

Tax Treatment for Stock in Trade

存货如何报税？

Do we report the value of inventory as there are in-store?
年尾有多少存货就报多少？

If we gift our stocks to others or use them ourselves, should we simply deduct its cost?
送给人了或自己用了，直接减掉cost就好了？

Do display samples need to be taxed?
展示样品需要征税吗？
None of them were sold!
都没有卖出去呢！



How is the cost of inventory calculated?
如何计算存货的成本？
How much to buy and how much to keep?
该买多少，放多少？
Accounting doesn't work like this!
会计不是这样的！

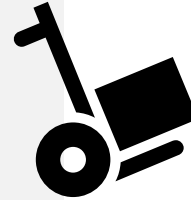


How To Value The Closing Stock Amount?

如何计算年尾存货?

Physically tangible stock in trade

- ❖ Cost of acquiring the stock in trade or its market value
- ❖ IRB allows the inclusion of costs incurred to bring the stock in trade into the appropriate condition and location
- ❖ 成本能包括运输与其他相关的费用



*IRB – Inland Revenue Board

Specific items of stock in trade

- ❖ Only the cost or its market value, whichever lower
- ❖ E.g.: Immovable properties, marketable securities, etc.
- ❖ 只能用买价与市价计算



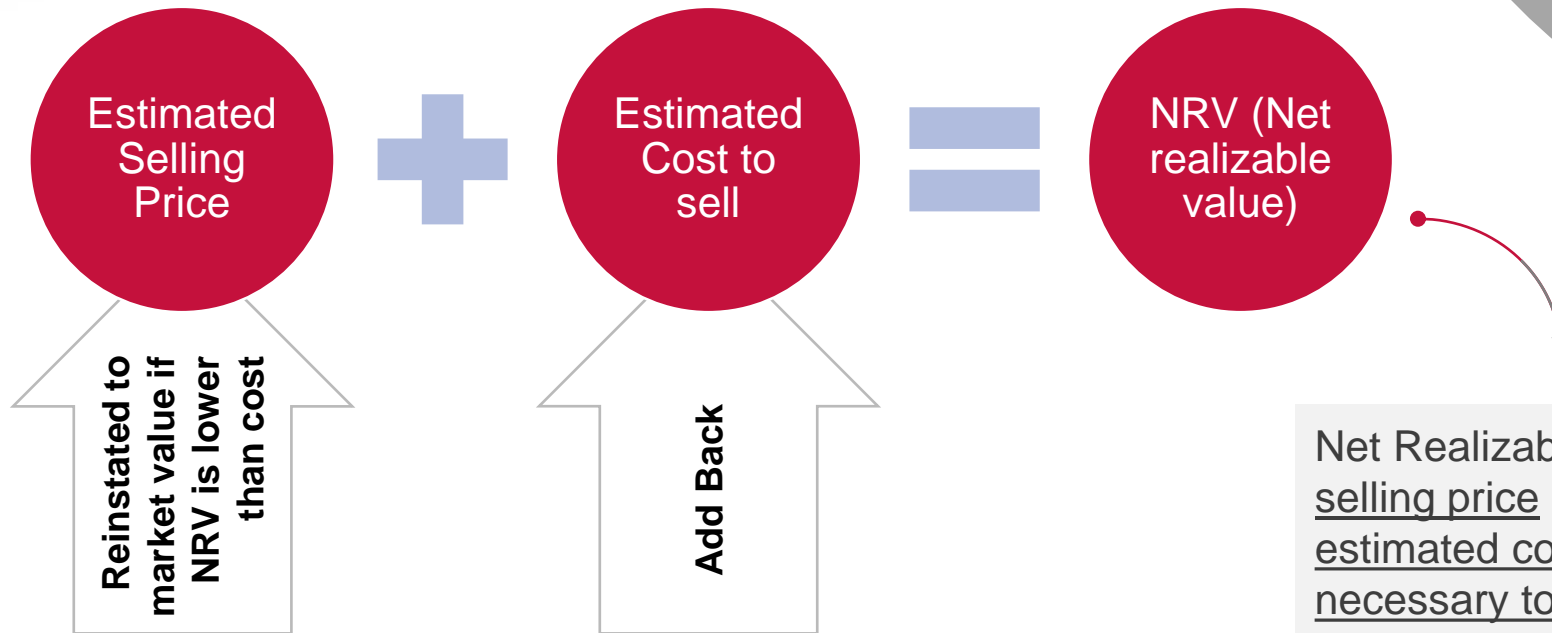
What is
Market Value?
什么是市价?



According to IRB, market value of an item refers to the price that the item would fetch if it was sold in a transaction between independent persons dealing at arm's length.

市价交易即不设定买入/卖出价格，可以保证及时成交，只需输入想买入的总金额或想卖出的总数量即可。





✦ The Concept of NRV in Accounting is NOT acceptable in Tax treatment!

Accountant 们请注意!
IRB 不接受 net realizable value!
如果你的 cost 用 NRV 计算,
estimated cost of selling 是会被加回去的!

Net Realizable Value (NRV) is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

It refers to the net amount that an entity expects to realise for the sale of inventory.

Withdrawal of Stock for Own Use

私用存货

Scenario:

Person A took a stock in trade which costs RM5,000 from her/his business. The market value of the stock in trade is RM10,000. She/he has recognized the withdrawal of stock in trade at cost value.

Solution:

Person A shall treat the RM10,000 of market value as gross income instead of the cost value of the stock in trade.
需用市价来算你的总收入。

*“The market value of the stock in trade shall be treated as gross income from the business in the year of assessment.”
(paragraph 24(2)(a) of the ITA)*

Just deduct the stock in trade at cost? **No!**

直接扣除成本? **不行!**



Scenario:

T Sdn Bhd, a television manufacturer withdraws a television from its stock in trade to place it at the office lobby. This is part of its customer service amenities and marketing strategy.

Solution:

T Sdn Bhd has to account for its stock in trade withdrawn for use in its business. The market value of the television at the time of withdrawal is treated as gross income of the business for the relevant year of assessment.

However, it can be claimed as capital allowance if the item is still used at the end of the relevant year of assessment.

但是能 claim CA 哦!

Withdrawal for Office Use

存货用于公司营业所需

It's for office use, do we still need value it at market price? **Yes!**

用于商业用途，也需要用市价算总收入? **是的!**



Withdrawal for Donation

存货用于公益

What about as donation to charitable organization?
做慈善也不能直接扣除成本?

No, you may not deduct straight from cost. However, donations are tax deductible.
不行，不过donation能扣税哦!



Withdrawal for Sponsorship

存货用于宣传产品

What about to use as sample/give away to promote the product?
送产品给别人当中推销?

That is not allowed either.
也不行哦。



Withdrawal for Use by Another Business

存货用于其他商业收入

What if I transfer my stock in trade between two distinct business activities?
把存货用于其他商业?

You will still need to treat it as a disposal and account the sales at market value.
也需要把货当成卖掉了，用 market value 当成收入。



Reclassify the stock in trade as Other Assets

存货转分类成别的资产

What if I reclassify the stock in trade into property, plant & machinery?
把存货转分类成公司资产?

You will still need to treat it as a disposal and account the sales at market value.
也需要把货当成卖掉了，用 market value 当成收入。



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Reference list 资料参考处:

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