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Addressee only

Penang Global Tourism Sdn Bhd
8B 1st Floor
The Whiteaways Arcade
Lebuh Pantai
10300 Penang

14 August 2020

By hand/
Advanced via electronic mail

Attention: Ms Michelle

Dear Sirs

## Penang Global Tourism Sdn Bhd
## Malaysian corporate income tax return
## Year of assessment 2019

We enclose for your review the following documents for the year of assessment 2019 which have been prepared based on the final audited accounts for the financial year ended 31 December 2019 and also the information/documents/confirmation furnished by your office:

1. Income Tax Return Form ("ITRF"), i.e. Form e-C duly completed; and
2. Tax computation together with supporting schedules.

Submission deadline for the Company's ITRF

Pursuant to Section 77A of the Income Tax Act 1967 ("ITA"), every company shall submit its tax return within seven (7) months from the close of the financial year-end. As such, the filing deadline for the Company for the year of assessment 2019 was 30 July 2020 (i.e. due date).

Under the Updated Filing Programme for Income Tax Return Forms in the year 2019 issued by the Inland Revenue Board ("IRB") following to the Movement Control Order, ITRFs furnished via electronic filing after the due date for submission of the forms shall be deemed to be received within the stipulated period, if they are received within 3 month after the due date for submission of the forms, i.e. on or before 30 October 2020. This 3 month grace period also applies to payment of the balance of tax under subsection 103(1) of the ITA. Penalties will be imposed for furnishing the ITRF and remitting the balance of tax payable after the grace period.

## Return furnished to be based on financial statements

Please note that the ITRF filed is required to be based on financial statements made in accordance with the requirements of the Companies Act 2016.

## Penalties for late submission, deemed notice of assessment, amendment of the ITRF and appeal against an assessment

Please refer to Appendix 1 for details on penalties for late submission, when a notice of assessment is deemed, the timeframe for amendment/revision of the ITRF and the right to appeal against an assessment under the self-assessment system.

## Supporting documents, information and records to be kept and made available by taxpayers

Documents, records and other written evidence must be properly kept as the onus is on the taxpayer. Any claim/adjustment not supported by sufficient documentation will be disallowed in the event of a tax audit and penalty may be imposed.

Please refer to Appendix 2 on Record Keeping for the type of supporting documents, information and records to be kept by the Company and made available to the IRB during tax audits.

## Issues

Please review the above-mentioned documents carefully. In your review, please refer to Appendix 3 for the list of issues relating to the ITRF and tax computation for the year of assessment 2019.

## Tax position

Based on the final audited accounts for the financial year ended 31 December 2019, the tax position of the Company for the year of assessment 2019 is as follows:

| | Amount |
|---|---|
| | RM |
| Tax payable as per tax computation | 0.24 |
| (Less): Total instalments paid per Form e-CP204 submitted on 28 November 2018 (Note) | (1,590.00) |
| Tax paid in excess | (1,589.76) |

[Note: It is assumed that the Company has fully complied with the instalment scheme].

Any income tax refund due to the Company may be utilised by the IRB for the payment of tax due and payable by the Company under the ITA, the Petroleum (Income Tax) Act 1967 ("PITA"), or the Real Property Gains Tax Act 1976 ("RPGTA"). Similarly, any tax refunds due under the PITA or RPGTA may be utilised for the payment of tax which is due and payable under the ITA.

However, if the Company does not have any outstanding taxes under the ITA, PITA or RPGTA, the Company may apply to the IRB for a refund of any tax paid in excess once the ITRF is processed/deemed in the IRB's system.

In this regard, please advise if the Company requires our assistance in making an application to the IRB to apply for a refund.

## Action required

If the Form e-C, and the tax computation are in order, please arrange for a principal officer (that is, a director or any other duly authorised personnel) of the Company to sign at the place where indicated by way of 'x', complete the signatory's details, date and affix the Company stamp on the following documents:

(i) Page 5 of the Form e-C; and
(ii) Enclosed Approval Letter.

