

MIA WEBINAR SERIES

Tax Implications Related to the Application of MFRS 15 & MFRS 16

Understand the differences between the tax treatment and the financial treatment required under these MFRSs, and the impact on tax computations.

26 June 2023 (Monday), 9.00 am – 5.00 pm



Tax Implications Related to the Application of MFRS 15 & MFRS 16

MFRS 15 Revenue from Contracts with Customers establishes the principles that an entity need to apply to report on the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, which can be over time or at a point in time.

MFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases by lessors and lessees. Under MFRS 16, lessees are required to apply a single accounting model for all leases and the Right of Use assets will have to be brought into the Statement of Financial Position as a non-current asset. The accounting treatment for lessors remains unchanged.

While the MFRS have a forward-looking treatment of revenue and leases, the tax treatment follows the historical method of identifying revenue and operating leases. This results in a divergent treatment of revenue and leases for taxation purposes. This programme is designed to highlight key issues involved in identifying the differences between the tax treatment and the financial treatment and its impact on tax computations.

OBJECTIVES

This programme seeks to help you:

- Gain practical knowledge on the impact of MFRS 15 and MFRS 16 on reportable profit or loss for financial reporting vs tax purposes
- Understand the tax risk implications of financial reporting requirements of the two MFRSs on pertinent tax issues and to manage the tax risks effectively
- Avoid interpretation pitfalls between the two MFRSs and taxation that result in additional taxes or costly penalties
- Learn from the experience of other countries that have adopted the financial reporting standards and their dealings with taxation matters

WHO SHOULD ATTEND

- Tax Consultants, Tax Agents, Tax Managers, Supervisors and Preparers of Tax Computations
- Chartered Accountants, Advisors, Auditors and Consultants
- Directors, CFOs, Finance & Accounting Managers, Supervisors & Executives
- Professionals and staff involved in tax reporting for PLCs and Sdn Bhd

METHODOLOGY

A highly interactive learning session with trainer/speaker-led facilitation, live Q&As, quick polls/surveys, self-assessment quizzes and participant's feedback on learning outcome achievement.

SPEAKER/TRAINER

J. SELVARAJAH

FCA, FCPA(Aust), CAANZ, CA(M), CPA; ASEAN CPA; FIPA(Aust), FFA(UK), ACTIM, B.Com(Acc).

J Selvarajah is the senior partner of a professional practice, which is a member of an international network of accounting and consulting firms, and he is the network's current Chairman. He has 51 years of experience in public practice audit and assurance services, and has performed investigative audits on accounting malpractices, embezzlement, and money laundering.

He is also an internal auditor for several public listed companies and SMEs, is actively engaged in advisory work for his clients, and delivers seminars and training in Malaysia and the ASEAN region. He holds a B.Com(Acc) from New Zealand, a Practising Certificate for Company Secretaries, and is a member of MIA, MICPA, ICAEW, CAANZ, CPA Australia, ASEAN CPA, CTIM, and is a HRDF Certified Trainer.

