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INCOME TAX (CAPITAL ALLOWANCES AND CHARGES) RULES 1969

[20 February 1969]

IN exercise of the powers conferred upon him by section 154(1)(b) of the Income Tax Act, 1967, the Minister of Finance hereby makes the following rules:

**Short title, commencement and interpretation**

1(1) These rules may be cited as the Income Tax (Capital Allowances and Charges) Rules, 1969, and shall have effect for the year of assessment 1968 and subsequent years of assessment.

1(2) Where a word or expression used in these Rules has its meaning defined (or has a meaning assigned to it) by any provision of Schedule 3 to the Income Tax Act, 1967 (that Schedule being in these Rules referred to as the Schedule) either for the purposes of the Schedule as a whole or for the purposes of any particular provision thereof, then, unless the context otherwise requires, that word or expression shall in these Rules have the meaning so defined or assigned.

**Disposals and acquisitions of assets subject to control, etc.**

2 Where the asset is disposed of in circumstances to which paragraph 38 of the Schedule applies, paragraphs 3 to 10 of these Rules shall have effect for the purposes of paragraphs 39 and 40 of the Schedule.

3 Subject to paragraph 4, for the purposes of paragraph 40 of the Schedule, the qualifying expenditure deemed to have been incurred by the acquirer shall be treated as having been incurred on the first day of the disposer’s final period.

4 Where the disposer incurred qualifying expenditure in relation to the asset on or after the first day of the disposer’s final period, paragraph 3 shall not apply and that qualifying expenditure shall be deemed to have been incurred by the acquirer at the time that it was incurred by the disposer.

5 Where there is an interval between the actual date of disposal of the asset and the first day of the disposer’s final period and that day falls after the date of disposal, the asset shall be deemed to have been owned by and in use by the disposer for the purposes of the disposer’s business (in relation to which the asset was in use at the date of disposal) at the end of the basis period in relation to that business for the year of assessment which immediately precedes the year of assessment to which the disposer’s final period relates.

6 For the avoidance of doubt, it is hereby declared that paragraph 39 of the Schedule shall not apply where the asset is not subsequently used for the purposes of the business of the acquirer after its disposal by the disposer and any balancing allowance or balancing charge shall be made in relation to the business of the disposer as if the disposal had not been a disposal to which paragraph 38 of the Schedule applies.
Except in a disposal to which paragraph 6 applies, no balancing allowance nor balancing charge shall be made in relation to the business of the disposer in relation to the asset.

In any case to which paragraph 3 or 5 applies—
(a) no initial allowance shall be made to the acquirer in respect of the qualifying expenditure incurred by him in relation to the asset; and
(b) paragraphs 14 to 18 of the Schedule shall apply for the determination of any annual allowance to be made to the acquirer as would have been made to the disposer for any year of assessment.

Where the asset is disposed of by the acquirer otherwise than in circumstances to which paragraph 38 of the Schedule applies, for the purposes of paragraphs 35 and 37 of the Schedule allowances made to the disposer and any previous disposer in relation to the asset shall be deemed to have been made in relation to the business of the acquirer.

Where the asset is an asset in relation to which qualifying plantation expenditure or qualifying forest expenditure was incurred by the disposer—
(a) for the purposes of paragraph 39 of the Schedule, the reference therein to disposer’s residual expenditure on the first day of the disposer’s final period shall be taken to be—
(i) in respect of qualifying plantation expenditure incurred by the disposer, the total qualifying expenditure incurred by him in relation to the asset before that day reduced by the amount of any forest allowance made to him for any year of assessment before that day;
(ii) in respect of qualifying forest expenditure incurred by the disposer, the total qualifying expenditure incurred by him in relation to the asset before that day reduced by the amount of any plantation allowance made to him for any year of assessment before that day;
(b) the acquirer shall be deemed to have incurred qualifying plantation expenditure or, as the case may be, qualifying forest expenditure of an amount equal to the amount of the disposer’s residual expenditure ascertained under sub-paragraph (a); and
(c) paragraphs 3 to 9 shall apply, with the necessary modifications (and in particular the modification that any plantation allowance or, as the case may be, forest allowance to be made to the acquirer for a year of assessment shall be ascertained on the assumption that the qualifying plantation expenditure or, as the case may be, the qualifying forest expenditure incurred by the disposer had been incurred by the acquirer at the time it was incurred by the disposer), to the disposer and the acquirer in respect of the qualifying plantation expenditure or, as the case may be, the qualifying forest expenditure incurred in relation to the asset.