Kindly return the original signed Form e-C, and the original Approval Letter (this may be faxed to us first) to us latest by 21 August 2020 for our records. These signed documents will enable us to proceed with the submission of the final Form e-C to the IRB on your behalf through electronic filing. It also serves as a confirmation that the Public Rulings (refer to the IRB's website at www.hasil.gov.my) have been complied with by the Company.

The tax computation and supporting Worksheets enclosed together with this letter are for your records. After the online submission, we will send you copies of the final Form e-C, and Acknowledgement Receipt of Submission for your records.

Meanwhile, we enclose our bill for your attention and would be obliged if you could kindly settle our bill when the Form e-C is returned to us for our onward submission to the IRB on your Company's behalf.

Please do not hesitate to contact Ms. How Ee Wa at 04-688 1917 or Ms. Belinda Teh at 04-688 1944 if you have any questions.

Yours faithfully
Ernst & Young Tax Consultants Sdn Bhd

Kang Mei Siang
Manager

Enclosures

1. Penalties for late submission

We would caution that a failure to submit the Income Tax Return Form ("ITRF") to the Inland Revenue Board ("IRB") by the abovementioned deadline may result in the following:

i) <u>Failure to furnish return or give notice of chargeability</u>

Prosecution and upon conviction:

a) Section 112(1) of the Income Tax Act 1967 ("ITA") – failure to furnish return in respect of any one year of assessment

- A penalty of not less than RM200 and not more than RM20,000; or
- Imprisonment for a term not exceeding 6 months; or
- Both of the above.

b) Section 112(1A) of the ITA – failure to furnish return in respect of any two years of assessment or more

- A penalty of not less than RM1,000 and not more than RM20,000 or imprisonment for a term not exceeding 6 months or to both; and
- A special penalty equal to treble the amount which the Director General of Inland Revenue ("DGIR") may, according to his best judgement, determine as the tax charged on the chargeable income for those years of assessment.

If no prosecution is carried out, the DGIR may impose a penalty equal to treble the amount of tax payable before any set-off, repayment or relief.

Based on the new Guideline on Imposition of Penalties under Section 112(3) of the ITA (GPHDN 5/2019) issued on 16 October 2019 (replacing GPHDN 1/2015), effective from 1 October 2019, the following new late filing penalty rates will be imposed by the IRB on the tax payable before any set-off, repayment or relief:

| Submission of ITRF | Rate |
|---|---|
| Within 12 months from the due date for furnishing the ITRF | 15% |
| Within 24 months from the due date for furnishing the ITRF | 30% |
| After 24 months from the due date for furnishing the ITRF | 45% |

ii) <u>Section 103 of the ITA – Payment of tax</u>

Failure to remit the balance of tax payable (if any) by the due date will result in a 10% penalty being imposed on the outstanding balance. Note that the penalties are to be self-assessed and paid to the IRB.

2. Deemed notice of assessment

Under the self-assessment system, a notice of assessment is deemed served upon submission of the ITRF to IRB. An amendment may be made to the ITRF within six months from the due date for the furnishing of the ITRF and the amended ITRF is a deemed assessment.

3. Amendment of ITRF

i) Where there is chargeable income for a year of assessment

Taxpayers are allowed to make an amendment to their ITRFs under Section 77B of the ITA subject to the following:

a) amendments are allowed in respect of errors resulting in tax or additional tax;

b) the amendment is allowed once for each year of assessment;

c) the amendment is allowed within a period of 6 months from the due date of furnishing the ITRF;

d) the amendment is in a prescribed form; and

e) no amendment can be made where the DGIR has issued an assessment or additional assessment (where there is no or insufficient assessment made) on an ITRF that has been filed by the statutory due date.

