

PUBLIC RULING NO. 7/2020  
**APPEAL AGAINST A TAX ASSESSMENT  
 AND APPLICATION FOR RELIEF**

Public Rulings are publications issued by the Inland Revenue Board of Malaysia (IRBM) which serves as a guidance to taxpayers on the interpretation of the Income Tax Act (ITA) 1967 and the IRBM's treatment on various issues.

The objective of Public Ruling No. 7/2020 is to explain the procedures with regard to appeals and applications for relief under ITA 1967 and to update the previous Public Ruling No. 12/2017 in line with the current changes in the law in relation to the same.



- There are 3 main additions in Public Ruling No. 7/2020:
- (1) Limitation period for application of extension of time.
  - (2) Appeal against best judgement assessment.
  - (3) Appeal involving an application for negotiation agreement.



**LIMITATION PERIOD FOR  
 APPLICATION OF  
 EXTENSION OF TIME**

**Provision:** Section 100 ITA 1967

**Effective date:** Assessments relating to YA 2020 onwards.

Appellant must furnish Form N to the Director General of Inland Revenue (DGIR) within 7 years from the end of the period stipulated for filing Form Q (i.e. 30 days after the notice of assessment was served).

**Example:**

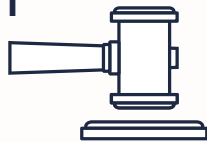
Notice of Assessment for YA 2020 was served on ABC Sdn. Bhd on 1.9.2021.

The deadline for ABC Sdn Bhd to file its Form Q against the assessment is 30 days after receiving the notice of assessment which would be on 30.9.2021.

In the event that ABC Sdn Bhd misses the deadline, it may apply for an extension of time vide Form N at any time before 30.9.2028, which is 7 years from the last date stipulated for filing of Form Q.



**APPEAL AGAINST BEST  
 JUDGEMENT  
 ASSESSMENT**



**Provision:** Section 99(1A) ITA 1967

**Effective date:** Assessments relating to YA 2019 onwards.

The provision requires that if a best judgement assessment is made under Section 90(3) ITA 1967 against a:

- (1) company;
- (2) limited liability partnership;
- (3) trust body; or
- (4) co-operative

who fails to submit Income Tax Return Form (ITRF) in accordance with the provision of subsection 77A(1) ITA, the appeal against the best judgement assessment shall be made by submitting Form Q together with ITRF for the YA involved not later than 30 days after the notice of assessment has been served.

In cases of best judgment assessments made against a person other than the above, the Form Q shall be filed within the same period but without the requirement to file it together with the ITRF. The ITRF may be furnished at a later date.

**Example:**

The company, ABC Sdn Bhd, closes its financial accounts on 31st December each year and did not submit its ITRF for YA 2019. A best judgement assessment under subsection 90(3) of the ITA 1967 is made on 1.9.2020 and it was served to the company on 7.9.2020.

ABC Sdn Bhd may appeal against the best judgement assessment if the tax computed by the DGIR exceeds the actual tax payable by submitting its Form Q as well as its ITRF for YA 2019 not later than 6.10.2020.

# APPEAL INVOLVING AN APPLICATION FOR NEGOTIATION AGREEMENT



**Provision:** Section 102(1A) ITA

**Effective date:** 24 January 2014

Allows for a postponement of notice of appeal (Form Q) submission to Special Commissioners of Income Tax (SCIT) if the appellant has applied for resolution under a Mutual Agreement Procedure (MAP) with a Competent Authority. The submission of Form Q will not be extended to SCIT until the MAP is finalised.

## Appellant agrees with decision of MAP

If the appellant agrees with the decision of the MAP, the appellant must submit an application letter to cancel the Form Q within 30 days from the date the MAP decision is received.



## Appellant disagrees with decision of MAP

If the appellant disagrees with the decision of the MAP, appellant shall submit an application letter to request the DGIR to forward the Form Q to the SCIT within 30 days from the date of notification letter of the decision from the negotiation of the MAP received from the Competent Authority.

The DGIR shall forward the application to the SCIT within 3 months from the date of receipt of the request.

The DGIR will not forward the Form Q to the SCIT if it does not receive the application letter from the appellant.

*The above information is gathered from the Public Ruling No. 7/2020: Appeal Against An Assessment and Application for Relief by Inland Revenue Board of Malaysia.*

*The contents do not constitute legal advice, are not intended to be a substitute for legal advice and should not be relied upon as such.*

**ZUL RAFIQUE & partners** ✨ Tax practice group headed by Feruz Anwar Seth is comprised of a team of experience and dedicated lawyers with a number of years in handling tax matters.

*"...in this world nothing can be said to be certain, except death and taxes."*

*- Benjamin Franklin, in a letter to Jean - Baptiste Le Roy, 1789*

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