

PRACTICE NOTE NO. 2/2017

**AMENDMENT OF SECTION 15A OF THE INCOME TAX ACT
ISSUES ON EXISTING DOUBLE TAXATION AVOIDANCE AGREEMENT (DTAA)**

- 1.0 This Note is issued to clarify the impact of the amendment to section 15A of the Income Tax Act 1967 (the Act) on existing double taxation avoidance agreements (DTAAs).
- 2.0 Malaysia takes the stand that it has the right to impose withholding tax under section 109B on payment for services to the resident of the other Contracting State, irrespective of whether the services are performed in Malaysia or outside Malaysia. However under certain DTAA's between Malaysia and Contracting States, Malaysia's right to tax is restricted as follows:

Contracting States	Implication
Singapore	Payment for services performed outside Malaysia are not subject to withholding tax.
Spain	
Australia	Payments for services are not subject to withholding tax.
Turkmenistan	

**Director General of Inland Revenue
Inland Revenue Board of Malaysia**

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