Confirmation Letter

Ernst & Young Tax Consultants Sdn Bhd
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No. 8 Lebuh Farquhar
10200 Penang

Date:

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

Attention: Ms. Kang Mei Siang / Ms. How Ee Wa

Penang Global Tourism Sdn Bhd
Initial estimate of tax payable
Year of assessment 2020

We refer to your letter dated 11 November 2020.

We hereby confirm that:

- [ ] The Company intends to furnish a higher initial estimate of tax payable for the year of assessment ("YA") 2020 of RM______________.
- [x] There is no change to the initial estimate of tax payable of RM1,590 for YA 2020 (which is based on the initial estimate for YA 2019).
- [ ] The Company intends to furnish an estimate of RM______________ for YA 2020 [which is ____ % (between 85% and 100%) of the revised estimate for YA 2019].

Yours faithfully

Signature : ______________________

Name of signatory : OOI CHOK YAN

Designation : CHIEF EXECUTIVE OFFICER

Date : 11/11/2019

Company stamp :

Estimation of tax payable for the year of assessment 2020
Deadlines and estimates – Existing companies

1. Deadline for submission

   A company is required to submit its initial estimate of tax payable ("ETP") to the Inland Revenue Board ("IRB") not later than 30 days before the beginning of the basis period for the year of assessment ("YA"). The initial ETP is required to be submitted electronically via https://ez.hasil.gov.my/ using the prescribed electronic form.

2. Estimation of tax payable

   In accordance with Section 107C(3) of the Income Tax Act 1967 ("ITA"), the ETP for YA 2020 shall not be less than 85% of the revised ETP for YA 2019 or where no revision was made, the estimate shall not be less than 85% of the initial ETP for YA 2019.

   The revised ETP submitted by the Company to the IRB for YA 2019 is as stated in the enclosed Confirmation Letter.

   Kindly insert the amount you wish to furnish as the initial estimate of tax payable for YA 2020 in the attached Confirmation Letter.

3. Instalment payments

   For existing companies, the instalments, if any, are due on the 15th day of each month beginning from the second month after the start of the Company's basis period.

4. Fine/penalty provision

   (a) <u>Failure to furnish an estimate</u>

   Failure to furnish an estimate by the due date and in accordance with the requirements of Section 107C of the ITA is an offence under Section 120(1)(f) of the ITA. Upon conviction, the taxpayer will be liable to a fine of not less than RM200 and not more than RM20,000 or to imprisonment for a term not exceeding 6 months or to both.

Pursuant to Section 107C(10A) of the ITA, a penalty of 10% of the tax payable will be imposed on a company where for a YA:

(i) no estimate is furnished by a company and no direction is given by the Director General of Inland Revenue to make payment by instalments under Section 107C(8) of the ITA;

(ii) no prosecution under Section 120 of the ITA has been instituted in relation to failure to furnish such estimate; and

(iii) tax is payable by that company pursuant to an assessment for that YA,

such a penalty shall be due and payable upon furnishing the tax return of that company.

(b) Underestimation of tax payable

In addition, it is important to note that where the tax payable under an assessment exceeds:

(i) the revised estimate of tax payable for that YA, or

(ii) if no revised estimate is furnished, the estimate of tax payable for that YA,

by an amount of more than 30% of the tax payable under the assessment, the difference which exceeds 30% of the tax payable under the assessment is subject to a penalty of 10% pursuant to Section 107C(10) of the ITA. Please note that the taxpayer is required to self-compute the 10% penalty and this penalty is payable on the date the tax return is submitted to the IRB.

(c) Late payment of instalments

In accordance with Section 107C(9) of the ITA, failure to remit the instalment payments by the due date will result in a 10% penalty being imposed. The taxpayer is required to self-compute the 10% penalty and remit it to the IRB together with the instalment payment owing if payment for any instalment is made after the due date expires.

(d) Failure to notify the IRB of the change of accounting year end

Failure to notify the IRB of the change of accounting year end by the due date and in accordance with the requirements of Section 21A(3A) of the ITA is an offence under Section 120(1)(i) of the ITA. Upon conviction, the taxpayer will be liable to a fine of not less than RM200 and not more than RM20,000 or to imprisonment for a term not exceeding 6 months or to both.

In addition, where a company fails to notify the IRB of the change of accounting year end in accordance with Section 21A(3A) of the ITA:

(i) pursuant to Section 107C(11B) of the ITA, any amount of increase or sum that had been imposed under Section 107C of the ITA based on the accounting period prior to the new accounts as mentioned in Section 21A(3A) of the ITA shall continue to be recoverable as if it were tax due and payable from the company to the Government; and

(ii) pursuant to Section 112(3A) of the ITA, any penalty that had been imposed under Section 112(3) of the ITA based on the accounting period prior to the new accounts as mentioned in Section 21A(3A) of the ITA shall continue to be recoverable under the ITA.

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