Asset used in more than one business

Paragraphs 12 to 17 shall apply for the determination of the amount of any initial or annual allowance or balancing allowance or balancing charge to be made in relation to a business of a person in respect of qualifying expenditure incurred by him in relation to an asset in the circumstances mentioned in paragraph 41 of the Schedule.
12(1) Where a person incurs qualifying expenditure in relation to an asset for the purposes of two or more businesses of his and that qualifying expenditure is incurred on a date which falls into the basis period appropriate to each of those businesses for the same year of assessment, any initial or annual allowance falling to be made in relation to that qualifying expenditure for that year (and any annual allowances for any subsequent year of assessment in so far as the asset is in use for the purposes of those businesses at the end of the basis period appropriate to each of those businesses for any such subsequent year) shall be apportioned among those businesses in equal proportions or, if that person satisfies the Comptroller-General that some other proportions would be appropriate, in those other proportions.

12(2) Where the day on which qualifying expenditure incurred by a person in relation to an asset for the purposes of two or more businesses of his does not fall into the basis period appropriate to each of those businesses for the same year of assessment, the qualifying expenditure shall be deemed to have been incurred for the purposes of those businesses which are eligible and—

(a) any initial or annual allowance falling to be made in relation to that expenditure for the year of assessment to which the eligibility relates shall be apportioned equally among the eligible businesses or, if there is only one eligible business, shall be made in relation to that business; and

(b) any annual allowance falling to be made for a subsequent year of assessment shall be dealt with in accordance with sub-paragraph (a) or, where the asset is in use for the purposes of two or more businesses, by applying paragraph 13 as if the eligible business or businesses were the old business within the meaning of that paragraph and the ineligible business or businesses were the new business within the meaning of that paragraph.

12(3) In sub-paragraph (2), a business is eligible if the date on which the qualifying expenditure is incurred falls within the basis period appropriate to that business for a year of assessment which is the first year of assessment for which an initial allowance could be made, if claimed, in respect of that qualifying expenditure in relation to any of the businesses for the purposes of which the qualifying expenditure was incurred.

13 Where a person has incurred qualifying expenditure in relation to an asset for the purposes of a business of his (that business being in this paragraph referred to as the old business) and subsequently the asset is in use for the purposes of the old business and another business of his (that other business being in this paragraph referred to as the new business), he shall be deemed to have disposed of part of the asset as regards the old business and to have incurred qualifying expenditure in relation to that part for the purposes of the new business—

(a) if the day on which the asset began to be used for the purposes of the new business falls within the basis period appropriate to the old business and to the new business for the same year of assessment, on that day; or

(b) in any other case, in the basis period appropriate to the old business and to the new business for the same year of assessment (that year being the earliest year of assessment following in which the asset began to be used for the purposes of the new business),
and any allowance (for the year of assessment in the basis period for which the disposal is
deemed to have taken place) which would otherwise have been made in relation to the
asset and the old business, if it had been in use solely for the purposes of the old business
(and any allowance for any subsequent year of assessment in so far as the asset is in use
for the purposes of the old business and the new business) shall be apportioned among
the old business and the new business in equal proportions, or, if that person satisfies the
Comptroller-General that some other proportions would be appropriate, in those other
proportions.

14(1) Where a person has incurred qualifying expenditure in relation to an asset for the
purposes of a business of his and on its permanently ceasing to be used for the purposes
of that business (that business being in this sub-paragraph referred to as the first business)
it is used for the purposes of another business of his (that other business being in this sub-
paragraph referred to as the second business), paragraphs 2 to 10 shall apply as if there
had been a disposal of the kind to which paragraph 38 of the Schedule applies on the day
on which the asset permanently ceased to be used for the purposes of the first business
and that in relation to the first business he were the disposer within the meaning of that
paragraph and in relation to the second business he were the acquirer within the meaning
of that paragraph.

14(2) Where a person has incurred qualifying expenditure in relation to an asset for the
purposes of two or more businesses of his and subsequently the asset permanently ceases
to be used for the purposes of one of those businesses (that business being in this sub-
paragraph referred to as the relevant business) but continues to be used for the remainder
of those businesses, he shall be deemed to have disposed of the asset as regards the
relevant business and to have incurred additional qualifying expenditure in relation to that
asset as regards to the remainder of those businesses—

(a) if the asset ceases to be used of the purposes of the relevant business by reason of
the fact that the relevant business is permanently discontinued and if the day on
which the relevant business is so discontinued falls into the basis period
appropriate to each of the remainder of those businesses for the same year of
assessment, on that day;

(b) in any other case, at the end of the basis period in relation to the relevant business
which immediately precedes the basis period in which the asset permanently
ceases to be used for the purposes of the relevant business

and any allowance falling to be made in relation to the asset for the year of assessment
following that in the basis period for which the disposal is deemed to have been made
(and any allowance for any subsequent year of assessment in so far as the asset is in use
for the purposes of the remainder of the businesses) shall be apportioned among
the remainder of the businesses in equal proportions or, if that person satisfies the
Comptroller-General that some other proportions would be appropriate, in those other
proportions, or if there is only one remaining business, shall be made in relation to that
remaining business.

