

2015 18

e-COMMERCE



INTRODUCTION

- e-Commerce is any commercial transactions conducted electronically including the activity of providing information, promotion, 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

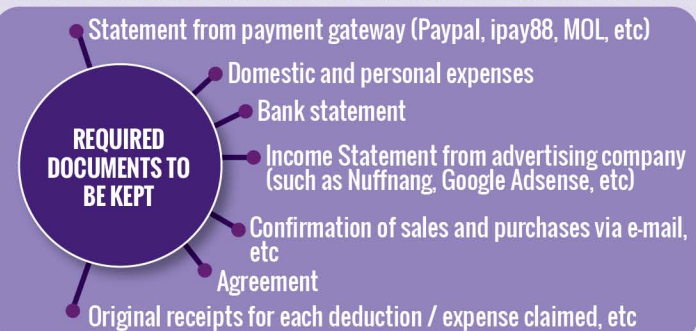
- Websites (.com, .my, .net, blog, facebook, twitter, forum, etc)
- Mobile Phone

RESPONSIBILITY OF THE WEBSITE OWNER

- Every business owner must have an income tax file number
- Declare income / losses received from 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 private 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)



Keep documents and records for 7 years

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

1. Domestic and personal expenses

- Example :
- Personal electricity and water supply bill

2. Purchase of personal assets

- Example :
- Car
 - House
 - Furniture

NON-ALLOWABLE

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 %

e-COMMERCE

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