



Shearn Delamore & Co.

**Tax and Revenue Law  
Update**

**ADMINISTRATIVE STEP OR  
AGGRESSIVE MOVEMENT?  
REVENUE'S ANNOUNCEMENT  
ON CENTRALISATION AND  
DISPERSAL OF CERTAIN  
CATEGORIES OF CORPORATE  
AND NON-CORPORATE  
TAXPAYERS' FILES**

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**Shearn Delamore & Co**  
**7<sup>th</sup> Floor**  
**Wisma Hamzah Kwong-Hing,**  
**No 1, Leboh Ampang**  
**50100, Kuala Lumpur, Malaysia**  
**T: 603 2027 2727**  
**F: 603 2078 5625**  
**E: [info@shearndelamore.com](mailto:info@shearndelamore.com)**  
**W: [www.shearndelamore.com](http://www.shearndelamore.com)**

The Inland Revenue Board of Malaysia (Revenue)'s press release of 13 January 2021 announced the Revenue's implementation of centralisation and dispersal of tax files for taxpayers of certain categories, with effect from 1 January 2021.

Taxpayers affected in the Revenue's centralisation and dispersal process are:

- (I) **corporate taxpayers in West Malaysia having Total Actual Turnover (Turnover / Sales, Other Business Income, Other Income and Profit not subject to tax) of at least RM50 million a year, and their related subsidiaries** — Tax file to be centralised to the Large Taxpayers Branch;
- (II) **corporate taxpayers that are listed on Bursa Malaysia and Related Companies of the Federal Government from all the Revenue's branches in West Malaysia, and their related subsidiaries** — Tax file to be centralised to the Large Taxpayers Branch;
- (III) **corporate taxpayers that have transactions with related companies outside of Malaysia in accordance with certain thresholds** — Tax file to be centralised to the Multinational Tax Branch;
- (IV) **corporate taxpayers that are related to the downstream/upstream petroleum industry, insurance/takaful and financial activities (excluding financial institutions that are headquartered in Sabah and Sarawak)** — Tax file to be centralised to the Special Industry Branch;

- (V) **individual taxpayers (OG and SG) including High Profile Individuals from the Large Taxpayers Branch** — Tax file to be dispersed to all of Revenue's Main branches based on records of the business premise address or correspondence address in the Revenue;
- (VI) **taxpayers using postcode 47100 to 47190 (Kinrara and Puchong) which are currently managed by Revenue's Petaling Jaya Branch** — Tax file to be dispersed to Revenue's Bangi, Selangor Branch.

According to the Revenue, the purpose is to align with the government's policy in relation to the tax treatment of Small and Medium Enterprises and to fulfil the requirements of the Transfer Pricing Guidelines 2012. The Revenue's press release stressed that it is also done to ensure that the management of taxpayers' files would be conducted in a more organised, efficient and up-to-date manner based on prevailing requirements.

Notwithstanding the Revenue's official explanation above, the implementation of the tax file centralisation and dispersal exercise is, in practice, most likely a means by which the Revenue will pursue and continue its aggressive audit and investigation tactics against taxpayers.

[UNOFFICIAL SD TRANSLATION]

## INLAND REVENUE BOARD OF MALAYSIA'S MEDIA RELEASE DATED 13 JANUARY 2021

### CENTRALISATION AND DISPERSAL OF CERTAIN CATEGORIES OF CORPORATE AND NON-CORPORATE TAXPAYERS' FILES

The Inland Revenue Board of Malaysia (IRBM) wishes to inform that with effect from 1 January 2021, IRBM has implemented the centralization and dispersal of files for taxpayers of certain categories in line with the government's policy in relation to the tax treatment of Small and Medium Enterprises and to fulfil the requirements of the Transfer Pricing Guidelines 2012. This is also done to ensure that the management of taxpayers' files would be conducted in a more organised, efficient and up-to-date manner based on prevailing requirements.

The criteria of taxpayer's file involved in this centralisation and dispersal process are as follows:

No.	Criteria	Action
i	Files of corporate taxpayers in West Malaysia having Total Actual Turnover (Turnover / Sales, Other Business Income, Other Income and Profit not subject to tax) of at least RM50 million a year.	<ul style="list-style-type: none"> <li>• Centralization of tax file to Large Taxpayers Branch.</li> <li>• Centralization would also involve the files of related subsidiaries.</li> </ul>
ii	Files of corporate taxpayers that are listed on Bursa Malaysia and Related Companies of the Federal Government from all IRBM branches in West Malaysia.	<ul style="list-style-type: none"> <li>• Centralization of tax file to Large Taxpayers Branch.</li> <li>• Centralization would also involve the files of related subsidiaries.</li> </ul>
iii	Files of corporate taxpayers that have transactions with related companies outside of Malaysia in accordance with certain thresholds.	<ul style="list-style-type: none"> <li>• Centralization of tax file to Multinational Tax Branch.</li> </ul>
iv	Files of corporate taxpayers that are related to the downstream / upstream petroleum industry, insurance / takaful and financial activities (excluding financial institutions that are headquartered in Sabah and Sarawak).	<ul style="list-style-type: none"> <li>• Centralization of tax file to Special Industry Branch.</li> </ul>

v	Files of Individual taxpayers (OG and SG) including High Profile Individuals from the Large Taxpayers Branch.	<ul style="list-style-type: none"> <li>Dispersed to all IRBM Main Branches based on records of the business premise address or correspondence address in IRBM.</li> </ul>
vi	Files of taxpayers using postcode 47100 to 47190 (Kinrara and Puchong) which are currently managed by IRBM Petaling Jaya Branch.	<ul style="list-style-type: none"> <li>Dispersed to IRBM Bangi, Selangor Branch.</li> </ul>

Close to 97,000 tax files would be involved in this centralisation and dispersal process, where every taxpayer concerned will be informed in stages by email or letter (for taxpayers who do not have emails).

You may also check for such notifications via the *MyTax* application.

Any related enquiries and feedback can be forwarded to IRBM via:

- a) Hasil Care Line at 03-8911 1000 / 603-8911 1100 (Overseas);
- b) HASiL Live Chat; and
- c) Feedback Form on IRBM's official website on quick link  
<https://maklumbalaspelanggan.hasil.gov.my/MaklumBalas/ms-my/>

This article is written by:



[Sharon Lau Foong Yee](#)  
Associate  
[Tax and Revenue Practice Group](#)

For further information regarding this article or tax and revenue law matters, please contact:



[Anand Raj](#)  
Head  
[Tax and Revenue Practice Group](#)  
[anand@shearndelamore.com](mailto:anand@shearndelamore.com)  
+603 2027 2828



[Irene Yong](#)  
Partner  
[Tax and Revenue Practice Group](#)  
[irene.yong@shearndelamore.com](mailto:irene.yong@shearndelamore.com)  
+603 2027 2923



[Foong Pui Chi](#)  
Partner  
[Tax and Revenue Practice Group](#)  
[foongpuiichi@shearndelamore.com](mailto:foongpuiichi@shearndelamore.com)  
+603 2027 2641

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