The penalty rates in the event such amendments to ITRFs shall be increased by a sum equal to 10% of the amount of such tax or additional tax.

ii) Where there is no chargeable income for a year of assessment

Taxpayers are allowed to make an amendment to their ITRFs under Section 97A of the ITA subject to the following:

| Reason for amendment | Revision timeframe |
|---|---|
| Due to errors or mistakes | Within a period of 6 months from the date of furnishing the ITRF |
| Incorrect computation due to Gazette published or approval for exemption, relief, remission, allowance or deduction granted after the ITRF is furnished | Within 5 years after the end of the year the exemption, relief, remission, allowance or deduction is published in the Gazette or the approval is granted, whichever is the later |
| Incorrect computation due to a deduction not allowed in respect of withholding tax payment not due to be paid on the day the ITRF is furnished | Within 1 year after the end of the year the payment is made |

4. Appeal against an assessment

Paragraph 4 of Public Ruling No. 12/2017 (Appeal Against an Assessment and Application for Relief) states that a person has a right of appeal against an assessment that has been made, or deemed made, on him by the DGIR if he is dissatisfied with the assessment made.

Pursuant to Section 99(4) of the ITA, a person is only allowed to appeal to the Special Commissioners of Income Tax (“SCIT”) under Section 99 of the ITA against a deemed assessment, if the person is aggrieved by:

(i) the deemed assessment as a result of complying with a Public Ruling issued by the IRB; or

(ii) any practice of the DGIR generally prevailing at the time when the assessment is made.

The appeal must be made by submitting a Notice of Appeal to the SCIT (i.e. Form Q) not later than 30 days after the service of the notice of assessment. In the case of an advanced assessment, the appeal must be made within the first three months of the year of assessment following the year of assessment for which the assessment is made.

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Record keeping
(Extracted from the Company Return Form Guidebook 2019 issued by the Inland Revenue Board)

The following information and documents, where applicable, must be made available during a tax audit and retained with any adjustment and tax computation:

1. Adjustment of income and expenses
   Adjustments must be supported by:
   - An analysis of income and expenditure
   - Subsidiary accounts
   - Receipts/Invoices

2. Contract/Subcontract payments, commission and rents and other contract payments for services to residents
   - Name, address, identity card number and amount paid in respect of each recipient
   - Type of contract/commission/service
   - Type of asset leased
   - Copy of relevant agreement/documents

3. Contract payments to non-residents (receipts by non-resident contractors - Section 107A applies)
   - Name, type, location and duration of project
   - Value of the whole contract and value of the service portion of the contract carried out in Malaysia
   - Contract payments and payments for the service portion of the contract in the current year of assessment
   - Name, address, tax reference number and passport number of the foreign contractor
   - Copy of relevant agreement/documents

4. Payment of management fees to residents
   - Name, address, identity card number and amount paid
   - Relationship with the recipient, if any
   - Basis of payment
   - Service agreement or other relevant documents

5. Payment of professional, technical or management fees and rents to non-residents (Section 4A income)
   *a) Payment of professional, technical or management fees*
      - Type of services rendered
      - Name, address, tax reference number and passport number of the foreign contractor; and total amount paid
      - Furnish reasons if the whole or part of the payment is not considered as a section 4A income and keep a copy of the agreement for future examination
      - Proof of withholding tax paid

   *b) Payments for rental of movable properties*
      - Type of movable property
      - Name, address, tax reference number and passport number of the foreign contractor; and total amount paid
      - If the payment is not subjected to withholding tax, retain the relevant supporting documents
      - Proof of withholding tax paid
      - Copy of rental agreement / other relevant documents

6. Expenses charged or allocated by parent company to subsidiary or headquarters to branch in Malaysia
   a) *Charge or allocation of specific expenses*
      - Analysis of expenditure
      - Type of expenses charged or allocated
      - Basis of computation of the charge or allocation
      - Benefit derived by company or branch from the charge or allocation
      - Function carried out by the parent company
      - Copy of relevant agreement/documents

   b) *Charge or allocation of management or common expenses*
      - Analysis of expenditure
      - Type of expenditure
      - Benefit derived from such expenditure
      - Function carried out by the parent company
      - Copy of relevant agreement/documents

