

2015 12

TAX ON CO-OPERATIVE



INTRODUCTION

- Co-operative tax is imposed on society / body which resides and receives income in Malaysia :
 - a) A co-operative society registered under the Co-operative Act 1993 (Act 502) ;
 - b) Farmer Association registered under the Farmer Associations Act 1967;
 - c) Farmer Association registered under the Farmer Organisations Act 1973; and
 - d) Fishermen Association registered under the Fishermen Associations Act 1971
- A co-operative society is subject to tax under Income Tax Act 1967

RESPONSIBILITY OF CO-OPERATIVE

Submit the estimated tax payable via **e-Filing** (e-CP204) or Form CP204 manually to LHDNM's Processing Centre

| SUBJECT | NEW CO-OPERATIVE SOCIETY | EXISTING CO-OPERATIVE SOCIETY | FORM |
|-----------------|--|---|--------|
| Submit estimate | Within first 3 months of operations | 30 days prior to the commencement of the basis period | CP204 |
| Payment due | 6th month of the basis period | 2nd month of the basis period | CP207 |
| Payment due | Before / on the 15th of every month | | CP207 |
| Revise estimate | In the 6th and 9th month of the basis period | | CP204A |

Dormant co-operatives do not need to submit CP204

- Submit Form C1 to LHDNM's Processing Centre (including dormant co-operative)
- Pay balance of tax payable (if any) by using CP207 before / on the last day of submission of Form C1 (7 month after the accounting period ends)
- Keep records and accounts for 7 years for LHDNM's audit purposes

OFFENCES

- Failure to fulfill the responsibility will result in the co-operative to be charged under :

CRIMINAL OFFENCE

Failure to declare income within the stipulated period and failure to declare the correct amount of income (fictitious claims) in the Income Tax Return Form

Failure to pay income tax within the stipulated period

CIVIL OFFENCE

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EXEMPTION OF CO-OPERATIVE TAX

- For first 5 years from the date of registration : and
- After the end of the 5th year, if members' funds is **less than RM750,000**

PERSONS RESPONSIBLE

- Chairman of the co-operative society
- Secretary of the co-operative society
- Treasurer of the co-operative society
- Anyone who performs any of the above functions

CO-OPERATIVE TAX RATE

| TAXABLE INCOME (RM) | YEAR OF ASSESSMENT | |
|---------------------|--------------------|------|
| | 2014 | 2015 |
| 1 - 30,000 | 0 % | 0 % |
| 30,001 - 60,000 | 5 % | 1 % |
| 60,001 - 100,000 | 10 % | 5 % |
| 100,001 - 150,000 | 15 % | 15 % |
| 150,001 - 250,000 | 20 % | 18 % |
| 250,001 - 500,000 | 22 % | 21 % |
| 500,001 - 750,000 | 24 % | 23 % |
| MORE THAN 750,001 | 25 % | 24 % |