14(1) Commerce Clearing House (Malaysia) Sdn Bhd
15(1) Where an asset in relation to which qualifying expenditure was incurred by a person and to which any of paragraphs 11 to 14 applies, is disposed of by him otherwise than in a disposal to which paragraph 38 of the Schedule is applicable, and the asset on the day preceding the date of disposal is used—

(a) for the purposes of only one business of his, any balancing allowance or balancing charge in relation to that asset shall be made in relation to that business;

(b) for the purposes of two or more businesses of his, any balancing allowance or balancing charge in relation to that asset shall be apportioned among those businesses in the proportions in which the initial allowance, if any, or annual allowance in respect of qualifying expenditure in relation to the asset was or would have been apportioned for the relevant year among those businesses,

as if the initial allowance, if any, and any annual allowances made or which would have been made, if claimed, in relation to the qualifying expenditure had been made or would have been made in relation to that business or, as the case may be, those businesses.

15(2) In sub-paragraph (1) “the relevant year” means the last year of assessment (being a year of assessment the basis period for which precedes that in which the disposal takes place) for which the initial allowance, if any, or an annual allowance was claimed.

16 Paragraph 34 of the Schedule shall not apply, nor shall any initial allowance be made, in respect of a disposal deemed to have taken place or in respect of qualifying expenditure deemed to have been incurred by virtue of paragraphs 12 to 14.

17 Where none of paragraphs 12 to 15 are applicable any initial or annual allowance or balancing allowance or balancing charge to be made in relation to an asset shall be apportioned or otherwise dealt with in whatever manner as the Comptroller-General considers just and reasonable.

**Partnerships**

18 Notwithstanding any provisions of the Act, for the purposes of paragraph 74 of the Schedule paragraphs 20 to 23 shall have effect in relation to a business of a person or of a partnership carried on throughout the period (that period being in paragraphs 20 and 26 referred to as the relevant period) being—

(a) any period during which the business is that of a partnership; or

(b) the aggregate of the following periods which are successive—

(i) any period during which the business is that of a partnership; and

(ii) any period during which the business is that of another partnership,

if at least one of the persons who was a partner of that first-mentioned partnership is a partner of that other partnership; or

(c) the aggregate of any of the following periods which are successive—

(i) any period, ending immediately prior to a person becoming a partner in a partnership, during which the business is a business of that person and immediately after the end of that period the business becomes a business of that partnership;

(ii) any period ascertained under sub-paragraph (a);
(iii) any period ascertained under sub-paragraph (b);
(iv) any period during which the business is a business of a person where that business was a business of a partnership of which he was a partner immediately before that period.

19 In paragraph 18 references to business of a person or partnership in any successive periods are references to businesses which are substantially similar and which to all intents and purposes are carried on successively as if they were one continuing business.

20 In relation to a business to which paragraph 18 applies, it shall be deemed that—
(a) in the relevant period that business is the business of one and the same person (that person being in this paragraph, paragraphs 21 to 23 and paragraph 26 referred to as the operator);
(b) any accounts of the business made up for any particular period forming part of the relevant period are accounts of the business of the operator made up for that particular period;
(c) any qualifying expenditure, qualifying plantation expenditure or qualifying forest expenditure incurred by the person or partnership for the purposes of the business of that person or, as the case may be, that partnership during the appropriate part of the relevant period had been incurred by the operator at the time such expenditure was in fact incurred for the purposes of the business of the operator;
(d) any event (which would result in a plantation charge, forest charge, a balancing allowance or a balancing charge or other consequence in relation to a person, an asset and a business of his) occurring in relation to the business of a person or a partnership during the appropriate part of the relevant period had occurred in relation to the business of the operator at the time the event in question had in fact occurred.

21 In relation to the business of the operator—
(a) on the hypothesis that the operator were an individual, Chapter 2 of Part III of the Act shall apply for the purpose of ascertaining the basis period in relation to that business for a year of assessment; and
(b) on that hypothesis, any allowance or charge to be made or other consequence arising for a year of assessment shall be ascertained in accordance with the Schedule.

