	258
No. of Cases Resolved	133	200
Tax Amount (RM Million)	58.25	95.63

Tax Education Programs

Tax education programs were designed to give exposure and awareness to individuals, companies, tax agents, employers and potential taxpayers about tax laws. Furthermore, the objective was to educate taxpayers about their rights and responsibilities and improve voluntary tax compliance.

Tax Briefings, Workshops and Talks

Under the Self Assessment System (SAS), taxpayers will calculate their tax obligation themselves. To minimise errors and to encourage the use of e-Filing, tax education is conducted via briefings, workshops and talks. These programs are conducted free of charge at all IRBM branches and taxpayers premises by experienced IRBM officers. Apart of SAS/e-Filing briefings, IRBM also conducts briefing on MTD and Budget to employers and the public.



TAX BRIEFINGS, WORKSHOP AND TALKS

Business Support Services

Business Support Services Workshop offers consultation to small and medium scale traders who are not represented by a tax agent. It covers education about business record keeping method, business accounts preparation and calculation and tax payment. This program has been expanded to counter services through a collaboration with relevant external agencies such as SME Corporation and *Majlis Amanah Rakyat* (MARA).

Tax Education Programs

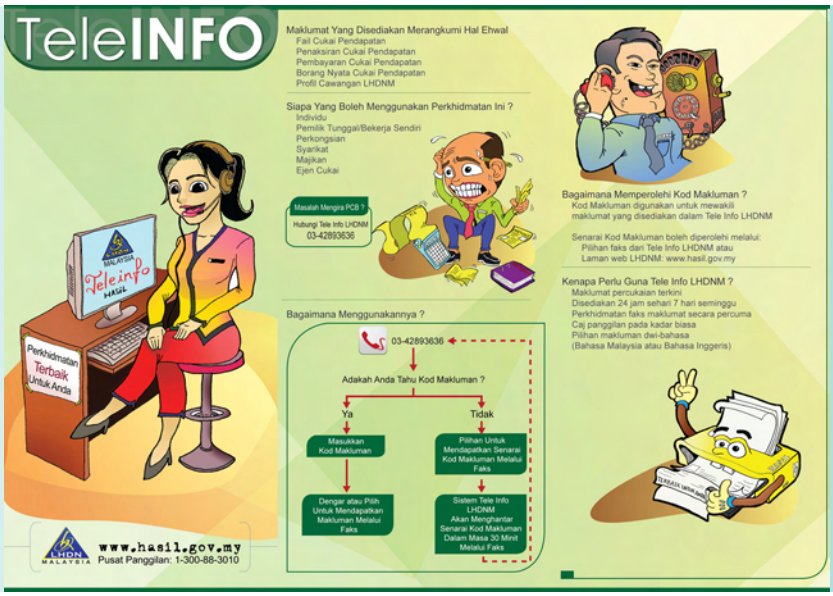
Tax Seminar/Budget Seminar

Tax seminars are annual activities held to disseminate latest information on changes in tax laws. Participation is open to tax practitioners, business owners, professional bodies, employers and the public. In 2009, IRBM conducted national tax seminars in several locations throughout the country. Besides that, IRBM also organised and conducted budget seminars immediately after the 2010 Annual Budget which was presented by the Finance Minister of Malaysia.

Hasil Speech Competition

This is an annual competition held by IRBM in collaboration with the Ministry of Education Malaysia to increase tax awareness among students, to enable them to become tax literate citizen. The competition is open to all form six students in government and government assisted schools.

Tax Education Programs



IRBM Tele Info

IRBM Tele Info hotline is another facility for taxpayers to obtain information about taxes. The 24-hour hotline number is **03-4289 3636**. More than 600 tax information are provided in bilingual audio recording (Malay/English). Users may also access information required via fax. Each call will be charged at the regular rate while fax services are free for those in Malaysia.

Tax Relations Officer

The appointment of Tax Relations Officer in the government, private sector and associations functions as a link in delivering information and improving the understanding of tax matters. A Tax Relations Officer is appointed from among the Human Resource Executives, Public Relations Officer or Training Officer for convenient reference by other employees.

Tax Education Programs

Announcement and Publicity Through the Media

Publicity programs are conducted to improve the image of IRBM and to convey tax messages to the public. Announcement and publicity through advertisements are conducted continuously particularly during the period of submission of return forms and campaign to encourage the use of IRBM electronic services. Publicity programs include the following activities:

- IRBM Electronic Services Campaign 2009 Launching Event;
- Tax Info Program in local newspapers in multiple languages which are released daily in March and June 2009;
- Advertisements through television commercials, radio advertisements, printed materials, and online advertisements;
- Broadcasts of IRBM interviews programs on television and radio stations and newspapers; and
- Tax awareness advertisement campaigns in local newspapers with the theme 'Insaf' and 'Syukur'.

TAX EDUCATION THROUGH THE MEDIA

Learning Activities	2009	2008
On Television	13 sessions	15 sessions
On the Radio	17 sessions	8 sessions
Articles/Tax Information in Newspapers	76 advertisements	-
Exclusive Interviews	6 sessions	5 sessions
e-Filing Advertisements in Major Newspapers	13 advertisements	11 advertisements
e-Filing Advertisements on Television	481 telecasts	289 telecasts
e-Filing Advertisements on the Radio	420 broadcasts	3,003 broadcasts
e-Filing Advertisements in Newspaper Portals (2 weeks)	-	5 press sites
e-Filing Banners (4 months)	20 locations	11 locations

Tax Education Programs

Tax Information Through the Internet

IRBM also publishes tax information on its website **www.hasil.gov.my**. The content of the website is updated on a regular basis to ensure that its contents are kept abreast with current developments. In 2009, IRBM upgraded the website and streamlined the content so that it is more user friendly. Best practices are used as a benchmark to improve the quality of IRBM's website to make it more effective and efficient.

IRBM Publications

In 2009, IRBM published 13 tax brochures in a simple and convenient format. The tax brochures are distributed to the public at service counters at all IRBM branches. The *e-Perkhidmatan* booklet is also published to provide brief description about IRBM electronic services. Apart from that, IRBM also published IRBM official magazine namely *Berita HASiL* for internal circulation and for other agencies. It is published three times a year and contains IRBM yearly activities. *Berita HASiL* can also be accessed and downloaded from IRBM's website.

Customer Service

IRBM always gives priority to programs to improve the quality of the service delivery system. The customer service provided by IRBM enables the public quick and easy access to tax information through specially designed programs and other facilities.

Revenue Service Centres

Revenue Service Centres (RSCs) were established to take over the stamping duties from the District Offices in order to provide a more efficient stamping service, to ensure assessment and stamp duty collection are done accurately and to provide tax services. The collection of stamp duty at RSCs recorded an increase each year and the amount collected shows a significant increase compared to collection at the District Offices (before the existence of RSCs). In 2009, another RSC was opened in Tanah Merah, Kelantan and this brings the total number of RSCs to 14.

STAMP DUTY COLLECTION AT THE REVENUE SERVICE CENTRES

RSCs and Date of Establishment	2009 (RM Million)	2008 (RM Million)	Before the Establishment of RSCs (RM Million)
Manjung (1/4/2004)	15.74	20.26	1.13
Hulu Langat (15/4/2004)	52.10	43.53	1.80
Batu Pahat (1/6/2004)	23.32	23.64	1.79
Kudat (1/7/2005)	0.22	0.22	0.02
Lahad Datu (15/7/2005)	0.86	1.06	0.43
Mukah (26/9/2005)	0.18	0.23	0.04
Limbang (15/11/2005)	1.76	1.50	1.12
Kemaman (5/12/2005)	6.35	5.71	1.07
Bentong (9/7/2007)	7.09	3.54	0.25
Sri Aman (1/10/2007)	1.09	1.07	0.50
Tampin (15/10/2007)	3.47	3.36	0.37
Kuala Pilah (1/1/2008)	1.70	1.81	0.54
Segamat (15/8/2008)	14.11	1.75	0.34
Tanah Merah (1/4/2009)	1.62	-	0.61
Total	**129.61**	**107.68**	**10.01**

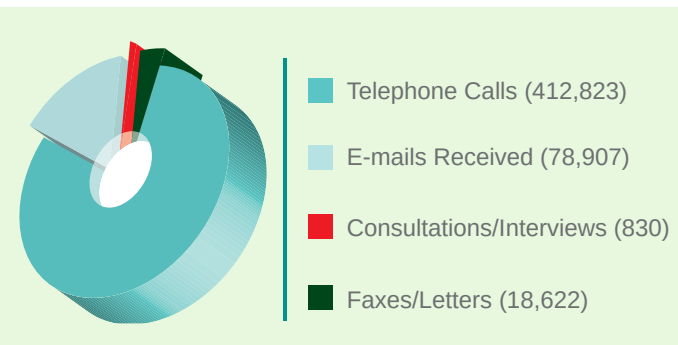
Customer Service

Customer Service Centres

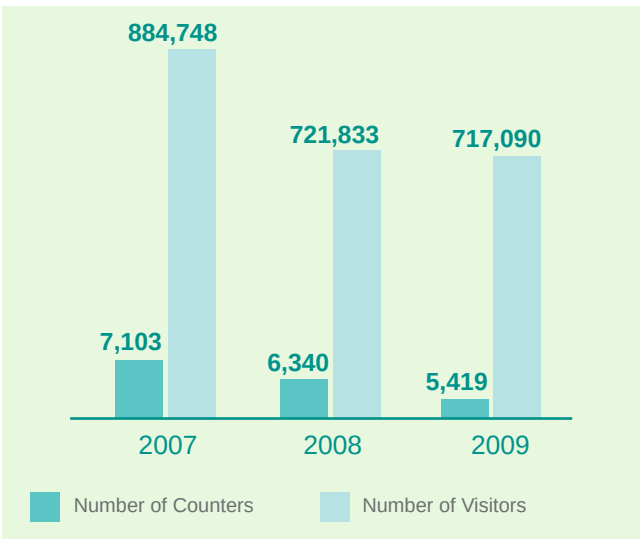
Customer Service Centres (CSCs) were established to provide tax services especially by telephone and e-mail. Taxpayers may contact IRBM easily via the toll free number **1-300-88-3010**. IRBM has two CSCs located in Pandan Indah, Kuala Lumpur and Kuching, Sarawak. Calls to CSC Pandan Indah will be automatically transferred to CSC Kuching if all lines at CSC Pandan Indah are busy.

Taxpayers' Service Month

The Taxpayers' Service Month (TSM) program is conducted to guide taxpayers on the use of e-Filing and IRBM electronic services, the profile and ledger reviewing facility and other tax advisory services. The TSM program was held between 1 March to 30 June 2009 at all IRBM service counters, shopping malls, government offices, private sector offices, hospitals, schools and community halls.



CUSTOMER SERVICE CENTRES PERFORMANCE FOR 2009



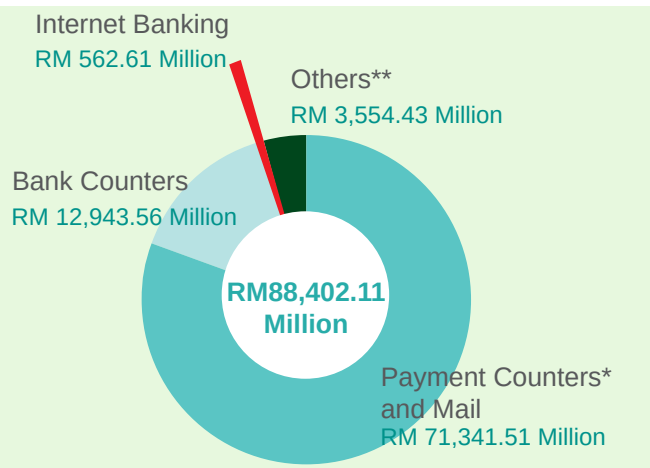
TSM SERVICE COUNTERS

Customer Service

Payment Counters

Tax payments can only be made at IRBM payment counters at three tax collection centres located at the Kuala Lumpur Collection Branch, Kuching Branch in Sarawak and Kota Kinabalu Branch in Sabah. The IRBM payment counters accept payment in cash, cheque, bank draft or postal order. Tax payment via post may also be sent to any of those branches.

Additionally, tax payments can also be made at all CIMB Bank Berhad (CIMB), Public Bank Berhad (PBB), EON Bank Berhad and Maybank Berhad counters which have been appointed as tax collection agents.



* Payment counters at the Kuala Lumpur, Kuching and Kota Kinabalu Collection Branches.
** Including stamp duty, estate duty, IOFCs, business registration fees and others.

TAX PAYMENT PERFORMANCE FOR 2009

Customer Service

One-Stop Counter

One-Stop Counter services are handled by the Customer Service Unit at all IRBM branches to enable taxpayers to manage all their tax transactions in a comfortable, friendly and quick manner. In order to improve the counter service, taxpayers may express their opinions and complaints through the Service Feedback Box and Complaints/Suggestions Box placed at all IRBM counters. Suggestions and complaints via the Interactive Form can be made at the IRBM website.