7. Overseas trips
   - Name, designation and scope of duty of the employee concerned
   - Dates, destinations and purpose of trips
   - Analysis of expenditure indicating the portion of private expenses

8. Housing Developers
   - Name, address and location of project
   - Approved layout plan
   - Date of commencement and completion for each phase of the project
   - Cost of land and value of each phase of the project
   - Development cost analysis for each phase on cumulative basis for each year of assessment
   - Computation of profit or loss based on the method as prescribed in Public Ruling ("PR") No. 1/2009 (Property Development), PR No. 2/2009 (Construction Contracts) and/or PR No. 12/2013 (Rescuing Contractor and Developer).

9. Transfer pricing
   A person who enters into a controlled transaction shall prepare a contemporaneous transfer pricing documentation which includes records and documents that provide a description of the following matters:
   - Organizational structure including an organization chart covering persons involved in a control transaction
   - Nature of the business or industry and market conditions
   - Controlled transactions
   - Assumptions regarding factors that influenced the setting of prices or pricing policies and business strategies that influenced the determination of transfer prices
   - Comparability, functional and risk analyses
   - Selection of the transfer pricing method
   - Application of the transfer pricing method
   - Background documents that provide for or were referred to in developing the transfer pricing analysis
   - Index to documents
   - Any other information, data or document considered relevant in the determination of an arm's length price

10. Leasing
   - Copy of leasing agreement/other relevant documents
   - Details/specification of assets leased

11. Non-resident company carrying out a contractual project in Malaysia
    - Name and duration of project
    - Agreements related to the project
    - List of sub-contracts
    - Mode of payment

12. Investment holding
    - Information pertaining to the type of services rendered
    - List of companies within the group
    - Mode of payment
    - Refer to PR No. 10/2015 (Investment Holding Company)

13. Reinvestment allowance (RA)
    - RA form which has been completed
    - Supporting documents of assets acquired
    - Flow chart of production process
    - Refer to PR No. 6/2012 (Reinvestment Allowance)

14. Public Rulings, Government Gazette and Guidelines:
    - Public Rulings
      Reference: Lembaga Hasil Dalam Negeri Malaysia ("LHDNM") Official Portal
      Home Page > Legislation > Public Rulings
    - Technical Guidelines
      Reference: LHDNM Official Portal
      Home Page > Legislation > Technical Guidelines
    - Operational Guidelines
      Reference: LHDNM Official Portal
      Home Page > Legislation > Operational Guidelines

*    *    *

Penang Global Tourism Sdn Bhd
14 August 2020

Issues to the Income Tax Return Form (“ITRF”) and tax computation for the year of assessment 2019

Please review the above-mentioned documents carefully. In your review, please note the following:

1. Portion of government grant utilised – RM16,926,499
Operating cost – RM15,283,473
<u>Administration cost - RM1,768,511</u>

Based on the Gazette Order of the Income Tax (Exemption) (No.22) Order 2006, the fund received from the state government is not subject to tax. Hence, any deduction or allowances to be made or would have been made under the Act in a basis period for a year of assessment in respect of an expenditure incurred out of the fund received from the government shall be disregarded for that year of assessment and subsequent years of assessment.

Based on the information provided to us by Ms Michelle of your office, we understand that the operating and administrative expenses amounting to RM15,283,473 and RM1,768,511 respectively are fully funded / reimbursed by the State Government / Statutory Authorities of Penang. Hence, the above expenses shall be disregarded pursuant to paragraph 3(2) of the Income Tax (Exemption) (No.22) Order 2006. Kindly advise us if otherwise. Also, kindly ensure that proper record keeping and documents are readily available in anticipation of the IRB’s field audit.

2. <u>Net sales income – RM3,108 (Schedule DA2)</u>

We understand that the above relates to net income received from the sales of souvenirs, tours, and stamps by Tourist Information Centre which are incidental to the Company’s business activities to carry out tourism activities for the Penang State Government.

Kindly let us know if our understanding is incorrect.