Tax Implications Related to the Application of MFRS 15 & MFRS 16

PROGRAMME OUTLINE

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|------------------------|---|----------------------|---|
| 8.30 am – 9.00 am | Participants' login to join the webinar | 1.00 pm – 3.00 pm | Session 3 MFRS 16 Leases <ul style="list-style-type: none"> Reasons for introducing MFRS 16, the new leases' standard Comparison with the now withdrawn MFRS 117 Concept of “rental” of an asset vs the “right of use” of an asset: The implications “Operating leases” and “finance leases” Impact of MFRS 16 on lessee's financial reporting considerations in: <ul style="list-style-type: none"> Statement of Financial Position Statement of Profit or Loss and Other Comprehensive Income Statement of Cash Flow Lease definition in MFRS 16: <ul style="list-style-type: none"> Identified asset Substantive and non-substantive substitution rights Lease and non-lease components of a service contract Reassessment of leases: Impact on financial reporting Dealing with short-term leases MFRS 16 for lessors: Relatively unchanged Tax Implications before and after implementation of MFRS 16 |
| 9.00 am – 10.30 am | Session 1 MFRS 15 Revenue from Contracts with Customers <ul style="list-style-type: none"> Reasons for introducing MFRS 15, the new revenue standard Principal features of the new revenue standard including the 5 steps toward revenue recognition Changes introduced by the revenue standard: <ul style="list-style-type: none"> Timing of revenue recognition <ul style="list-style-type: none"> performance obligations satisfied at “point in time” or “over time” Impact on revenue recognition due to clauses in revenue contracts <ul style="list-style-type: none"> unilateral rights of termination enforceable rights to payment in stages is not clear Bundled and unbundled goods and services Multiple element transactions Determination of transaction price in variable consideration contracts <ul style="list-style-type: none"> using “expected value” or “most likely amount” method The existence of significant financing component in a contract Impact of non-cash consideration as settlement Recognition of revenue only when “control” is transferred: When is control transferred? Constructive transfer vs physical transfer Incremental costs and amortisation Tax implications before and after implementation of MFRS 15 Two potential approaches on tax treatment: <ul style="list-style-type: none"> Maintaining existing tax treatment with tax adjustments to be made Partial convergence approach (subject to agreement by IRB) | 3.00 pm – 5.00 pm | Session 4 MFRS 16 Leases (continued) <ul style="list-style-type: none"> Tax implication of previous MFRS 117 Leases <ul style="list-style-type: none"> Operating and finance leases Where a lease agreement is not deemed to be a sale agreement under the Income Tax Leasing Regulations 1986 (ITLR) Where a lease agreement is deemed to be a sale agreement under the ITLR Deemed sale under ITLR Not a deemed sale under ITLR Tax implications on implementation of MFRS 16 Leases <ul style="list-style-type: none"> Under MFRS 16, lessees will no longer classify their leases into operating lease and finance lease. Need to consider the following: <ul style="list-style-type: none"> lessee may be able to claim tax deductions based on the lease rentals incurred impact where a sale is regarded to have taken place lessee may be eligible to claim interest expense capital allowances on the principal portion of leased assets impact of expenses on leases may not be based on actual cash payments of rental implication on the leasing of land or building short term leases and leases of low value assets Documentation and other practical issues for tax preparers Real Property Gains Tax (RPGT) implication on lease of ROU assets and RPC implications of real property leases Illustrative examples of the above instances |
| 10.30 am – 12.00 pm | Session 2 MFRS 15 Revenue from Contracts with Customers (continued) <ul style="list-style-type: none"> Impact of differences in revenue recognition between the Revenue Standard and the income tax requirements Dealing with the timing differences in revenue recognition Tax impact of performance obligations satisfied “at a point in time” or “over time” Dealing with significant financing component in revenue transactions Illustrations for: <ul style="list-style-type: none"> Manufacturing, including contract manufacturing IT and software development Multiple performance obligations Dealing with incentives and rebates Bundled contracts Incremental costs: Costs to obtain and fulfill a contract Non-refundable upfront fees Impact of transitional adjustments | 5.00 pm | End of Webinar |
| 12.00 pm – 1.00 pm | Break | | |

NOTE: The order of topics to be covered may be revised at the trainer/speaker's discretion.

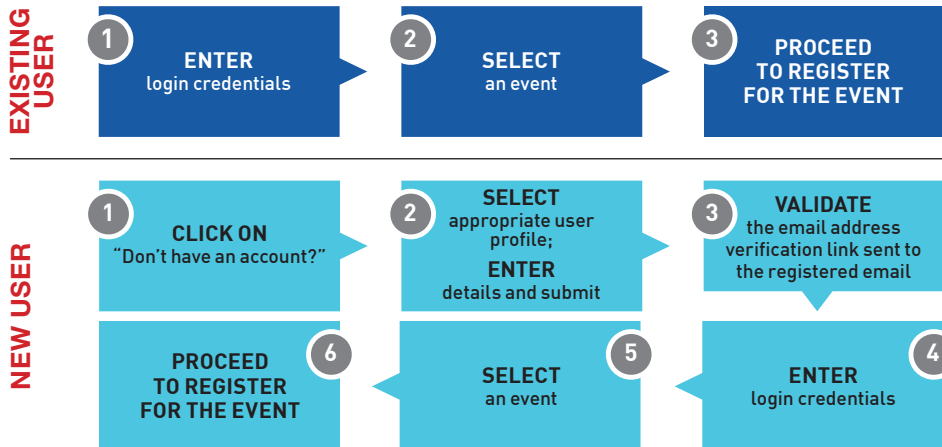
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With immediate effect, enrolment for all CPE programmes will be

STRICTLY VIA ONLINE REGISTRATION ONLY

REGISTRATION PROCESS

- To view more events and download the full brochure, please visit: pd.mia.org.my
- Search and select the event
- Click 'Register' to experience the new system by continuing with the respective steps below:



For any assistance, please call (8.45am-5.30pm, Monday-Friday)
MIA Help Desk @ 603-2722 9000

TERMS & CONDITIONS FOR WEBINARS

WEBINAR FEE

- Fee is payable to MALAYSIAN INSTITUTE OF ACCOUNTANTS
- For selected webinars, the fee includes e-materials.
- Individual Registration:** Full payment shall be made at the point of online registration.
- Corporate Registration:** Full payment shall be made within thirty (30) days from the date of the invoice or 1 day before the webinar, whichever earlier.
- Access to join the webinar shall be granted only upon full payment as per the above requirement.