Information Counters/Expositions

IRBM information counters are opened to promote the use of IRBM electronic services during trade expositions, exhibitions and public events held by the government, statutory bodies and private companies. Among the expositions IRBM participated in during 2009 were the Electronic Government (EG) Promotion Counter held by the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) and the Multimedia Development Corporation (MDeC), counter in conjunction with 2009 Securasia Conference, National Police Day, Heads of Mission Conference and Financial Awareness Week.

Pengguna e-Filing melebihi 1.4 juta orang

KUALA LUMPUR – Jumlah pengguna e-Filing Lembaga Hasil Dalam Negeri (LHDN) bagi urusan pembayaran cukai tahun ini menunjukkan peningkatan 21.8 peratus berbanding tahun lalu.

Ketua Pegawai Eksekutif LHDN, Datuk Hasmah Abdullah berkata, sehingga pukul 1 petang semalam, penghantaran borang melalui e-Filing adalah sebanyak 1,422,197 berbanding 1,166,802 pada tahun lalu.

"Hasil analisis yang kami lakukan, kesan penggunaan e-Filing telah dapat mengurangkan jumlah pembayar cukai yang datang berurusan ke kaunter-kaunter LHDN walaupun pada waktu puncak.

"Ia juga bukti semakin ramai pembayar cukai sudah berurusan baik dari rumah atau pejabat," katanya pada sidang akhbar di sini semalam.

Hasmah menjangkakan jumlah pembayar cukai yang menggunakan e-Filing akan mencecah 1.5 juta sehingga 12 tengah malam.

Katanya, bagi memastikan u lebih

Quoted from Kosmo

KAKITANGAN LHDN, Wan Zuraini Ismail (kiri) membantu Nor Azahari Shamsuddin mengisi borang cukai pendapatan menggunakan e-Filing di pejabat LHDN Jalan Duta, Kuala Lumpur semalam.

supaya urusan tetap dapat dilakukan pada waktu sesak.

Hasmah juga berkata, kecenderungan orang ramai membayar cukai pada empat hari terakhir mendorong trafik urus niaga dalam talian naik mendadak.

"Contohnya pada 26 April, pengguna e-Filing berjumlah 89,357 tetapi meningkat kepada 138,222 pada 29 April," katanya.

Katanya, jika keadaan itu berterusan, ia akan menjejaskan pembayaran balik cukai yang patut dikembalikan dalam masa yang ditetapkan iaitu dalam tempoh 30 hari.

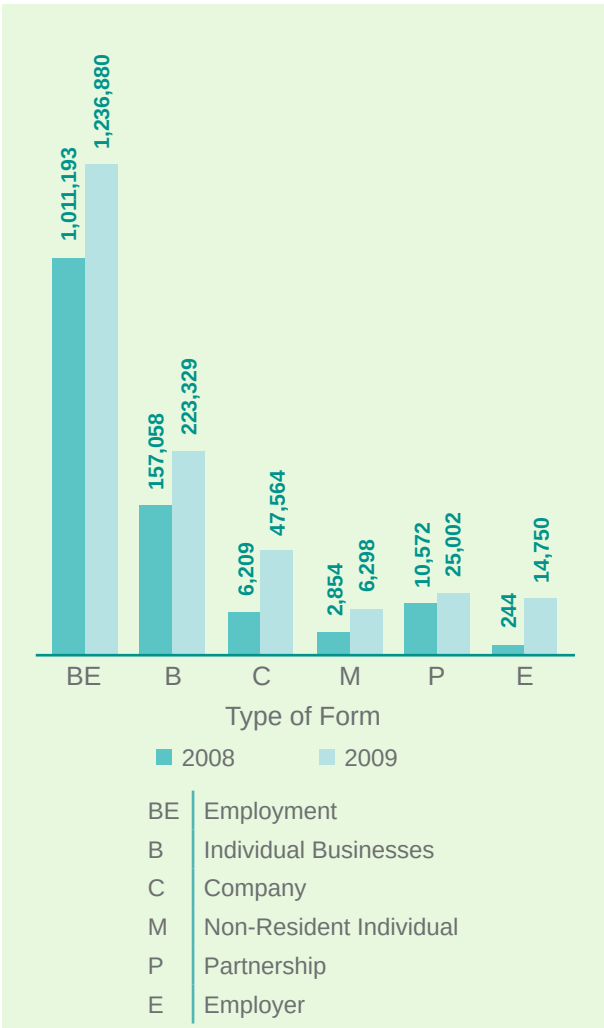
Electronic Services

e-Filing

The e-Filing application was developed to facilitate submission of return forms electronically. The application is regulated by security features based on the Public Key Infrastructure (PKI). IRBM upgrades and improves the e-Filing application continuously to enable taxpayers to carry out the completion and submission of form conveniently, safely and quickly.

Tax Agent e-Filing

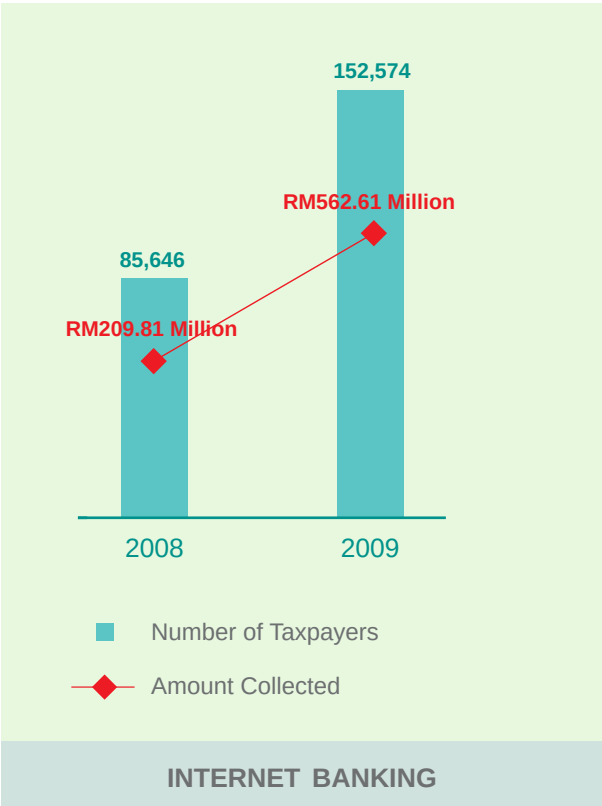
The Tax Agent e-Filing application allows tax agents to file return forms electronically on behalf of their clients. Tax agents must obtain prior written permission from their clients by completing the Authority to File Return Electronically (Form CP55).



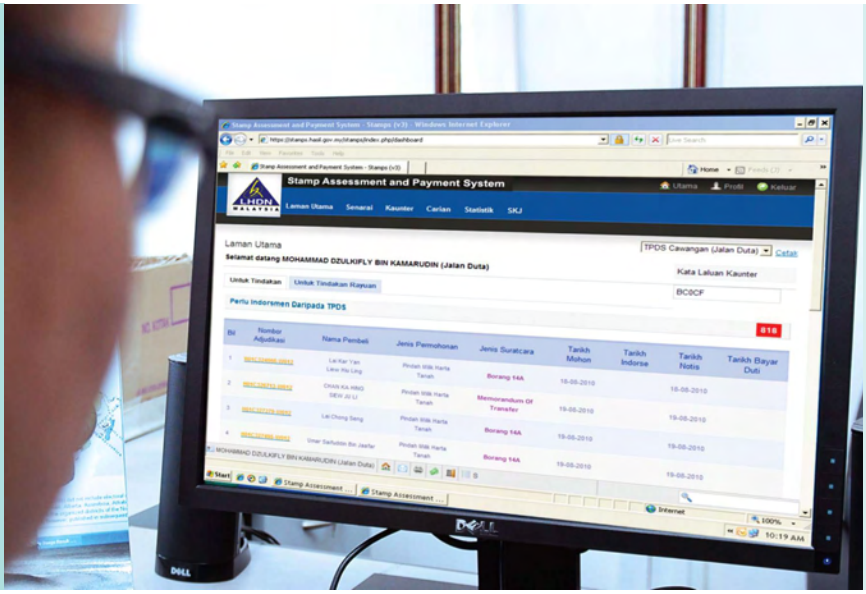
ELECTRONIC FILING PERFORMANCE

Electronic Services

e-Bayaran



IRBM provide facilities to pay income taxes online using the electronic banking service. The electronic banking service can be used at the appointed tax payment collection agents which are CIMB Bank Berhad, Public Bank Berhad, Maybank Berhad, Alliance Bank Berhad, EON Bank Berhad, Citibank Berhad and RHB Bank Berhad. The electronic tax payment methods implemented are the income tax payment, real property gains tax, MTD payment facility for employers and tax payment via the Financial Process Exchange (FPX).

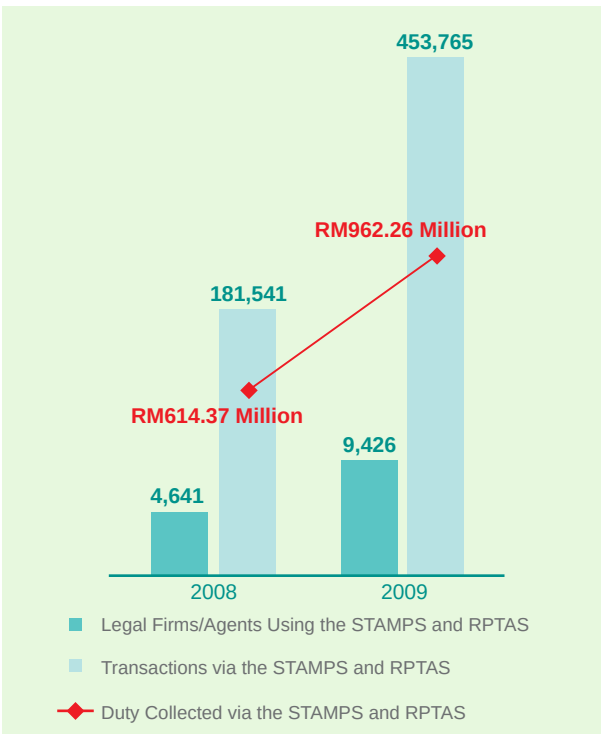


Electronic Services

STAMPS

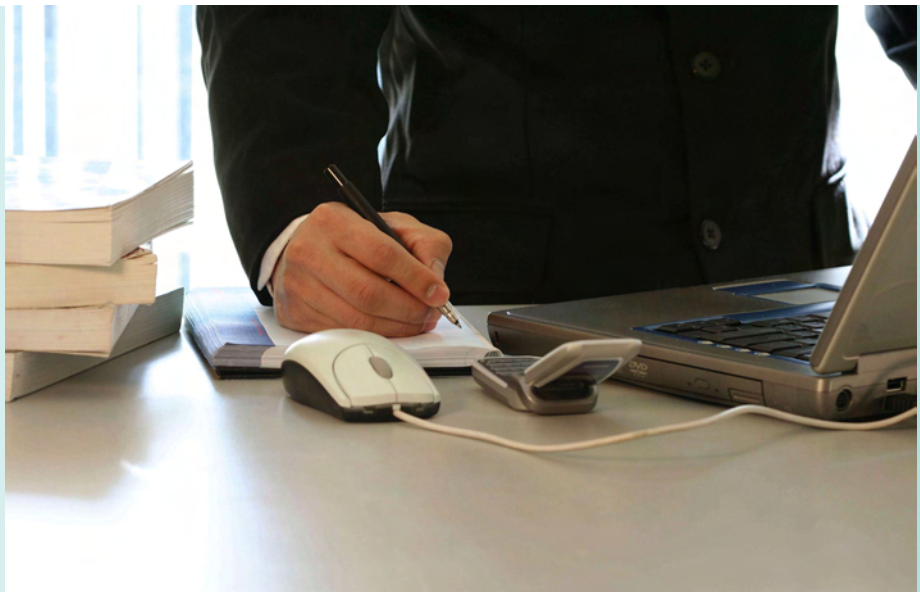
STAMPS (Stamp Assessment and Payment System) is a new system developed to improve the Real Property Transfer Assessment System (RPTAS). The system was introduced on 16 February 2009. STAMPS involves the modernisation of instruments stamp process online which is an alternative to the existing process in which the stamp certificate can be generated and printed by the customer. At the moment, STAMPS is used to process the real property transfer instruments and will be extended to include all types of instruments in the future.

The introduction of STAMPS succeeded in increasing the use of the electronic application by legal firms and registered agents by 103.10%. The total transactions also increased by 149.95% to 453,765 transactions involving a stamp duty collection of RM962.26 million.



THE USE OF STAMPS AND RPTAS PERFORMANCE

Electronic Services



Kalkulator PCB

Kalkulator PCB is a support system to assist employees and employers to calculate the Monthly Tax Deductions (MTD). This method helps in making accurate MTD calculation if the employee or employer claims tax deduction or rebate allowed under the ITA 1967. The application is easier to use and saves time compared to the manual calculation and the amount of the MTD will be the same or almost the same as the actual tax.