3. <u>Compulsory use of correct and accurate business code in the ITRF</u>

As confirmed by Ms Michelle of your Company, we understand that the business code of “84137 – Tourism Affairs” is the correct and accurate business code for the Company’s business activity 1 of “to carry out tourism activities for the State of Penang”, while the business code of “70201 – Business Management Consultancy Services” is the correct and accurate business code for the Company’s business activity 2 of “provision of consultancy services and specialized studies” which has been ceased since year 2004.

Please let us know if our understanding is not in order.

Penang Global Tourism Sdn Bhd
14 August 2020

Issues to the Income Tax Return Form (“ITRF”) and tax computation for the year of assessment 2019

4. <u>Controlled transactions</u>

We note that the Company has carried out transactions with related parties during the financial year.

Please be advised that pursuant to Section 140A of the ITA, taxpayers are required to determine and apply an arm’s length price for the acquisition of or the supply of goods or services to an associated person. Section 140A places the onus on taxpayers to demonstrate that the related party transactions are carried out at arm’s length. An arm’s length price is the price which would have been charged in a transaction carried out between independent entities operating under comparable or similar circumstances.
In the event it is ascertained that a related party transaction is not conducted at an arm’s length price, the DGIR is empowered to make such adjustments as he deems fit.

Based on the Income Tax (Transfer Pricing) Rules 2012 dated 11 May 2012 and Transfer Pricing Guidelines 2012 issued on 20 July 2012, any person who enters into a controlled transaction is required to prepare contemporaneous transfer pricing documentation. Contemporaneous documentation is defined as transfer pricing documentation brought into existence when a person is developing or implementing any controlled transaction. Where in the basis period for a year of assessment, the controlled transaction is reviewed and there are material changes, the documentation shall be updated prior to the due date for furnishing a return for that basis period for that year of assessment.

The Transfer Pricing Rules also set out a list of the information and documents that can be used as contemporaneous transfer pricing documentation and is deemed to have come into operation on 1 January 2009.

<u>Expansion of definition of control for the purpose of transfer pricing</u>

We wish to highlight that effective 1 January 2019, a new Section 140A(5A) be introduced to define and expand the meaning of “control” for the purpose of Section 140A(5) as follows:

“Control” refers to person one of whom owns shares of the other person, or a third person who owns shares of both persons, where the percentage of the share capital held in either situation is 20% or more and –

a. the business operations of that person depends on the proprietary rights, such as patents, non-patented technological know-how, trademarks, or copyrights, provided by the other person or a third person;

b. the business activities, such as purchases, sales, receipt of services, provision of services, of that person are specified by the other person, and the prices and other conditions relating to the supply are influenced by such other person or a third person; or

c. where one or more of the directors or members of the board of directors of a person are appointed by the other person or a third person.

The definition "control" for transfer pricing purposes has been expanded beyond Section 139. The key change is the reduction from more than 50% of the issued share capital to 20% or more of the share capital held. Associated entities also can become related parties for transfer pricing purposes provided:

- One party depends on proprietary rights of the other person;
- One party has business activities (i.e. sales, purchases, etc.) with the other person and is not carried out on an arm's length basis (the prices and conditions relating to the supply are influenced by the other person and not carried out on an independent basis);
- One party is able to appoint one or more directors in the other company.

With this change, the number of controlled transactions which have to be documented for transfer pricing purposes will increase. This increases the burden on taxpayers who need to comply with the transfer pricing documentation requirements.

Based on existing legislation, penalties imposed for transfer pricing adjustments can be as much as 100% of the tax undercharged and such assessments can be made six years back. However, in practice, the rate of penalty may be lower depending on the extent of transfer pricing documentation prepared by the taxpayer.

Under the self-assessment system, companies can expect to be audited once in every five years by the IRB. Given that companies are presently under the self-assessment regime, it is therefore incumbent upon taxpayers to maintain proper records and contemporaneous transfer pricing documentation to support the pricing of inter-company transactions. This documentation need not be submitted with the Company's annual tax return but should instead be readily made available for the IRB's review during a tax audit.

