

Chapter 1: Scope of Charge Cheat Sheet by account via cheatography.com/164217/cs/34406/

INTRODUCTION

In Malaysia, the law governing income taxation is the Income Tax Act 1967 (Act 53/1967). A transaction must fall within the ambit of 'scope of charge' as provided in Section 3 of the Act to be liable to income tax. If it is not within the ambit of Section 3 of the Act, no income tax is due in respect of such transaction. In short, it is tax free.

1.0 SCOPE OF CHARGE

Section 3 of the Act provides:

"Subject to and in accordance with this Act, a tax to be known as income tax shall be charged for each YA upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia."

Section 3 sets out two circumstances where income tax liability arises,namely:

- (a) the transaction must be 'income' in nature and such income is accrued in or derived from Malaysia
- (b) the transaction must be 'income' in nature and it is received in Malaysia from outside Malaysia (foreign source income).

Income tax would be imposed by reference to a YA upon a person's income. Such person is known as a chargeable person.

1.1 SOURCES OF INCOME

By account

cheatography.com/account

Not published yet. Last updated 30th September, 2022. Page 1 of 1. Sponsored by Readable.com

Measure your website readability!

https://readable.com