WEBINAR ACCESS LINK

- The Access Link will be emailed at least 24-hours before the commencement of the webinar.
- The Access Link is unique and should not be forwarded/shared with others.

PAYMENT MODE

- Payment must be made through the **electronic channels i.e. online payment via the MIA member service portal and electronic fund transfer (EFT).**
- Payment by **cash and cheque is NOT ACCEPTABLE** effective from 1 January 2022.

HRD CORP (FOR CLAIMABLE EVENTS ONLY)

- MIA is an approved Training Provider registered under 'Institut Akakuntan Malaysia' (MyCoID: 631967).

Employer's Obligations

- To ensure grant approval is obtained prior to event registration and to provide the Grant ID notification upon event registration.
- To make full payment to MIA as per the issued Invoice within 14 working days upon receipt of MIA's notification in the event the approved training fee is cancelled by HRDC due to non-compliance on the part of the participant or his/her employer or any valid reasons stipulated by HRDC.
- To settle the balance payment to MIA within 14 working days upon receipt of MIA's notification in the event only partial claim is approved by HRDC. MIA will provide copy of the original invoice and will not issue a new invoice for the balance amount.
- If employer has made payment prior to grant approval, a refund will be made to employer subject to reimbursement received from HRDC. Refund will be made upon receipt of duly completed employer's EFT Form.
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Should the participant decide to cancel his/her enrolment, a cancellation policy shall be applied as follows:

- For written cancellation received with minimum seven (7) days' notice from the date of the webinar, no penalties will be imposed and full refund will be made to participants who have paid.
- For written cancellation received less than seven (7) days from the date of the webinar, an administrative charge of 20% of the registration fee will be imposed. Unpaid registrations will also be liable for a 20% administrative charge.
- No refunds will be made for written cancellations received on the day of the webinar or for participants who failed to join the webinar. Unpaid registrations will also be liable for full payment of the registration fee.
- Replacing registered participants is not allowed.
- Paid registration that is cancelled can opt to transfer the paid amount to future event(s) after deducting any applicable administrative charges.
- The transfer request to future event(s) should be confirmed by Corporate/Individual within three (3) days after cancellation otherwise the cancellation will be confirmed with refund action. Transfer request will not be entertained after the refund is processed.
- Corporate/Individual is required to top-up the balance amount if the amount to be transferred to the future event is insufficient.

- Any excess amount after transfer will be refunded to the Corporate/Individual's bank account as provided in the EFT form.
- Corporate/Individual is required to provide the EFT form each time when a refund is requested.

PARTICIPANT'S CLASSIFICATION AND INFORMATION

Category: Corporate/Individual

- Please select the participant classification carefully as it determines the fee payable. No alteration will be allowed upon registration.
- The information on Corporate/Individual provided shall be deemed true and correct. No alteration will be allowed upon registration.

METHODOLOGY, CERTIFICATE OF ATTENDANCE AND CPE CREDIT HOURS

- Live Q&As, quick polls/surveys will be carried out throughout the webinar.
- For selected webinars, pre and/or post course materials will be shared with participants.
- Self-assessment quizzes at the beginning as well as at end of the webinar will be given to enable participants to self-evaluate themselves on their learning performance and level of understanding of the programme content.
- Participants will be issued with an e-certificate of attendance and awarded CPE credit hours upon strict compliance of the following terms:**
 - Remain logged in at least 80% of the time allocated for the webinar,
 - Submit the post-course evaluation on learning outcome within 3 days after the completion of the webinar (late submission of the post-course evaluation will not be entertained).

- CPE credit hours will be credited into the MIA Member Services Portal within 14 days of the webinar for participants who have complied with all terms and conditions stipulated herein.

- Listening to pre-recorded webinar and/or reading from past webinar e-material shall not qualify as structured CPE credit hours.

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DATA PROTECTION

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EXCLUSION OF LIABILITY

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DISCLAIMER

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WEBINAR FEES

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|--------------------|--------|
| Member/Member Firm | RM 480 |
| Non-member | RM 580 |

Preferred Payment: Pay with MIA-CIMB Affinity Credit Card.

WEBINAR DETAILS & REGISTRATION

26 June 2023 (Monday)

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| Session 1 | : 9.00 am – 10.30 am |
| Session 2 | : 10.30 am – 12.00 pm |
| Session 3 | : 1.00 pm – 3.00 pm |
| Session 4 | : 3.00 pm – 5.00 pm |

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