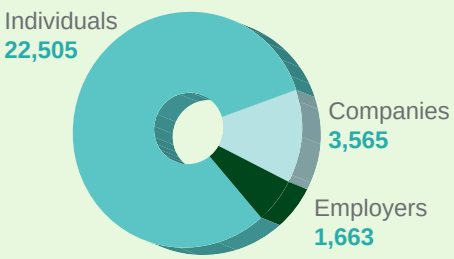
MySMS

This application is an integrated SMS facility for all government departments and agencies administered by MAMPU. Initially IRBM was involved in providing Information on Demand (IOD) service whereby taxpayers could obtain information regarding address, telephone number and fax number for all IRBM branches and the Revenue Service Centres by sending an SMS to **15888**.

Beginning 2009, MySMS services has been extended to check for the amount of MTD paid to IRBM. A fee of RM0.35 will be charged for each SMS.

e-Daftar

e-Daftar is another IRBM innovative electronic service which was introduced to enable individual and company taxpayers to register their income tax file via internet. The total number of taxpayers who have registered for *e-Daftar* is according to the chart below.



SUCCESSFUL APPLICATION REGISTERED FOR 2009

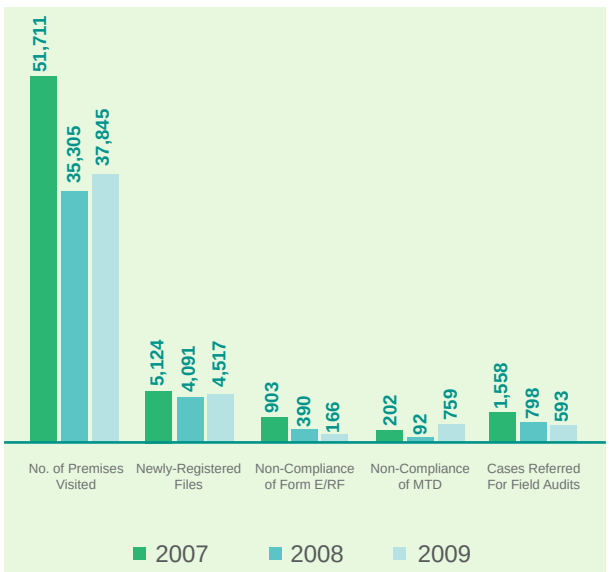
Tax Compliance, Prevention And Enforcement

Street Survey

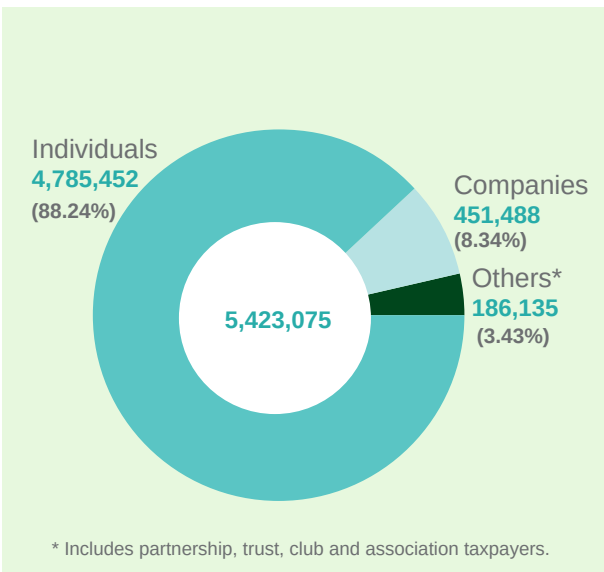
The Street Survey program is conducted at the taxpayer's business premises to improve compliance, to widen the tax base and collect the taxpayer's basic information. Tax advisory service is also provided to the taxpayer regarding record keeping, laws and tax regulations that need to be complied with and lessons on accurate tax deductions.

The visits are focused to these locations:

- New business areas;
- Old business areas which have never been visited; and
- High potential business areas.



STREET SURVEY



TOTAL REGISTERED TAXPAYERS

Tax Compliance, Prevention And Enforcement

MTD Audits

MTD Audits program is aimed to ensure every employer makes and remits tax deductions from their employees' monthly salaries according to the Income Tax (Deduction from Remuneration) Rules 1994. MTD audits are carried out by examining employees' salary records at the employers' premises.

An employer's failure to comply with MTD will be charged under Rule 17, Income Tax (Deduction from Remuneration) Rules 1994. If convicted, a fine of not more than RM1,000 or prison term of not more than 6 months, or both, will be imposed.

Employers who fail to remit payments before or on the 10th of the following month may be fined a minimum of RM200 or not more than RM2,000 or 6 months prison, or both. MTD payment which is not deducted is owed to the government. Thus, employers who do not deduct the MTD payment or who make deductions but do not remit the payments to IRBM will be charged in court.

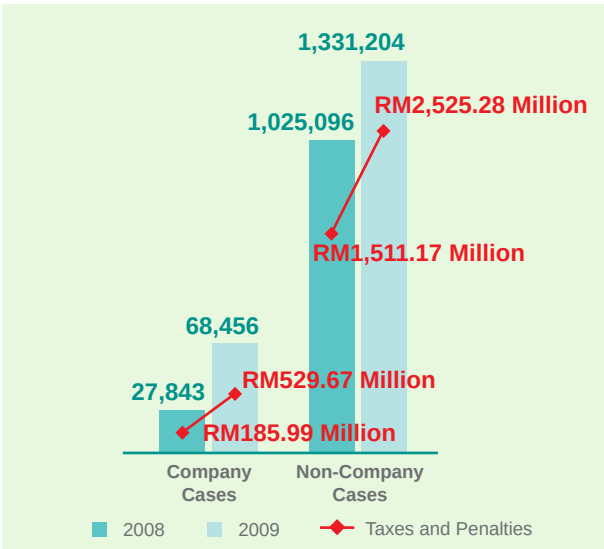
MTD AUDITS RESOLVED

	No. of Employers Audited	Non-Compliance Employers		Insufficient Tax Deduction	Compounds	Amount of Tax and Compounds	No. of Offences Charged in Court
		No.	%	(RM Million)	(RM Million)	(RM Million)	
2009	32,424	5,873	18	77.70	12.18	89.88	1,190
2008	27,555	6,793	25	74.96	10.98	85.94	1,721

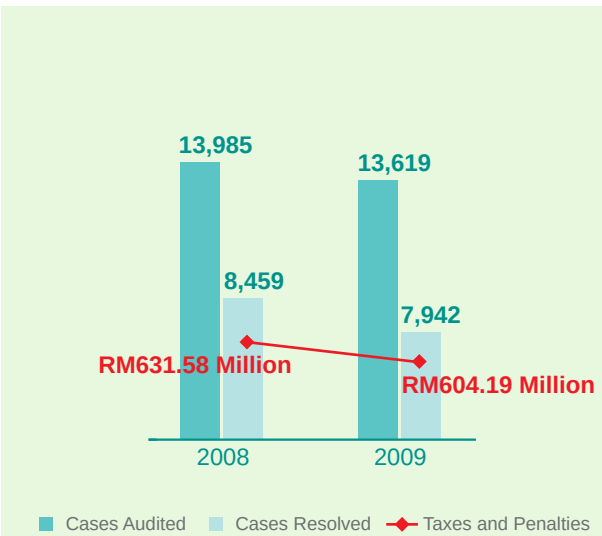
Tax Compliance, Prevention And Enforcement

Tax Audits

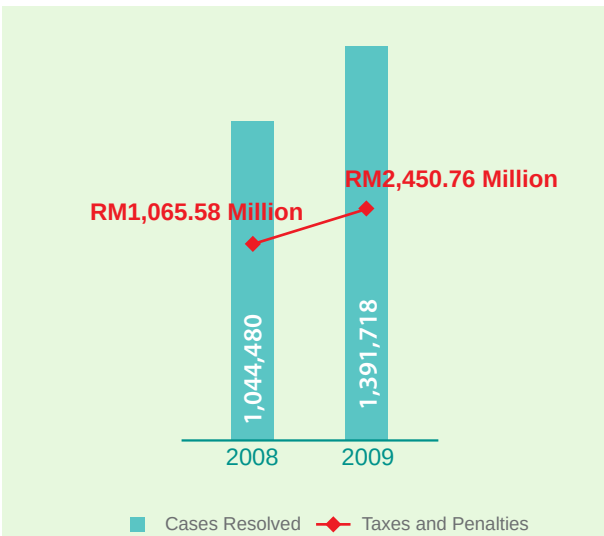
An effective and organised audit program is implemented to ensure the taxpayers comply with the legal provisions and the current tax regulations within Self Assessment System. Tax audits are conducted through field and desk audits. A notice informing of a visit to the taxpayer's business premises and the information/documents that have to be prepared is issued prior to field audit. Desk audits, on the other hand, is conducted at IRBM's office based on the information submitted.



TAX AUDITS RESOLVED



FIELD AUDITS PERFORMANCE



DESK AUDITS PERFORMANCE

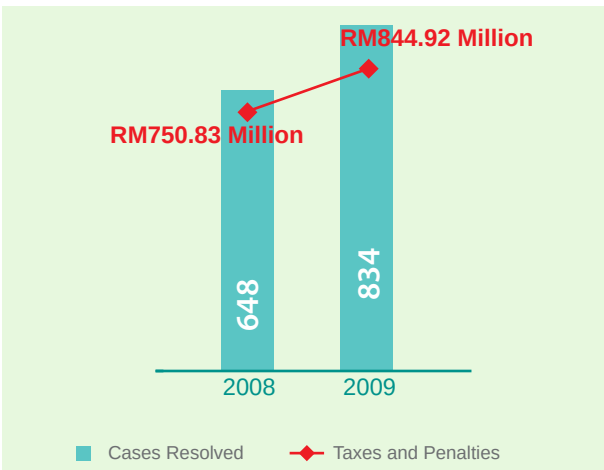
Tax Compliance, Prevention And Enforcement

Investigations

The investigation program is conducted to prevent avoidance activities and tax evasion. Investigations are carried out through surprise visits to business premises, homes and other premises related to the taxpayer's business. Relevant business records are carried back for detailed review at IRBM's office. Investigation activities are divided into Civil and Criminal Investigations.

A Civil Investigation is carried out to prevent intentional tax evasion and negligence in making filing taxes. A Criminal Investigation is conducted to track and investigate tax evasion and to take action in court. Prosecution in court will be taken against taxpayers who commit an offence under Section 113(1), Section 114(1) and Section 120 ITA 1967. Fines and penalties imposed will depend on the type of offence committed under these sections.

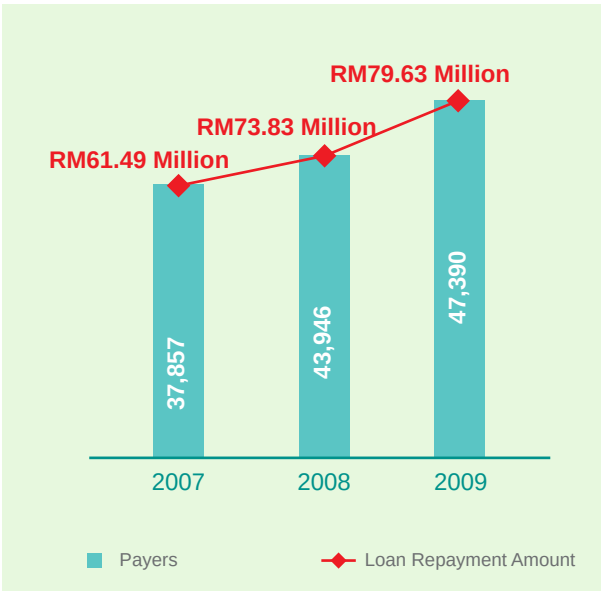
In 2009, three cases of Criminal Investigation were resolved which involved a settlement amount of RM0.47 million. Settlements for Civil Investigation cases are reflected by the chart below.



CIVIL INVESTIGATIONS RESOLVED

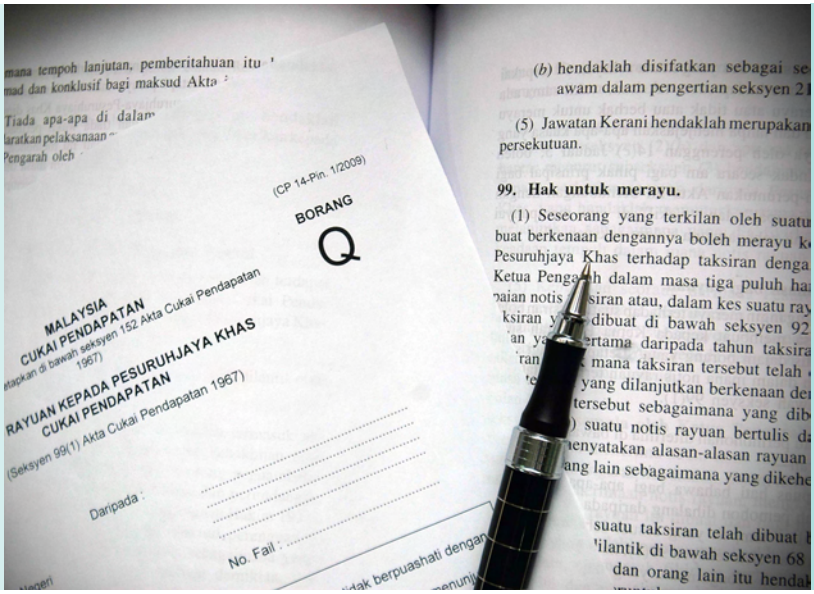
PTPTN Collections Agent

IRBM was appointed as the education loan collection agent for the National Higher Education Fund Corporation (PTPTN) under Section 25 the National Higher Education Fund Corporation Act 1997 (Act 566). Overall, the total collection increases every year driven by the increase in the number of borrowers who voluntarily repay their loans to IRBM.



