

REGION - CENTRAL &gt; NEWS

## Business Owners Must Report Income Even If Suffer Losses – IRB

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Credit: Bernama Radio's Facebook

KUALA LUMPUR, April 8 (Bernama) -- Business owners are required to report their income even if they suffer losses, said the Kuala Lumpur Inland Revenue Board (IRB) Principal Assistant Director Syed Mohd Syukree Syed Mohd Kamil.

He said many taxpayers mistakenly believe they are not required to submit or report their income if their business incurs a loss.

"That's a common misconception. Business losses are normal. Regardless of whether your business makes a profit or suffers a loss, you are still obligated to submit and report your income annually," he said.

He assured that taxpayers should not worry if their business is operating at a loss, as this does not necessarily mean they will be taxed.

“However, if you also earn other income, such as a salary, your total income will be assessed under Form B (Tax Income Declaration Form for individuals running a business). In such cases, taxation may still apply based on the combined income,” he said.

He said this during the Bernama Radio *Tax Clinic* programme on the topic ‘Business Profit or Loss: Required to Submit Form B’.

According to him, individuals considered to be running a business include YouTubers, Instafamous personalities, influencers, or anyone earning income from paid reviews, essentially, anyone who receives payment for their content or services.

Failing to report such income within the stipulated period is a criminal offence and can lead to legal action, he said.

Under Section 112(1) of the Income Tax Act 1967, failure to submit an Income Tax Return Form (ITRF) may result in a fine ranging from RM200 to RM20,000 or imprisonment for up to six months, or both, upon conviction.

Non-compliance, he said, may also trigger a tax audit, which involves a detailed review of all business transactions and financial documents.

“This process can be complex, time-consuming, and may negatively impact both the reputation and financial standing of the business.

“To avoid this, you can begin reporting your income via Form B or e-B on the MyTax Portal from March 1 to July 15,” he advised.

For a smoother annual income reporting process, he recommended that business owners maintain proper tax records for at least seven years, which include financial statements, bank records, cash flow documentation, supplier invoices, and sales invoices issued to customers.

He said only expenses directly related to the business are eligible for tax claims.

“You must be able to clearly distinguish between business and personal expenses to avoid mistakes when submitting and reporting your income,” he said.

He explained that fulfilling income reporting obligations not only ensures compliance with tax laws but also enhances a business’s credibility and reputation in the eyes of customers, investors, and regulatory authorities.

“This demonstrates your commitment to operating a legitimate and responsible business,” he added.

Furthermore, individuals who comply with tax requirements are more likely to benefit from government incentives and exemptions, such as sector-specific investment incentives, research and development grants, and support facilities tailored for small and medium-sized enterprises.

“Regular tax compliance also allows the government to offer meaningful support to businesses, including training programmes, micro-financing schemes, and technical assistance, all of which can contribute to business growth and increased competitiveness,” he said.

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