

2016

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e-COMMERCE

INTRODUCTION

- e-Commerce is any commercial transactions conducted electronically including the activity of providing of information, promotion and advertising, marketing, supply, order or delivery of goods and services, even though payment and delivery relating to such transactions may be conducted offline
- Individual / company involves in e-Commerce activities will be taxed under Income Tax Act 1967

e-COMMERCE MEDIUM

- Websites (.com, .my, .net, blog, facebook, instagram, twitter, forum, etc)
- Mobile Phone and tablet

RESPONSIBILITY OF e-COMMERCE BUSINESS OWNER AND WEBSITE OWNER

- Every business owner and website owner must have an income tax file number
- Declare income / losses received from business activities and e-Commerce activities
- Complete and submit Form e-B via **e-Filing**
- If business is a partnership:
 - Complete and submit Form e-P via **e-Filing** (responsibility of managing partner)
 - Submit Form e-P without partnership's account
 - Inform in writing to LHDNM if partnership cease operation or changes to sole proprietorship or becomes a limited company
- Make tax payment (**ByrHASiL**)
- e-Commerce practitioner is obliged to show the business information such as the name of the business, registration number and others at the website (Company Act 1965, Section 121(1)(b) and Consumer's Protection Rules [electronic commercial transaction] 2012)

REQUIRED DOCUMENTS TO BE KEPT

- Statement from payment gateway (Paypal, ipay88, MOL, etc)
- Domestic and personal expenses
- Bank statement
- Income statement from advertising company (such as Nuffnang, Google AdSense, etc)
- Sales invoices and purchase records
- Confirmation of sales and purchases via e-mail, etc
- Agreement
- Original receipts for each deduction / expense claimed, etc

Keep documents, records and business accounts for 7 years

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Disclaimer

This leaflet is issued for general information only. It does not contain final advice or complete information pertaining to a particular topic and should not be used as a legal reference

BUSINESS EXPENSES

ALLOWABLE

Expenses incurred in the production of business income
Example:

- Web Maintenance Fees
- Web Consultant Fees
- Domain Name Renewal fees
- Internet Access Fees
- Telecommunication Equipment, Modem
- Rental for Server
- Utilities

NON-ALLOWABLE

- Domestic and personal expenses
Example:
 - Personal electricity and water supply bill
- Purchase of personal assets
Example:
 - Car
 - House
 - Furniture

CAPITAL ALLOWANCE

Deduction for capital allowance on business assets are claimable and will be deducted against adjusted income

CAPITAL ALLOWANCE RATE

TYPE OF ALLOWANCE	ASSET TYPE	RATE
Initial Allowance	All types of assets	20 %
Annual Allowance	Motor Vehicles, Heavy Machinery	20 %
	Plant and Machinery	14 %
	Office equipment, furniture and fittings	10 %
	Computer	40 %

SCOPE OF TAXATION

	BUSINESS OPERATIONS		WEBSITE HOSTED		e-COMMERCE INCOME DEEMED DERIVED FROM MALAYSIA
	MALAYSIA	OVERSEAS	MALAYSIA	OVERSEAS	
RESIDENT	✓		✓		YES
	✓			✓	YES
	✓	Branch			Income of the company from operation in Malaysia is taxable, whilst income derived from sales via the website branch outside Malaysia is not deemed to be derived from Malaysia and is not taxable
		✓	✓		NO
		✓		✓	NO
NON-RESIDENT	✓		✓		YES
	✓			✓	YES
		✓	✓		NO
	Branch	✓		✓	Income of the company from operation outside Malaysia is not taxable, whilst income received from branch in Malaysia is deemed to be derived from Malaysia and is taxable
	Branch	✓	✓		Income of the company from operation outside Malaysia is not taxable, whilst income received from branch in Malaysia is deemed to be derived from Malaysia and is taxable

Business – Either manufacturing / trading / services

Products – Either tangible / intangible

Website – Identity / queries / order / payment / online delivery

Tangible Products – Deliver by normal physical channel

Business activities include sourcing of contents / procurement of goods / promotion and advertisement / selling / arranging of delivery of product / maintaining website



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