COLLECTION OF PTPTN LOAN REPAYMENTS

Taxpayers' Rights



Tax laws give rights to taxpayers to submit an objection and appeal against an assessment within 30 days from the date of the assessment notice.

Should the taxpayer still be dissatisfied with the decision of IRBM, they can submit an appeal to the Special Commissioner of Income Tax (SCIT) by completing form Q and the Director General of Inland Revenue will submit the case to the SCIT for a decision. Both parties can submit an appeal to the High Court if they are not satisfied with the SCIT's decision and then to the Court of Appeals.

APPEAL TO THE SPECIAL COMMISSIONER OF INCOME TAX

Objection	Income Tax				RPGT	
	Company		Individual*			
	2009	2008	2009	2008	2009	2008
In Process (b/f)**	12	12	0	2	3	5
Filed in the Year	64	45	24	6	11	6
Total	**76**	**57**	**24**	**8**	**14**	**11**
Resolved	50	45	22	8	10	8
In Process (c/f)***	26	12	2	0	4	3

* Includes trust bodies, organisations and partnerships.
** b/f: brought forward from previous year.
*** c/f: carried forward to following year.

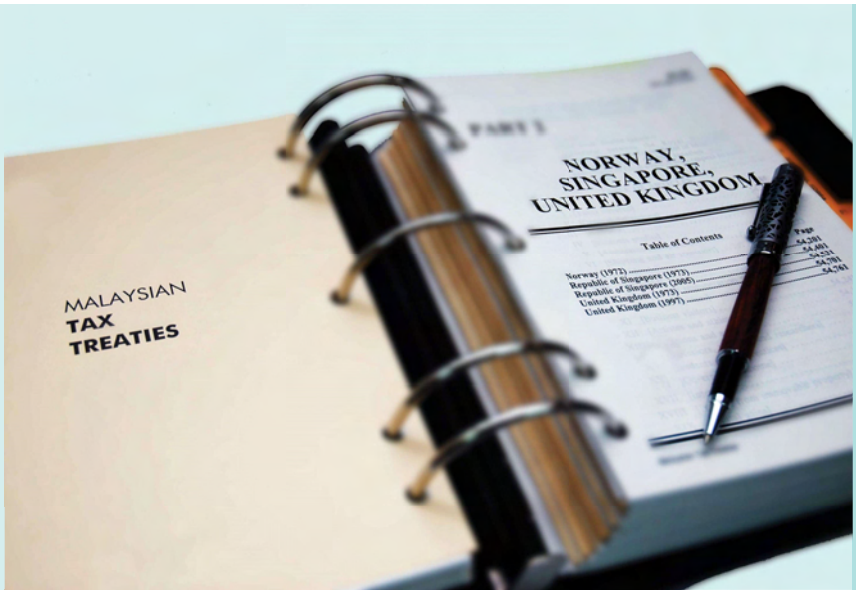
APPEAL TO THE HIGH COURT, THE COURT OF APPEALS AND THE FEDERAL COURT

Appeal	High Court		Court of Appeals		Federal Court	
	2009	2008	2009	2008	2009	2008
In Process (b/f)*	47	44	11	10	1	0
Filed in the Year	16	22	13	7	1	1
Total	**63**	**66**	**24**	**17**	**2**	**1**
Resolved	21	19	11	6	1	0
In Process (c/f)**	42	47	13	11	1	1

* b/f: brought forward from previous year.
** c/f: carried forward to following year.

International Network

Double Taxation Agreement



In line with globalisation and the liberation of trade on the international level, Malaysia needs an attractive and competitive tax mechanism in trades with its trading partners. IRBM is actively involved as a member in the Malaysian delegate for any discussions on creating and establishing good relationships internationally.

Double Taxation Agreement (DTA) is an agreement between the Government of Malaysia and the contracting countries to avoid double taxation and to prevent fiscal evasion on income tax. DTA gives assurance and guarantee to foreign investors about income taxation in Malaysia and this lead to more foreign direct investments in the country. Tax incentives given by Malaysia are more effective for taxpayers from capital export countries due to the existence of DTA with those countries.

DTA also determines taxing rights between contracting countries and allocates tax credit or tax release to prevent double taxation which involves residents of both contracting countries. DTA also prevents tax avoidance and evasion through the exchange of information in tax matters without borders between contracting countries.

Until now, Malaysia has 71 signed DTAs, of which 65 DTAs are enforced while 6 DTAs are in the ratification process between the contracting countries. Throughout 2009, two new DTAs were signed with Brunei and San Marino.

International Relationships And Network

Malaysia is a member of several international taxation organisations namely the Commonwealth Association of Tax Administrators (CATA), Study Group on Asian Tax Administration and Research (SGATAR) and the Association of Tax Authorities of Islamic Countries (ATAIC). In 2009, Malaysia established working relationships with foreign tax administrators which involved 93 IRBM officers in conferences, meetings, courses, seminars and working visits in Australia, Cameroon, the People Republic of China, France, India, Indonesia, Japan, South Korea, Malawi, Mexico, Morocco, Netherlands, Singapore, Switzerland, Thailand and Vietnam. The presence of IRBM officers at the international level through their participation in conferences, meetings, courses, seminars and working visits are a good opportunity for the officers to exchange their experience, learn about best practices and share effective strategies.

30th CATA Technical Conference

This is CATA annual conference, and for 2009, the 30th CATA Technical Conference was held in Lilongwe, Malawi from 27 September to 2 October. The conference was attended by 100 representatives from 24 member countries. Malaysia presented a paper titled The Net Worth Method as an Anti Tax Evasion Tool and Rapporteur for the subtopic Specialised Units on Specific Industries, Segments or Risks Areas.

The 30th CATA Technical Conference also discussed the following titles to help member countries in handling recent tax issues and to improve their taxation systems:

- Strategies for Taxation of Cash Based Transactions; and
- Current Developments in Organising for Effective Tax Administration.

International Relationships And Network

IRBM also attended the 11th CATA General Meeting which was held on 28 November 2009. The General Meeting saw the appointment of the new CATA Management Committee for the 2010-2012 sessions. Once again, Malaysia was selected to serve on the CATA Management Committee alongside Australia, Barbados, Canada, the Gambia, Lesotho, Malawi, Malta, Nigeria, Papua New Guinea and United Kingdom. In the 11th CATA General Meeting, Malaysia was appointed the Regional Director to represent the Asian Region.

39th SGATAR Meeting

The 39th SGATAR Meeting held in Bali, Indonesia from 9 to 12 November 2009, was attended by 115 delegates from 15 SGATAR members. The meeting this year discussed 3 topics:

- 3rd Party Tax Information Management,
- Bilateral Tax Cooperation and Effective Exchange of Information, and
- Practical Problems in Dealing with Personal Income Tax.

11th SGATAR Working Level Meeting

The meeting which was held in Hanoi, Vietnam on 27 to 30 October 2009, discussed about transfer pricing and Malaysia presented a topic related to the recent development of transfer pricing from Malaysia's perspective. Malaysia was also invited to present a special topic on Resolving with Transfer Pricing Problems (Case Studies), Collection Process - Use of Data for Analysis, Comparison for Transfer Pricing Purposes. Other countries which presented special topics were representatives from Australia, the People's Republic of China, Japan, South Korea and the Organisation for Economic Cooperation and Development (OECD).

International Relationships And Network

6th ATAIC Technical Conference 2009

The 6th ATAIC Technical Conference was held in Khartoum, Sudan from 11 to 15 October 2009. The conference was attended by 60 delegates from 16 member countries and received wide media coverage in Khartoum. The meeting discussed two topics namely:

- The Statute of Association of Tax Authority in Islamic Countries, and
- Taxation and Economic Development.

Malaysia presented the paper on Taxation and Economic Development. Among the main agenda of the conference was the discussion on the ATAIC Statute draft for approval from the member countries. The ATAIC Statute draft was drawn up by the ATAIC Statute Drawing Up Committee which consists of member countries namely Indonesia, Kuwait, Malaysia, Morocco and Senegal. Malaysia was the coordinator for the committee.

Malaysia's Participation in the United Nations under the United Nations Department of Economic and Social Affairs Program

Malaysia attended the 5th Session of Experts on International Cooperation in Tax Matters on 19 to 23 October 2009. The committee is responsible to upgrade the articles on the United Nations Model Double Taxation Convention between Developed and Developing Countries and to publish the DTA Model to be applied by most developed and developing countries during a DTA discussion.

The committee is made up of 25 international taxation experts of which memberships are replaced every four years. Malaysia was invited to join the committee since Malaysia is among the active attending countries in all the annual meetings. The involvement of Malaysia in the committee is a platform for the country to communicate its principles in line with DTA policies stipulated by the Malaysian Government.

International Relationships And Network

Internationally Agreed Tax Standard and Exchange of Transparent and Effective Information

Malaysia has voiced its commitment to comply with the Internationally Agreed Tax Standard to OECD on 6 April 2009. In order to comply with the standard, Malaysia fully adopts Article 26 (Exchange of Information) OECD Model 2005 (OECD Model Tax Convention On Income and On Capital). The standard requires exchange of taxation information between tax administrator/ tax jurisdictions be done without constraints of domestic taxation interest and banking confidentiality.

Thus there will be amendments involving the Labuan Offshore Business Activities Tax Act 1990, Offshore Companies Act 1990, the Labuan Offshore Financial Services Board Act 1996, the Labuan Offshore Trust Act 1996 and four new Acts about Labuan will be drawn up in efforts to comply with the standard. Rules of Income Tax (Request for Information) 2009 has also been gazetted to determine procedures in the exchange of information with contracting countries.

The International Taxation Department, IRBM and the Tax Analysis Division, Ministry of Finance collaborated in contacting the contracting countries to apply the OECD Model Information Exchange Article 2005. Up to 31 December 2009, Malaysia succeeded in signing six Information Exchange Protocols and two DTAs which consists of Information Exchange Article in line with the OECD information exchange article. The Information Exchange Protocol is to amend DTAs in line with Malaysia's commitment to implement the Internationally Agreed Tax Standard on transparency and exchange of effective information.

Development of Human Capital

Internal Training Programs

A quality human capital is an important element in an organisation. IRBM is committed to human capital development programs with its objectives to produce officers who are competent, professional, knowledgeable, skilled, disciplined and are pillars of integrity. The Human Resource Department Strategic Planning 2009-2013 has guidelines for IRBM's human resource development programs.

IRBM also has a training institute known as the Malaysian Tax Academy (MTA) which is responsible in planning and implementing training programs in taxation, management and other related areas. Various training programs are conducted by qualified staff through the following training centres:

- Accounts and Audit Training Centre;
- Legal Training Centre;
- Investigation Training Centre;
- Management Training Centre;
- International and Tax Education Training Centre; and
- ICT Training and Development Centre.

Overall, the training centres conducted 299 courses and 13,514 participants attended the centres in 2009. To empower IRBM's training programs, the Human Resource Division, Human Resource Department also plans and conducts related training programs.

MTA Training Program	Total Courses Conducted	Total Number of Participants
Accounts and Audit Training Centre	92	3,100
Legal Training Centre	22	1,600
ICT Training and Development Centre	32	1,132
Management Training Centre	69	4,172
Investigation Training Centre	60	1,281
International and Tax Education Training Centre	24	2,229
Total	299	13,514

International Training Programs

In 2009, several collaborative training programs with foreign agencies were conducted by MTA to enhance the knowledge of staff to keep updated. The programs were held not only to train IRBM staff but were also offered to foreign tax administrators. Among the agencies involved in the collaborative training programs are:

- Japan International Cooperation Agency (JICA);
- Organisation for Economic Co-operation and Development (OECD);
- Federal Law Enforcement Training Center (FLETC);
- Commonwealth Association of Tax Administrators (CATA); and
- Australian Taxation Office (ATO).

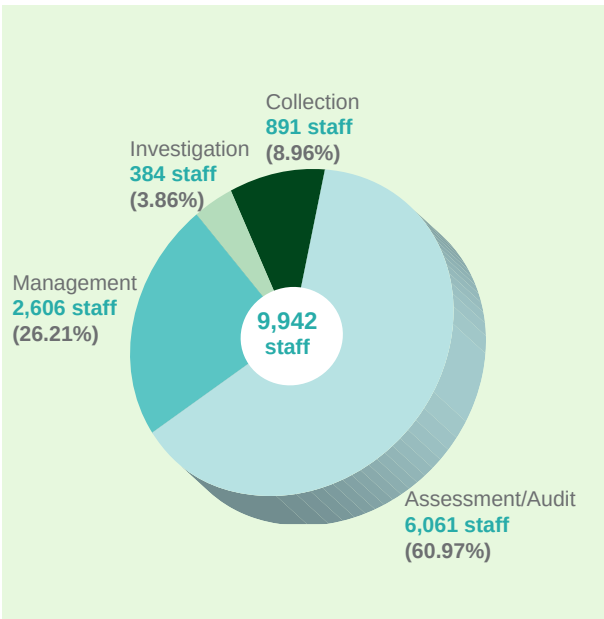
Malaysia received an invitation from the Cameroon Tax Authority, Ministry of Finance to train 30 tax administrative officers who will be directly involved in their country's DTA negotiation. IRBM sent two officers from the International Tax Department to train and share knowledge on Tax Treaty Negotiations.