If you require our assistance in transfer pricing matters, please let us know.

5. Transfer pricing documentation requirement

Pursuant to our various correspondences regarding transfer pricing developments in Malaysia, we would like to reiterate the compliance requirements for your reference. Kindly take note of the compliance requirements highlighted in this communication, as transfer pricing compliance is now essential on an annual and ongoing basis. The Malaysian Transfer Pricing Rules specifically require that tax payers prepare and maintain contemporaneous transfer pricing documentation to support the arm's length nature of their related party transactions (refer Note 1 below on the definition of contemporaneous documentation).

Penang Global Tourism Sdn Bhd
14 August 2020

Issues to the Income Tax Return Form ("ITRF") and tax computation for the year of assessment 2019

Documents to be prepared and maintained

Paragraph 4(2) of the Malaysian Transfer Pricing Rules states that contemporaneous transfer pricing documentation shall include (but is not limited to) records and documents that provide a description of the following matters:-

a) Organisational structure, including organisational chart covering persons involved in the controlled transaction;
b) Nature of the business or industry and market conditions;
c) The controlled transaction;
d) Pricing policies;
e) Functional and risk analysis followed by Comparability analysis
f) Selection of the transfer pricing method;
g) Application of the transfer pricing method;
h) Documents that provide the foundation for or otherwise support or were referred to in developing the transfer pricing analysis;
i) Index to documents; and
j) Any other information, data or document (e.g., inter-company agreements, invoices, ledger extracts etc)

Latest development – change to year of assessment 2014 Income Tax Return (Form C)

The IRB has formally introduced an additional question in the 2014 Income Tax Return (Form C) asking taxpayers to indicate if they have prepared transfer pricing documentation for the year of assessment 2014 by way of a "Yes / No" response. In year of assessment 2019, companies undertaking controlled transactions within the meaning of Section 139 and 140A of the Income Tax Act 1967 are required to complete "Information on Controlled Transactions" and indicate if the current transfer pricing documentation is prepared (refer Note 2 below). The key take away is that companies must prepare and maintain contemporaneous transfer pricing documentation as an annual tax compliance requirement and should have the relevant documentation in place prior to filing the annual tax return.

Note 1 – Definition of Contemporaneous Documentation

*Sec 4 (3)…"contemporaneous transfer pricing documentation" means transfer pricing documentation which is brought into existence -*

*(a) when a person (e.g., company) is developing or implementing any controlled transaction; and*
*(b) where in a basis period for a year of assessment the controlled transaction is reviewed and there are material changes, the documentation shall be updated prior to the due date for furnishing a return for that basis period for that year of assessment*

Penang Global Tourism Sdn Bhd
14 August 2020

Issues to the Income Tax Return Form ("ITRF") and tax computation for the year of assessment 2019

Note 2 – snapshot of amendment to Income Tax Return (Form C) for Malaysian Corporate Taxpayers commencing YA 2019:

**INFORMATION ON CONTROLLED TRANSACTIONS**

| | | | |
|---|---|---|---|
| **PART A:** | **COMPANY INFORMATION** | | |
| 1. | Principal activity *(as stated in the Financial Statements & Reports)* | | |
| 2. | a) | Business code 1 | |
| | b) | Business code 2 | |
| 3. | Ultimate holding company: | | |
| | 3a. | Name | |
| | 3b. | Country code * | *(Use country code)* |
| 4. | Immediate holding company: | | |
| | 4a. | Name | |
| | 4b. | Country code * | *(Use country code)* |
| | | * *Refer to the list of country codes in the Company Return Form Guidebook* | |
| 5. | Transfer Pricing Documentation prepared | | *1 = Yes 2 = No* |

We understand that your Company has prepared transfer pricing documentation for controlled transaction, where applicable with associated persons as abovementioned, and available on record. Therefore, we will respond to the query of the year of assessment 2019 income tax return on behalf of the Company as "Yes".

Kindly let us know immediately if our understanding is incorrect.