MTA also organised a National Taxation Seminar with the collaboration of the Chartered Tax Institute of Malaysia (CTIM). This is the largest taxation seminar which is held every year. MTA is also involved in conducting four training programs with several organisation under the Malaysian Technical Collaboration Program.

Collaboration Programs

In order to improve the academic qualification of IRBM officers, MTA was given the task of organising collaboration programs with the Public Higher Education Institutes for IRBM officers. Collaboration program with Universiti Teknologi MARA (UiTM) was a success and 30 IRBM officers graduated with a Diploma in Accountancy from UiTM. Collaboration at degree level was also initiated with Universiti Kebangsaan Malaysia (UKM). A Memorandum of Understanding (MoU) with UKM was signed on 10 December 2009 where IRBM officers who signed up for the program is given nine credit hours exemption.

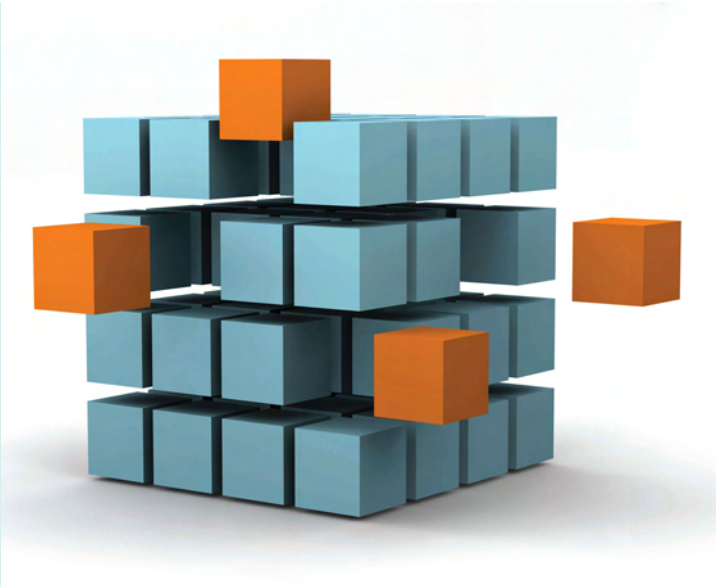
In 2009, staff recruitment process was continued in order to produce the best workforce while ensuring cost effectiveness. A total of 559 officers were appointed to fill vacancies at all job grade levels. The human resource profile at IRBM up to 31 December 2009 is shown in the diagram below.



IRBM HUMAN RESOURCE FOR 2009

Quality Programs and Recognitions

Quality Programs



IRBM lays great emphasis on enculturation of quality service which is customer oriented in tax management. Therefore various innovation, reformation and improvement are implemented to strengthen the effectiveness of IRBM Quality Programs.

Rebranding of IRBM

IRBM rebranding involves a change in its vision, mission, quality policy, slogan and the introduction of IRBM service motto beginning 1 January 2009 in order to add value to the quality and service delivery system to customers and public. The rebranding is IRBM's initiative in moving forward to be a leader in tax administration, in line with global development.

The Implementation of IRBM KPI 2009

IRBM implemented performance appraisal for 2009 through IRBM KPI 2009 based on the SMART (Specific, Measurable, Achievable, Realistic and Time Bound) principles which involves qualitative and quantitative measures for each main process of IRBM.

Monitoring the Effectiveness of the Client's Charter

A Client's Charter was implemented and updated since 2008. IRBM continued its effort to monitor the effectiveness of its Client's Charter as a continuous initiative to improve its service delivery quality to customers.

Quality Programs

Strategic Planning

The direction and goals of IRBM in the next five years are outlined in the 2009-2013 Strategic Planning. The planning was documented and launched on 23 December 2009.

IRBM Integrity Plan

IRBM Integrity Plan was drawn up to improve and consolidate the integrity among IRBM workforce. The plan was drawn up based on the National Integrity Plan which is the master plan to determine the direction of the integrity reinforcement at IRBM through the Implementation Strategy and Plan of Actions. With the comprehensive integrity plan, it answered the call of the government to consolidate integrity in the public sector and specifically to include the integrity agenda in the daily operation of IRBM.

IRBM INTEGRITY PLAN

Legend

Core Value | Supporting Core Values | Implementation Strategy | Method of Implementation

Quality Awards

Star Rating System

In 2009, IRBM received a four star rating through the Star Rating System conducted by MAMPU. The evaluation was based on set criteria and the evaluation team visited the IRBM Headquarters and the Petaling Jaya Branch. As a result of the visit, several suggestions were put forward to improve and strengthen the management system at IRBM.

The PIKOM ICT Organisation Excellence Award 2009

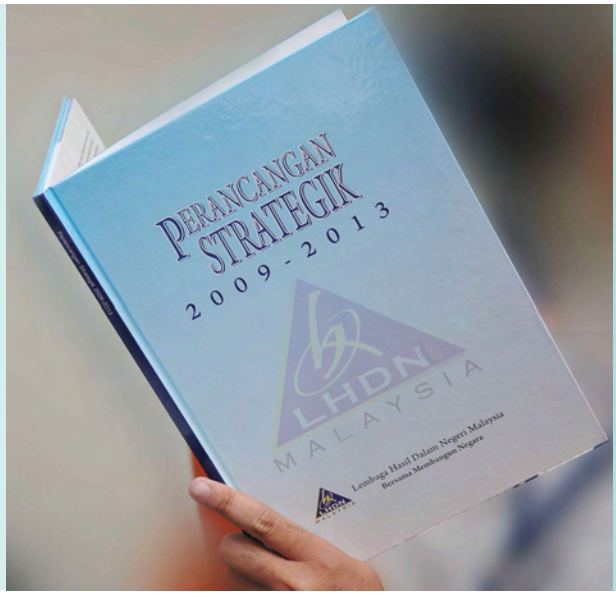
IRBM received the PIKOM ICT Organisation Excellence award for the use of the e-Filing System at the PIKOM ICT Leaderships Awards (PILA) 2009 on 30 October 2009. The PIKOM ICT Leadership Awards is an appreciation and recognition for industry leaders and the ICT users community. This recognition is given to individuals and organisations which exemplify the best ICT practices in the industry, the persistence, commitment and innovative business strategy to move forward in the local and global markets.

In-House Application System Competition on the Innovation, Integrity and ICT Day, Ministry of Finance

Refund Monitoring System for individuals developed by IRBM won the first place in the In-House Application System Competition. It was announced during the Ministry of Finance Innovation, Integrity and ICT Day on 17 November 2009 at the Finance Ministry Complex, Putrajaya.

Strategic Planning

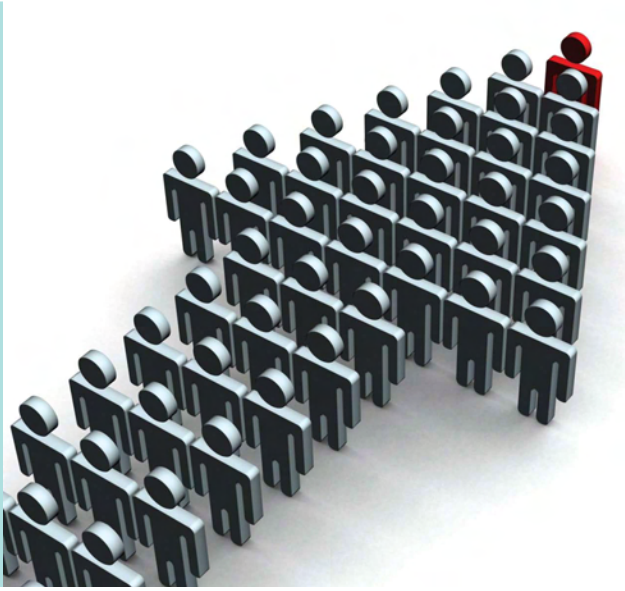
Strategic Planning 2009-2013



IRBM Strategic Planning 2009-2013 was developed as a guideline to the roles, functions, and responsibilities of IRBM to be translated into actions for the future. The Strategic Planning defines the focus and perspective for future planning and determines the direction and vision of IRBM. The approach contributes to efficient control and distribution of limited resources to correspond to the requirements of programs implementation and activities which involve revenue and the productivity of each core functions.

The Strategic Planning was designed based on the Balanced Scorecard perspective which emphasizes on the Key Result Area (KRA) related to clients, finances, internal processes and learning and growth. By implementing an initiative under an identified strategy, IRBM will monitor the KRA through the KPI.

FIVE STRATEGIC OBJECTIVES OF IRBM



Strategic Planning 2009-2013

Under the Strategic Planning, IRBM has outlined the Strategic Plan through the analysis of external environment primary flow which influences the capability of IRBM for the 2009-2013 period as follows:

- Legal transformation;
- The development of electronic data, online interaction and related security risks;
- Rapid global changes;
- The best practices in the service delivery quality to clients, based on the global standard;
- Established governance; and
- k-Knowledge.

The Strategic Plan represent to:

- Survey the problems, opportunities and risks from the external environment primary flow which could have an impact on the revenue flow, cost flow and the initiatives to explore opportunities or overcome risks;
- Outline the strategic objectives for the financial aspect, clients (or tax base), internal processes, human capital processes and the key deliverables/KPI; and
- Identify the four strategic bases used in designing the Strategic Map 2009-2013, namely:
  - Strengthening the capability of the organisation;
  - To improve the operational and service excellence;
  - To expand the tax base/To reduce the tax gap; and
  - To increase direct tax collection.

The Strategic Map is an important part of the Strategic Planning because it outlines the path connecting all the strategies and initiatives to ensure the strategies implemented are in line with the stipulated goals.

Therefore, based on the Strategic Planning 2009-2013, IRBM's responsibilities in tax administration will be more strategic because it will focus on strategic network and factors which determine the success of the organisation. These factors contribute to a more responsive IRBM to improve the service delivery system quality which highly impacts the public.

Customers

- To increase/maintain the tax base which contributes 80% to revenue;
- To audit 20% from registered taxpayers;
- To implement strategies at the stipulated time;
- To expand the tax base;
- To reduce tax losses;
- To facilitate current taxes;
- To implement corporate rebranding;
- To implement communication/education/ delivery programs;
- To implement criminal investigation and prosecution;
- To improve compliance; and
- To focus on Small and Medium Enterprises (SMEs)/partnership/sole proprietorship.

Finance

- To reduce the percentage of tax gap;
- To improve the operational efficiency; and
- To reduce/eliminate arrears of taxes.

Internal Processes

- To implement integrated information/ knowledge management;
- To implement customer based processes;
- To deliver quality and value added services;
- To improve the data collection process;
- To use Technology Enabled Tools;
- To manage real estate/assets to ensure a conducive working environment for employees and customers;
- To improve the security of buildings/ assets; and
- To provide a Business Continuity Plan.

Learning and Growth

- To create Job-Person Match;
- Expertise development;
- To provide a career path;
- To conduct development and research;
- To study the Tax Shelter Scheme;
- To implement Talent Management;
- To improve the workforce with high integrity;
- To introduce new taxes; and
- To explore e-Commerce.

Hasil's
Diary

13 JANUARY 2009 - BANDAR BARU BANGI

IRBM-JICA: Tax Awareness and Tax Education

Course participants listening to the briefing.

23 FEBRUARY 2009 - TELUK INTAN

Revenue Arrears Integrated Operation 2009

Encik Mohd Nizom bin Sairi, Perak State Director launched the operation.

19 MARCH 2009 - PUTRAJAYA

The Launch of IRBM Electronic Services Campaign

YAB Dato' Sri Mohd Najib bin Tun Hj. Abdul Razak, Finance Minister of Malaysia looking at IRBM *e-Perkhidmatan* booklet after the officiation event.

30 APRIL 2009 - KOTA KINABALU

Taxpayers' Service Month (TSM) 2009

Taxpayers use the e-Filing service provided at TSM counter at the Kota Kinabalu Branch.

2 MAY 2009 - KUALA LUMPUR

National Labour Day Assembly

Part of IRBM contingent which took part in the assembly at the Bukit Jalil Stadium, Kuala Lumpur.

30 JUNE 2009 - JALAN DUTA

Media Appreciation Event

YB Dato' Dr. Awang Adek bin Hussin, Deputy Finance Minister of Malaysia presenting appreciation certificate to a media representative.

10 JULY 2009 - PORT DICKSON

Media Monthly Tax Deduction (MTD) Workshop

IRBM officer briefing the participants on MTD.