6. Carry forward period of unabsorbed losses from business limited to seven years

As you may be aware, pursuant to Section 44(5F) of the ITA, with effect from the year of assessment 2019, any carry-forward of unabsorbed losses is limited to seven years of assessment. Any unabsorbed losses will be disregard thereafter.

In addition, pursuant to special provision relating to Section 43 and 44 of the ITA, unabsorbed business losses ascertained up to the year of assessment 2018 in an amount of RM375,036 shall be deductible against the statutory income until the year of assessment 2025. Any amount that has not been deducted at the end of the year of assessment 2025 shall be disregarded.

Kindly take note of the above changes and the implication that may bring to your Company's business.

7. Deductibility of expense

In the IRB's Explanatory Notes to the Form e-C, the IRB has requested the Company to keep proper supporting documentations to support all expenses reflected in the profit and loss accounts as they may request for it during a tax audit. Please note that any claim for the expenses without supporting documents may be challenged and penalty may be imposed accordingly.

Issues to the Income Tax Return Form ("ITRF") and tax computation for the year of assessment 2019

8. Incorrect return

We would like to caution that pursuant to Section 113(2) of the ITA, a penalty equivalent to 100% of the tax undercharged will be imposed if the taxpayer makes an incorrect return by omitting or understating any income or gives incorrect information in relation to any matter affecting his own chargeability to tax.

With the amendment of Section 77B(4) of the ITA (effective 1 January 2020), the applicable penalties for amended tax returns are as follows:-

| Voluntary Disclosure | Rate |
|---|---|
| Within 6 months from the due date for furnishing the ITRF | 10% |
| More than 6 months (in accordance with IRB's Tax Audit Framework 2019) | 35% |
| **Discovery** | **Rate** |
| Non-disclosure | 45% or as directed by the DG of Inland Revenue, a lower penalty or waiver for the 1st Offence |

In addition, a 55% penalty on repeated offences is introduced in the Tax Audit Framework 2019.

"Repeated offences" mean: -

a) Tax payer was audited/investigated before and was issued notices of assessments with incorrect return penalty pursuant to Section 113(2) of the ITA; and

b) It is stipulated that the first offence is to only take into account of notices of assessment issued from 1 January 2020.

With regards to the above, kindly review the ITRF and tax computation and let us know immediately if they are not in order.

Matters Outstanding

1. Draft Form e-C – Company's financial information
Draft Form e-C - Related party transactions

Kindly review the above and inform us if they are not in order.

Penang Global Tourism Sdn Bhd
14 August 2020

Issues to the Income Tax Return Form ("ITRF") and tax computation for the year of assessment 2019

2. Directors' / shareholders' particulars

Kindly review schedule P1 and P2 of the tax computation and the draft Form e-C pertaining to the directors' / shareholders' particulars and inform us immediately if they are not in order.

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Ernst & Young Tax Consultants Sdn Bhd
16th Floor MWE Plaza
No.8 Lebuh Farquhar
10200 Penang

Date:

By hand/courier
and advanced by fax
[+604 262 5480]

Attention: Ms Kang Mei Siang / Ms How Ee Wa / Ms Belinda Teh

Dear Sirs

**Penang Global Tourism Sdn Bhd**
**Malaysian corporate income tax return**
**Year of assessment 2019**

We have reviewed the duly completed Form e-C, and detailed tax computation together with supporting schedules for the year of assessment 2019 and confirm that the above documents are in order. We also confirm that these have been prepared in accordance with the documents, information and clarification provided by us.

In addition, we confirm that we have read and understood the Public Rulings as listed in the Inland Revenue Board ("IRB")'s website at www.hasil.gov.my and complied with the relevant Public Rulings which are applicable to us.

The original Form e-C duly signed, stamped and dated will be sent to you before the due date of 21 August 2020.

Please proceed to submit the above documents to the IRB on our behalf through electronic filing.

Yours sincerely

______________________
Signature

______________________
Name of signatory

______________________
Name of Company & Stamp

Enclosures