4 AUGUST 2009 - KUALA LUMPUR

National Tax Conference 2009

YB Dato' Seri Ahmad Husni bin Mohamad Hanadzlah, Finance Minister II of Malaysia visiting the IRBM's exhibition counter after officiating of the conference.

11 AUGUST 2009 - PUTRAJAYA

National Hasil Speech Competition 2009

YB Dato' Wira Chor Chee Heung, Deputy Finance Minister of Malaysia with the participants.

28 AUGUST 2009 - JALAN DUTA

IRBM Breaking of Fast Ceremony 2009

Cheque presentation by YBhg Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah, the Secretary General of Malaysian Treasury to the representative of Rumah Titian Kaseh at the IRBM Breaking of Fast Ceremony 2009.

9 SEPTEMBER 2009 - JALAN DUTA

Breaking of Fast Organised by Persatuan Kebajikan Islam (PERKIS) Inland Revenue

YBhg Dato' Che Omar bin A. Rahaman, Deputy Director General (Compliance) IRBM presenting contributions to the orphans.

17 OCTOBER 2009 - PUTRAJAYA

Innovation, Integrity & ICT Day, Ministry of Finance

YB Dato' Seri Ahmad Husni presenting prizes in the In-House Application System competition to YBhg Dato' Hasmah who represented IRBM.

24 OCTOBER 2009 - KUALA LUMPUR

Budget Briefing 2010

Deputies to the Director General, IRBM taking the pledge before the briefing.

27 OCTOBER 2009 - KUALA LUMPUR

National Taxation Seminar 2009

YB Dato' Seri Ahmad Husni officiating the National Taxation Seminar 2009.

29 NOVEMBER 2009 - MELAKA

Innovation, Integrity & ICT Day, IRBM

The Innovation, Integrity & ICT Day was officiated by YBhg Dato' Hasmah.

23 DECEMBER 2009 - KUALA LUMPUR

The Launch of the Strategic Planning 2009-2013 Book and IRBM Integrity Plan Book

YB Dato' Dr. Awang Adek reading the Strategic Planning 2009-2013 book after the officiation ceremony.

Financial Statements

CERTIFICATE OF AUDITOR GENERAL

ON THE FINANCIAL STATEMENT OF THE

INLAND REVENUE BOARD OF MALAYSIA

FOR THE YEAR ENDED 31 DECEMBER 2009

The financial statements of the Inland Revenue Board of Malaysia for the year ended 31 December 2009 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.

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 or omission. The audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. It also includes assessment of the accounting principles used, significant estimates made by the management as well as evaluating the overall presentation of the Financial Statements. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the Financial Statements give a true and fair view of the financial position of the Inland Revenue Board of Malaysia as at 31 December 2009 and of the results of its operations and its cash flows for the year ended in accordance with the approved accounting standards.

(TAN SRI DATO' SETIA HAJI AMBRIN BIN BUANG)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
12 JULY 2010

THE 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 **TAN 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 31 December 2009 and of their results and changes in financial position for the year ended on that date.

On behalf of the Board,

TAN SRI DR. WAN ABDUL AZIZ BIN WAN ABDULLAH
CHAIRMAN
14 April 2010

Kuala Lumpur

DATO' MOHD. SALLEH BIN MAHMUD
BOARD MEMBER
14 April 2010

Kuala Lumpur

THE 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, Zakaria bin A. Samad)
at Kuala Lumpur)
14 April 2010)

ZAKARIA BIN A. SAMAD

Before me,

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH MALAYSIA
W 212
TEOH AI SUAN
KUALA LUMPUR

TEOH AI SUAN
PESURUHJAYA SUMPAH
LEMBAGA HASIL DALAM NEGERI
KUALA LUMPUR

BALANCE SHEET
AS AT 31 DECEMBER 2009

	Notes	2009 RM	2008 RM
PROPERTY, PLANT AND EQUIPMENT	3	**954,719,083**	**815,435,609**
LOANS TO EMPLOYEES	4	**819,913**	**795,077**
		955,538,996	**816,230,686**
CURRENT ASSETS			
Loans to Employees	4	473,691	945,061
Deposit and Prepayment	5	3,868,316	3,701,950
Payment Of Advances	6	26,453,731	17,922,441
Other Debtors	7	31,301,487	168,360
Accrued Interest On Investment		458,341	308,175
Fixed Deposits and Short Term Investment	8	219,785,000	292,575,000
Cash and Bank Balances		6,062,738	8,566,797
TOTAL CURRENT ASSETS		**288,403,304**	**324,187,784**
CURRENT LIABILITIES			
Sundry Creditors	9	117,159,213	164,728,963
Term Loans	10	47,536,223	48,297,421
Provision For Audit Fee		80,000	80,000
Provision For Doubtful Debts/Written Off		91,846	100,344
Deposit	11	5,441,812	7,744,441
TOTAL CURRENT LIABILITIES		**170,309,094**	**220,951,169**
NET CURRENT ASSETS		**118,094,210**	**103,236,615**
TOTAL NET ASSETS		**1,073,633,206**	**919,467,301**
FUNDED BY:			
Development Fund	12	520,375,644	472,105,290
Trust Fund	13	3,195,272	2,758,992
Other Fund	14	36,000,000	36,000,000
Asset Valuation Reserve		66,609,759	36,877,826
Accumulated Surplus	15	245,791,327	186,840,881
		871,972,002	**734,582,989**
LONG TERM LIABILITIES			
Term Loans	10	201,661,204	184,884,312
		1,073,633,206	**919,467,301**

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 RM	2008 RM
Revenue	16	1,264,283,236	1,063,386,592
Other Operating Income		454,490	458,091
Staff Cost	17	(546,379,909)	(644,942,859)
Depreciation Of Property, Plant and Equipment		(30,672,743)	(38,310,071)
Other Operating Expenditure		(615,643,540)	(363,921,911)
Surplus/(Deficit) From Operations		**72,041,534**	**16,669,842**
Finance Cost		(19,130,879)	(13,841,938)
Income From Investment and Loans		6,039,791	7,388,814
Current Surplus/(Deficit)		**58,950,446**	**10,216,718**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Development Fund	Trust Fund	Other Fund	Asset Valuation Reserve	Surplus/ (Deficit)	Total
	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2008	**271,722,679**	**2,258,752**	**36,000,000**	**36,877,826**	**176,624,163**	**523,483,420**
Current Surplus/(Deficit)	200,382,611	500,240	-	-	10,216,718	211,099,569
Land Valuation	-	-	-	-	-	-
Building Valuation	-	-	-	-	-	-
Balance as at 31 December 2008	**472,105,290**	**2,758,992**	**36,000,000**	**36,877,826**	**186,840,881**	**734,582,989**
Current Surplus/(Deficit)	48,270,354	436,280	-	-	58,950,446	107,657,080
Land Valuation	-	-	-	27,810,960	-	27,810,960
Building Valuation	-	-	-	1,920,973	-	1,920,973
Balance as at 31 December 2009	**520,375,644**	**3,195,272**	**36,000,000**	**66,609,759**	**245,791,327**	**871,972,002**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 RM	2008 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Received From Federal Government and Other Income	18	1,144,221,343	1,036,530,040
Payment To Suppliers and Staffs	19	(1,140,150,885)	(966,028,591)
NET CASH FROM OPERATING ACTIVITIES		**4,070,458**	**70,501,449**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchasing Of Property, Plant and Equipment		(58,824,796)	(248,627,732)
Received from Disposal Of Property, Plant and Equipment		128,270	248,906
Income From Investment and Loans		5,889,625	7,673,406
NET CASH USED IN INVESTING ACTIVITIES		**(52,806,901)**	**(240,705,420)**
CASH FLOW FROM FINANCING ACTIVITIES			
Development Fund		(24,433,310)	159,945,100
Trust Fund		449,382	516,335
Term Loans Received		67,785,000	176,015,000
Payment Of Terms Loan		(51,769,306)	(38,494,726)
Loans to Employees		441,484	929,732
Finance Cost Paid		(19,030,866)	(13,282,932)
NET CASH FROM FINANCING ACTIVITIES		**(26,557,616)**	**285,628,509**
Net (Decrease)/Increase In Cash		(75,294,059)	115,424,538
Cash And Cash Equivalents At The Beginning Of The Year		301,141,797	185,717,259
Cash And Cash Equivalents At The End Of The Year		**225,847,738**	**301,141,797**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

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

Basic of Accounting

The accounts of IRBM have been prepared in accordance with:

i. The historical cost; and

ii. The approved accounting standards by Malaysian Accounting Standards Boards (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 23.

Property, Plant and Equipment

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment (Continued)

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%

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 Note Impairment of Assets below.

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.

Impairment Of Assets

Assets that are subject to amortisation 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.

Stock/Inventory

Stock/Inventory are stated at cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Revenue Recognition

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.

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.

Rental Of Office Space

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

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.

Recognition of Received From Federal Government

i. 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.

ii. 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.

iii. 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Received From Federal Government (Continued)

iv. 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 deffered income and only depreciation value of the asset for the year will be charged to Income Statement.

v. Investment Fund

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

vi. Loans To Employees

Loans to employees 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.

Term Loans

Term loans are stated at cost.

Debtors

Debtors are stated at cost.

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash And Cash Equivalents

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

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:

i. 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.

ii. 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.

iii. 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.

Provision For Employee Benefits/Staff Retirement Benefits

Provision For Employee Benefits/Staff Retirement Benefits are as follows:

i. 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provision For Employee Benefits/Staff Retirement Benefits (Continued)

ii. 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.

3. PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT- TOTAL

	Land RM	Building RM	Work In-Progress RM	Motor Vehicles RM	Furniture & Fittings RM	Computer RM	Total RM
Cost							
As At 1 January 2009	92,781,955	294,805,091	420,173,748	34,051,759	58,502,148	245,331,074	1,145,645,775
Additions	-	-	173,892,664	179,022	765,645	416,780	175,254,111
Adjustments/Disposals	4,726,513	-	(86,922,320)	(725,437)	(2,291,312)	31,901,242	(53,311,314)
Revaluation/Impairment Loss	27,810,960	1,920,973	-	-	-	-	29,731,933
As At 31 December 2009	125,319,428	296,726,064	507,144,092	33,505,344	56,976,481	277,649,096	1,297,320,505
Accumulated Depreciation							
As At 1 January 2009	1,449,393	32,957,430	-	18,000,580	45,286,797	232,515,966	330,210,166
Current Year Charge	1,012,453	5,905,707	-	5,242,155	5,165,794	13,346,634	30,672,743
Adjustments/Disposals	-	-	-	(1,065,885)	(3,694,952)	(13,520,650)	(18,281,487)
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2009	2,461,846	38,863,137	-	22,176,850	46,757,639	232,341,950	342,601,422
Net Book Value							
As At 31 December 2009	**122,857,582**	**257,862,927**	**507,144,092**	**11,328,494**	**10,218,842**	**45,307,146**	**954,719,083**
Cost							
As At 1 January 2008	54,261,955	294,805,091	163,109,488	34,867,292	56,812,566	268,630,330	872,486,722
Additions	19,260,000	-	283,556,260	783,989	2,821,963	6,101,010	312,523,222
Adjustments/Disposals	19,260,000	-	(26,492,000)	(1,599,522)	(1,132,381)	(29,400,266)	(39,364,169)
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2008	92,781,955	294,805,091	420,173,748	34,051,759	58,502,148	245,331,074	1,145,645,775
Accumulated Depreciation							
As At 1 January 2008	994,903	27,008,576	-	14,401,013	40,700,771	236,011,759	319,117,022
Current Year Charge	454,490	5,948,854	-	5,262,214	5,741,319	20,903,194	38,310,071
Adjustments/Disposals	-	-	-	(1,662,647)	(1,155,293)	(24,398,987)	(27,216,927)
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2008	1,449,393	32,957,430	-	18,000,580	45,286,797	232,515,966	330,210,166
Net Book Value							
As At 31 December 2008	**91,332,562**	**261,847,661**	**420,173,748**	**16,051,179**	**13,215,351**	**12,815,108**	**815,435,609**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1. PROPERTY, PLANT AND EQUIPMENT - OPERATION FUND

	Land RM	Building RM	Work In-Progress RM	Motor Vehicles RM	Furniture & Fittings RM	Computer RM	Total RM
Cost							
As At 1 January 2009	61,505,243	238,314,808	113,282,107	34,051,759	46,705,434	79,944,830	573,804,181
Additions	-	-	40,609,320	179,022	720,735	416,780	41,925,857
Adjustments/Disposals	187,383	-	(2,519,971)	(725,437)	(3,796,235)	148,620	(6,705,640)
Revaluation/Impairment Loss	26,449,321	1,920,973	-	-	-	-	28,370,294
As At 31 December 2009	88,141,947	240,235,781	151,371,456	33,505,344	43,629,934	80,510,230	637,394,692
Accumulated Depreciation							
As At 1 January 2009	429,564	28,725,972	-	18,000,580	36,880,071	76,324,273	160,360,460
Current Year Charge	886,868	4,775,901	-	5,242,155	3,700,513	2,776,566	17,382,003
Adjustments/Disposals	-	-	-	(1,065,885)	(3,646,409)	(2,411,241)	(7,123,535)
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2009	1,316,432	33,501,873	-	22,176,850	36,934,175	76,689,598	170,618,928
Net Book Value							
As At 31 December 2009	**86,825,515**	**206,733,908**	**151,371,456**	**11,328,494**	**6,695,759**	**3,820,632**	**466,775,764**
Cost							
As At 1 January 2008	22,985,243	238,314,808	43,166,836	34,867,292	44,736,043	81,181,143	465,251,365
Additions	19,260,000	-	89,375,271	783,989	2,821,963	6,101,010	118,342,233
Adjustments/Disposals	19,260,000	-	(19,260,000)	(1,599,522)	(852,572)	(7,337,323)	(9,789,417)
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2008	61,505,243	238,314,808	113,282,107	34,051,759	46,705,434	79,944,830	573,804,181
Accumulated Depreciation							
As At 1 January 2008	353,191	23,841,106	-	14,401,013	33,459,725	72,343,486	144,398,521
Current Year Charge	76,373	4,884,866	-	5,262,214	4,312,661	6,316,757	20,852,871
Adjustments/Disposals	-	-	-	(1,662,647)	(892,315)	(2,335,970)	(4,890,932)
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2008	429,564	28,725,972	-	18,000,580	36,880,071	76,324,273	160,360,460
Net Book Value							
As At 31 December 2008	**61,075,679**	**209,588,836**	**113,282,107**	**16,051,179**	**9,825,363**	**3,620,557**	**413,443,721**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.2. PROPERTY, PLANT AND EQUIPMENT - DEVELOPMENT FUND

	Land RM	Building RM	Work In-Progress RM	Motor Vehicles RM	Furniture & Fittings RM	Computer RM	Total RM
Cost							
As At 1 January 2009	31,276,712	56,490,283	306,891,641	-	11,641,063	165,345,463	571,645,162
Additions	-	-	133,283,344	-	-	-	133,283,344
Adjustments/Disposals	4,539,130	-	(84,402,349)	-	1,507,311	31,752,622	(46,603,286)
Revaluation/Impairment Loss	1,361,639	-	-	-	-	-	1,361,639
As At 31 December 2009	37,177,481	56,490,283	355,772,636	-	13,148,374	197,098,085	659,686,859
Accumulated Depreciation							
As At 1 January 2009	1,019,829	4,231,458	-	-	8,273,241	156,150,928	169,675,456
Current Year Charge	125,585	1,129,806	-	-	1,452,733	10,570,068	13,278,192
Adjustments/Disposals	-	-	-	-	(47,423)	(11,109,409)	(11,156,832)
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2009	1,145,414	5,361,264	-	-	9,678,551	155,611,587	171,796,816
Net Book Value							
As At 31 December 2009	**36,032,067**	**51,129,019**	**355,772,636**	**-**	**3,469,823**	**41,486,498**	**487,890,043**
Cost							
As At 1 January 2008	31,276,712	56,490,283	119,942,652	-	11,920,872	187,408,406	407,038,925
Additions	-	-	194,180,989	-	-	-	194,180,989
Adjustments/Disposals	-	-	(7,232,000)	-	(279,809)	(22,062,943)	(29,574,752)
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2008	31,276,712	56,490,283	306,891,641	-	11,641,063	165,345,463	571,645,162
Accumulated Depreciation							
As At 1 January 2008	641,712	3,167,470	-	-	7,118,066	163,633,098	174,560,346
Current Year Charge	378,117	1,063,988	-	-	1,418,153	14,580,847	17,441,105
Adjustments/Disposals	-	-	-	-	(262,978)	(22,063,017)	(22,325,995)
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2008	1,019,829	4,231,458	-	-	8,273,241	156,150,928	169,675,456
Net Book Value							
As At 31 December 2008	**30,256,883**	**52,258,825**	**306,891,641**	**-**	**3,367,822**	**9,194,535**	**401,969,706**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.3. PROPERTY, PLANT AND EQUIPMENT - TRUST FUND

	Land RM	Building RM	Work In-Progress RM	Motor Vehicles RM	Furniture & Fittings RM	Computer RM	Total RM
Cost							
As At 1 January 2009	-	-	-	-	155,651	40,781	196,432
Additions	-	-	-	-	44,910	-	44,910
Adjustments/Disposals	-	-	-	-	(2,388)	-	(2,388)
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2009	-	-	-	-	198,173	40,781	238,954
Accumulated Depreciation							
As At 1 January 2009	-	-	-	-	133,485	40,765	174,250
Current Year Charge	-	-	-	-	12,548	-	12,548
Adjustments/Disposals	-	-	-	-	(1,120)	-	(1,120)
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2009	-	-	-	-	144,913	40,765	185,678
Net Book Value							
As At 31 December 2009	**-**	**-**	**-**	**-**	**53,260**	**16**	**53,276**
Cost							
As At 1 January 2008	-	-	-	-	155,651	40,781	196,432
Additions	-	-	-	-	-	-	-
Adjustments/Disposals	-	-	-	-	-	-	-
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2008	-	-	-	-	155,651	40,781	196,432
Accumulated Depreciation							
As At 1 January 2008	-	-	-	-	122,980	35,175	158,155
Current Year Charge	-	-	-	-	10,505	5,590	16,095
Adjustments/Disposals	-	-	-	-	-	-	-
Revaluation/Impairment Loss	-	-	-	-	-	-	-
As At 31 December 2008	-	-	-	-	133,485	40,765	174,250
Net Book Value							
As At 31 December 2008	**-**	**-**	**-**	**-**	**22,166**	**16**	**22,182**

4. LOANS TO EMPLOYEES

	Conveyance Loan RM	Computer Loan RM	Education Loan RM	Total RM
Balance As At 1 January 2008	**1,962,412**	**707,458**	**-**	**2,669,870**
Loans To Employees	166,870	409,817	53,686	630,373
	2,129,282	1,117,275	53,686	3,300,243
Less: Repayment Of Loans By Staff	1,168,260	391,845	-	1,560,105
Balance As At 31 December 2008	**961,022**	**725,430**	**53,686**	**1,740,138**
Loans To Employees	190,700	311,100	56,765	558,565
	1,151,722	1,036,530	110,451	2,298,703
Less: Repayment Of Loans By Staff	629,142	375,957	-	1,005,099
Balance As At 31 December 2009	**522,580**	**660,573**	**110,451**	**1,293,604**

Loans To Employees Shown In The:

	2009 RM	2008 RM
Non Current Asset	819,913	795,077
Current Asset (Total Repayment For Conveyence Loan, Computer Loan And Education Loan Within 12 Months)	473,691	945,061
	1,293,604	**1,740,138**

5. DEPOSIT AND PREPAYMENT

	2009 RM	2008 RM
Water Deposit	5,360	5,360
Electricity Deposit	269,000	251,500
Prepayment of Health Insurance Premium	3,557,818	3,383,814
Sundry Prepayment	36,138	61,276
	3,868,316	**3,701,950**

6. PAYMENT OF ADVANCES

	Emolument RM	Advances Staff RM	Miscellaneous RM	Total RM
Balances As At 1 January 2008	**1,144**	**53,244**	**3,733,468**	**3,787,856**
Advance	8,746	299,285	16,712,756	17,020,787
	9,890	352,529	20,446,224	20,808,643
Less:				
Repayment of Advance	5,504	351,029	1,545,669	1,902,202
Adjustment	-	-	984,000	984,000
	5,504	351,029	2,529,669	2,886,202
Balances As At 31 December 2008	**4,386**	**1,500**	**17,916,555**	**17,922,441**
Advances	22,344	382,503	41,619,953	42,024,800
	26,730	384,003	59,536,508	59,947,241
Less:				
Repayment of Advance	22,632	370,363	1,673,815	2,066,810
Adjustment	-	-	31,426,700	31,426,700
	22,632	370,363	33,100,515	33,493,510
Balance As At 31 December 2009	**4,098**	**13,640**	**26,435,993**	**26,453,731**

7. OTHER DEBTORS

	2009 RM	2008 RM
Emolument Debtors	21,428	8,532
Trade Debtors	12,000	159,828
Other Receivables*	31,268,059	-
	31,301,487	**168,360**

*Other Receivables is the amount from Federal Government due in 2009, which received in the current year.

8. FIXED DEPOSITS AND SHORT TERM INVESTMENT

	2009 RM	2008 RM
Licensed Banks	**219,785,000**	**292,575,000**

9. SUNDRY CREDITORS

	2009 RM	2008 RM
Supply And Services	116,145,659	63,447,649
Accrued Interest On Terms Loan	1,013,554	913,541
Outstanding Bonus	-	99,854,874
Social Security Organisation	-	512,899
	117,159,213	**164,728,963**

10. TERM LOANS

	2009 RM	2008 RM
Repayment Of Term Loans		
- Within 1 year	68,909,223	65,728,961
- 1 to 5 years	226,644,806	226,019,314
- After 5 years	71,442,481	47,172,556
	366,996,510	**338,920,831**
Less: Service Cost On Term Loans	117,799,083	105,739,098
Current Value Of The Term Loans	**249,197,427**	**233,181,733**

Term Loans Shown As:

	2009 RM	2008 RM
Current Liabilities (Total Repayment Of Term Loans Within 12 Months)	47,536,223	48,297,421
Long Term Liabilities	201,661,204	184,884,312
	249,197,427	**233,181,733**

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 RM	Administration Fee %/Year	Repayment Period Year	Building/Land
2008	103,800,000	6 (Fixed Rate)	8	Menara C, PJ Trade Centre, Mutiara Damansara, Selangor.
2008	140,000,000	6.5 (Fixed Rate)	8	Pusat Latihan Malaysia Timur, Kuching, Sarawak.
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. DEPOSITS

	2009 RM	2008 RM
Special Deposits	1,982,647	4,752,247
Retention Money	2,916,858	2,916,858
Guaranteed Money	19,081	74,336
Other Deposit	523,226	1,000
	5,441,812	**7,744,441**

12. DEVELOPMENT FUND

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

	2009 RM	2008 RM
Balance As At 1 January	472,105,290	271,722,679
Received Cash From Federal Government	50,680,000	162,990,000
Received Non Cash From Federal Government	85,986,615	63,895,327
	608,771,905	**498,608,006**
Less: Amortisation of Development Grant		
- Cash Expenditure	75,113,310	3,044,900
- Depreciation/Impairment Of Property, Plant and Equipment	13,278,192	17,441,105
Adjustment	4,759	6,016,711
	88,396,261	**26,502,716**
Balance As At 31 December	**520,375,644**	**472,105,290**

13. 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 Coorporation Programme.

	2009			2008		
	Malaysian Tax Academy	International Courses	Total	Malaysian Tax Academy	International Courses	Total
	RM	RM	RM	RM	RM	RM
Revenue						
Received From Government	-	702,384	702,384	-	705,095	705,095
Internal Revenue	289,095	6,720	295,815	354,122	17	354,139
Profit/(Loss) Sale Of Assets	(554)	-	(554)	-	-	-
	288,541	**709,104**	**997,645**	**354,122**	**705,112**	**1,059,234**
Less: **Expenditure**						
Cash Expenditure	59,509	489,308	548,817	8,955	533,944	542,899
Depreciation Of Property, Plant And Equipment	12,548	-	12,548	16,095	-	16,095
	72,057	**489,308**	**561,365**	**25,050**	**533,944**	**558,994**
Current Surplus/(Deficit)	216,484	219,796	436,280	329,072	171,168	500,240
Accumulated Surplus/(Deficit) From Previous Year	1,661,306	1,097,686	2,758,992	1,332,234	926,518	2,258,752
Adjustment	1,317,482	(1,317,482)	-	-	-	-
Accumulated Surplus/ (Deficit) Carried Forward	**3,195,272**	**-**	**3,195,272**	**1,661,306**	**1,097,686**	**2,758,992**

14. OTHER FUND

	2009 RM	2008 RM
Conveyance Loan Fund	14,000,000	15,000,000
Computer Loan Fund	3,000,000	3,000,000
Investment Fund	18,000,000	18,000,000
Education Loan Fund	1,000,000	-
	36,000,000	**36,000,000**

In year 2009, the Board meeting's has agreed to set up an Education Loan Fund for staffs to finance Out Campus Education Loan Scheme according to the terms and condition. The fund derived from the Conveyance Loan Fund.

15. ACCUMULATED SURPLUS

	2009 RM	2008 RM
Revenue	1,175,325,056	1,036,324,882
Other Operating Income	459,803	458,091
Operating Expenditure	(1,086,361,322)	(999,260,260)
Depreciation Of Property, Plant And Equipment	(17,382,003)	(20,852,871)
Surplus/(Deficit) From Operations	72,041,534	16,669,842
Finance Cost	(19,130,879)	(13,841,938)
Income From Investment And Loans	6,039,791	7,388,814
Current Surplus/(Deficit)	58,950,446	10,216,718
Accumulated Surplus/(Deficit) From Previous Year	186,840,881	176,624,163
Accumulated Surplus/(Deficit) Carried Forward	**245,791,327**	**186,840,881**

16. 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:

	2009 RM	2008 RM
Received From Federal Government	1,174,062,059	1,034,920,690
Amortisation Of Development Grant	88,396,261	26,502,716
Amortisation Of Trust Fund	561,919	558,994
Rental	808,708	951,983
Sales Of Others Printing Goods	65,708	157,183
Service and Service Payments	112	34,114
Profit Of Insurance Protection Scheme From Takaful Company	20,894	17,834
Penalties	17,968	11,828
Other Income	349,607	231,250
	1,264,283,236	**1,063,386,592**

17. STAFF COST

Staff costs consist of:

	2009 RM	2008 RM
Salary	414,905,297	387,520,044
Fixed Allowance	46,998,730	44,428,671
Statutory Contribution	77,646,772	91,723,236
Overtime Allowance	5,040,728	6,577,571
Other Financial Benefit	1,788,382	114,693,337
	546,379,909	**644,942,859**

In year 2009, the staff cost increased due to salary increment within 6% to 8% according to staff performance and increased a yearly incentive to the staff in line with the increment of the staff salary. However, the total of staff cost has decreased due to no payment has been made for bonus during the year.

18. RECEIVED FROM GOVERNMENT AND OTHER INCOME RECEIVED

	2009 RM	2008 RM
Total Revenue (Note 16)	1,264,283,236	1,063,386,592
Other Operating Income	454,490	458,091
Amortisation Of Development Grant	(88,396,261)	(26,502,716)
Amortisation Of Trust Grant	(561,919)	(558,994)
Non Cash Received	(163)	(163)
Gain/(Loss) On Disposal Of Fixed Asset	(437,809)	(215,488)
Trade Debtors	147,828	(37,282)
Other Receivables	(31,268,059)	-
	1,144,221,343	**1,036,530,040**

19. PAYMENT TO CREDITORS AND STAFFS

	2009 RM	2008 RM
Staff Cost (Note 17)	546,379,909	644,942,859
Other Operating Expenditure	615,643,540	363,921,911
Development and Trust Fund Cash Expenditure	(75,662,127)	(3,587,799)
Provision For Audit Fee	-	(9,600)
Sundry Creditors	47,669,763	(40,188,485)
Deposit	2,302,629	80,316
Deposit and Prepayment	166,366	743,170
Advance Payment	8,531,290	14,134,585
Emolument Debtors	12,896	(12,871)
Stock/Inventory	-	(1,877,414)
Provision For Doubtful Debts/Written Off	3,448	(4,257)
Non Cash Expenditure	(4,896,829)	(12,113,824)
	1,140,150,885	**966,028,591**

20. CAPITAL COMMITMENT

	2009 RM	2008 RM
Approved and Contracted	726,738,445	376,259,551

21. FINANCIAL INSTRUMENT

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	Within 1 Year	1 To 5 Years	After 5 Years	Effective Interest Rate
	RM'000	RM'000	RM'000	RM'000	%
2009					
Financial Asset					
Loans To Employees	1,293	473	820	-	4
Fixed Deposit and Short Term Investment	219,785	219,785	-	-	2.0 - 2.3
Cash and Bank Balances	6,063	6,063	-	-	-
Financial Liability					
Term Loans	249,197	47,536	153,649	48,012	6.0 - 7
2008					
Financial Asset					
Loans To Employees	1,740	945	795	-	4
Fixed Deposit and Short Term Investment	292,575	292,575	-	-	3.3 - 3.4
Cash and Bank Balances	8,567	8,567	-	-	-
Financial Liability					
Term Loans	233,182	48,297	115,450	69,435	6.0 - 7

21. FINANCIAL INSTRUMENT (CONTINUED)

Credit Risk

Maximum credit risk involving with financial asset 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.

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.

22. 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.

23. 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 recognised 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:

	2009 RM	2008 RM
Increase In Carrying Amount Property Consists of Land and Building	29,731,933	-
Increase In Asset Revaluation Reserve	(29,731,933)	-
	-	-

24. CHANGES IN ACCOUNTING ESTIMATES

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

	2009 RM	2008 RM
Current Depreciation of Plant	267,161	-
Add: Recalculation Depreciation Expenses	745,292	-
Current Depreciation of Plant After Recalculation	1,012,453	**-**

25. COMPARATIVE FIGURES

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

26. GENERAL INFORMATION

At the end of the financial year IRBM has 9,897 staff (2008: 9,490 staff).

Appendices

STATISTICS

FEDERAL GOVERNMENT'S REVENUE, DIRECT TAXES AND GOVERNMENT'S REVISED ESTIMATES

	2005 RM Million	2006 RM Million	2007 RM Million	2008 RM Million	2009 RM Million
Federal Government's Revenue	106,304	123,546	139,885	161,558	162,100
Gross Collections	56,855	65,738	74,703	90,651	88,402
Net Collections	53,578	61,396	69,309	82,091	81,021
Government's Revised Estimates	48,345	62,637	70,117	77,579	78,734

TAX COLLECTIONS BY CATEGORY

	2005 RM Million	2006 RM Million	2007 RM Million	2008 RM Million	2009 RM Million
Company	28,050.05	30,415.40	37,574.55	46,902.04	40,265.16
Individual	10,222.92	10,409.65	11,592.18	14,346.52	15,574.59
Petroleum	14,676.45	20,673.78	20,453.02	24,191.04	27,231.23
Stamp Duty	2,485.24	2,533.67	3,394.91	3,501.88	3,374.11
Real Property Gains Tax (RPGT)	216.44	223.76	277.43	110.37	42.07
Co-operative	59.37	176.24	188.99	204.65	545.55
Labuan Offshore Business Activity Tax (IOFC)	15.03	11.68	12.87	16.58	14.66
Withholding Tax	1,099.14	1,275.50	1,189.44	1,354.11	1,328.11
Others*	21.92	18.62	19.82	23.71	26.63
Total	**56,854.56**	**65,738.28**	**74,703.21**	**90,650.90**	**88,402.11**

* Others include the payment of Section 124 Income Tax Act 1967, court fees, bank interests, legal revenue, business registration fees and service fee of Section 138B Income Tax Act 1967.

TAX AUDITS

	2005	2006	2007	2008	2009
Number of Cases Resolved	7,204	6,741	279,175	1,052,939	1,399,660
Taxes and Penalties (RM Million)	635.40	692.68	1,410.57	1,697.16	3,054.95

INVESTIGATIONS

	2005	2006	2007	2008	2009
Number of Cases	719	1,388	755	648	834
Taxes and Penalties (RM Million)	762.97	903.23	686.43	750.83	844.92

STAMP DUTY

CONVEYANCES, ASSIGNMENTS, TRANSFERS

Instrument	Duty Payable
Property Conveyance	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
Stocks, 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

LEASE OR IMMOVABLE PROPERTY LEASE AGREEMENT INCLUDING RENTAL 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	RM1	RM2	RM4
Consideration in a lump sum or in premiums (without rental)	The same rate of duty as that for property conveyances		
Consideration in a lump sum or in premiums or other forms (with rental reserved)	• The same rate of duty as that for property conveyances • The same rate of duty as that for average rental considerations and others		

STAMP DUTY

CONTRACTUAL NOTES

Instrument	Duty Payable
Relating to the sale of any share, stocks or marketables securities in companies incorporated in Malaysia or elsewhere	RM1 for each RM1,000 or part thereof for the value of any limited marketable shares, stocks or securities of a maximum RM200 for each contractual note

STAMP DUTY RATES ON INSTRUMENTS

Type of Instrument	Duty Payable
Afidavits, Statutory or Written Declarations on Oath or Pledge	RM10
Agreements or Memorandums of Agreement Unsealed agreements of 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	RM10
• Others	RM10
Charges or Mortgages (including those executed according to 'Syariah' law), Bonds, Convenants, 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	RM0.50 for every RM1,000 or part thereof
• For every additional RM1,000 not exceeding RM1,000,000	RM2.50 for every RM1,000 or part thereof
• For every additional RM1,000 or part thereof	RM5
b. Foreign currency loans or financing under 'Syariah' laws in currencies other than ringgit	RM5 for every RM1,000 (or part thereof) up to a maximum total duty payable of RM500
c. Other cases	RM5 for every RM1,000 or a part thereof

TAX RATES

INDIVIDUAL INCOME TAX RATES (EFFECTIVE FROM YEAR OF ASSESSMENT 2009)

Chargeable Income	RM	Rate (%)	Tax (RM)
On the first On the next	**2,500** 2,500	0 1	**0** 25
On the first On the next	**5,000** 5,000	 3	**25** 150
On the first On the next	**10,000** 10,000	 3	**175** 300
On the first On the next	**20,000** 15,000	 7	**475** 1,050
On the first On the next	**35,000** 15,000	 12	**1,525** 1,800
On the first On the next	**50,000** 20,000	 19	**3,325** 3,800
On the first On the next	**70,000** 30,000	 24	**7,125** 7,200
On the first On the next	**100,000** 50,000	 27	**14,325** 13,500
On the first On the next	**150,000** 100,000	 27	**27,825** 27,000
On the first On the next	**250,000** 250,000	 27	**54,825**

- Effective from year of assessment 2009, income tax rate for non-resident individual is 27%.

WITHHOLDING TAX RATE FOR NON-RESIDENTS

Type of Income	Tax Rate
Royalties	10%
Services by public entertainer	15%
Interest	15%
Special classes of income – technical fee, installation fee and rental for moveable properties under Section 4A of the ITA, 1967	10%
• Contract payment (service portion) to contractors • Contract payment (service portion) for employees' tax	10% } w.e.f. from 21.9.2002 3% } w.e.f. from 21.9.2002

TAX RATES

CO-OPERATIVE INCOME TAX RATES (EFFECTIVE FROM YEAR OF ASSESSMENT 2009)

Chargeable Income	RM	Rate (%)	Tax (RM)
On the first On the next	**20,000** 10,000	0 2	**0** 200
On the first On the next	**30,000** 10,000	 6	**200** 600
On the first On the next	**40,000** 10,000	 9	**800** 900
On the first On the next	**50,000** 25,000	 12	**1,700** 3,000
On the first On the next	**75,000** 25,000	 16	**4,700** 4,000
On the first On the next	**100,000** 50,000	 20	**8,700** 10,000
On the first On the next	**150,000** 100,000	 23	**18,700** 23,000
On the first On the next	**250,000** 250,000	 26	**41,700** 65,000
On the first On the next	**500,000** 500,000	 27	**106,700**

With effect from year of assessment 2009, the income tax rates for resident companies in Malaysia with paid-up ordinary share capitals of not more than RM2.5 million at the beginning of a basis period for the assessment year are as follows:

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

- Petroleum income tax rate – 38%.

STATUS OF DOUBLE TAXATION AGREEMENTS (DTAs) AS AT 31 DECEMBER 2009

DTAs In Effect			
1	Albania	34	Morocco
2	Argentina (Limited Agreement)	35	Myanmar
3	Australia	36	Namibia
4	Austria	37	Netherlands
5	Bahrain	38	New Zealand
6	Bangladesh	39	Norway
7	Belgium	40	Pakistan
8	Canada	41	Papua New Guinea
9	Chile	42	Philippines
10	China	43	Poland
11	Croatia	44	Qatar
12	Czech Republic	45	Romania
13	Denmark	46	Russia
14	Egypt	47	Saudi Arabia
15	Fiji	48	Seychelles
16	Finland	49	Singapore
17	France	50	South Africa
18	Germany	51	South Korea
19	Hungary	52	Spain
20	India	53	Sri Lanka
21	Indonesia	54	Sudan
22	Iran	55	Sweden
23	Ireland	56	Switzerland
24	Italy	57	Syria
25	Japan	58	Thailand
26	Jordan	59	Turkey
27	Kuwait	60	United Arab Emirates
28	Kyrgyz Republic	61	United Kingdom
29	Lebanon	62	United States (Limited Agreement)
30	Luxembourg	63	Uzbekistan
31	Malta	64	Vietnam
32	Mauritius	65	Venezuela
33	Mongolia		

STATUS OF DOUBLE TAXATION AGREEMENTS (DTAs) AS AT 31 DECEMBER 2009

DTAs Gazetted			
1	Bosnia and Herzegovina	3	Kazakhstan
2	Indonesia (Protocol)	4	Zimbabwe

DTA Negotiations Completed (Signed)			
1	Belgium (Protocol)	6	San Marino
2	Brunei	7	Seychelles (Protocol)
3	France (Protocol)	8	Turkmenistan
4	Ireland (Protocol)	9	United Kingdom (Protocol)
5	Netherlands (Protocol)		

DTA Negotiations Completed (Not Signed)			
1	Germany (New Agreement)	4	Republic of Slovak
2	Oman	5	Yemen
3	Senegal		

DTAs Under Negotiation			
1	Brazil	8	Norway (New Agreement)
2	Canada (New Agreement)	9	Portugal
3	Cyprus	10	Russia (New Agreement)
4	Finland (New Agreement)	11	South Korea (New Agreement)
5	India (New Agreement)	12	Tunisia
6	Laos	13	Uruguay
7	Mexico	14	Ukraine

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