22 The amount of any allowance or charge or other consequence arising which is ascertained under paragraph 21 in relation to the business of the operator for a year of assessment shall, where at the end of the basis period in relation to the business of the operator for that year of assessment—
(a) the business is that of a person, be made in relation to the business of that person for that year of assessment;
(b) the business is that of a partnership—
(i) in the case of an amount so ascertained be apportioned among the persons who are partners of the partnership in the proportions in which in accordance with the sharing arrangements, subsisting at that time, of the partners any divisible profits ("divisible profits" here having the same meaning as in commerce clearing house (Malaysia) sdn bhd
section 55(7) of the Act) from the business are to be apportioned among them; and so much of the amount apportioned to a partner together with any amount ascertained under paragraph 23 as regards that partner for that year of assessment shall be deemed to he that amount of the allowance, charge or other amount to be made in relation to the proprietorship business of his (‘proprietorship business’ here and in paragraph 23 having the same meaning as in section 55) or, as the case may be, the continuing proprietorship business of his (‘continuing proprietorship business’ here and in paragraph 23 having the same meaning as in section 56) or that year of assessment;

(ii) in any other case, shall be dealt with in whatever manner is just as reasonable.

23 Where a person who is a partner of a partnership incurs qualifying expenditure for the purposes of a business of the partnership, the amount of any allowance or charge to be made or other consequence arising for a year of assessment in relation to that expenditure shall be ascertained in accordance with the Schedule in relation to the sole proprietorship business of his or, as the case may be, the continuing proprietorship business of his.

Transitional Provisions

24 Where an asset is disposed of in circumstances to which paragraph 38 of the Schedule would, but for this paragraph, apply but in relation to the disposer:

(a) the disposal took place before the commencement of the basis period in relation to the disposer’s business (in relation to which the asset was in use at the date of disposal) for the year of assessment 1968; or

(b) section 31(5) or (7) of the Income Tax Ordinance of West Malaysia is applicable to the disposer’s business (in relation to which the asset was in use at the date of disposal) for the years of assessment 1966 and 1967 under the Ordinance and the disposer and acquirer do not elect in accordance with section 22B(2) of that Ordinance,

paragraphs 38 to 40 of the Schedule shall not apply to the disposer in relation to the disposal of the asset or to the acquirer in respect of qualifying expenditure incurred by him in relation to that asset.

25 Where a person has incurred qualifying expenditure, qualifying plantation expenditure or qualifying forest expenditure in relation to a business of that person in the basis period under a repealed law for a year of assessment under that repealed law and in relation to the asset in question:

(a) he and the disposer of the asset makes an election in accordance with section 22B of the Income Tax Ordinance of West Malaysia; or

(b) under any arrangements made for the purposes of the Income Tax Ordinance of Sabah or the Inland revenue Ordinance of Sarawak in relation to a disposal of a kind referred to in paragraph 38 of the Schedule, allowances under the appropriate Ordinance in relation to the asset were calculated by reference to the expenditure unallowed (within the meaning of the appropriate Ordinance) to the disposer,
paragraph 9 shall apply on the disposal of the asset by that person in the basis period for a year of assessment in relation to that business or where the asset is disposed of by him in circumstances to which paragraph 38 applies on any subsequent disposal (other than one in circumstances to which paragraph 38 applies) by a subsequent acquirer.

26 In the application of paragraphs 18 to 23, any allowances made under a repealed law ("repealed law" in this paragraph having the same meaning as in Schedule 9) to a person in respect of an asset for any year of assessment under a repealed law in relation to a business of his or a business of a partnership of which he was a partner and that business of his or that business of the partnership was carried on during any part of the relevant period, shall be deemed to have been made to the operator.
INCOME TAX (OFFICIAL DECLARATION) RULES 1970

PU (A) 30

IN exercise of the powers conferred upon him by section 154(1) of the Income Tax 1967 [Act 53], the Minister of Finance hereby makes the following rules:

RULE 1 CITATION

1 These Rules may be cited as the Income Tax (Official Declaration) Rules 1970.

RULE 2 FORM OF DECLARATION

2(1) The declaration to be made and subscribed under subsection (1) of section 138 of the Act by every official shall be substantially in the form of the First Schedule hereto.

2(2) Such declaration may be made and subscribed before any of the persons specified in the persons specified in the Second Schedule hereto.

FIRST SCHEDULE

INCOME TAX ACT 1967

(Section 138(1))

FORM OF DECLARATION

I, .... of .... do solemnly declare that I shall regard and deal with any return or other documents made for the purposes of the Income Tax Act 1967, and relating to the income of any person or partnership and any information relating to the income of any person or partnership and any information or other documents which comes to my notice or possession, as confidential, and I shall not, except in accordance with the said Act, communicate to another person or allow another person to have access to such information or documents.

..........................

Signature

Declared before me this ......................... day of ................................ 19............

Thornton’s Malaysian Tax Commentaries Sch 1
SECOND SCHEDULE
PERSONS BEFORE WHOM DECLARATION UNDER SECTION 138(1) MAY BE MADE AND SUBSCRIBED

1. In any State in West Malaysia—
   (a) A Magistrate
   (b) Commissioner for Oaths
   (c) Comptroller-General of Inland Revenue
   (d) Deputy Comptroller-General of Inland Revenue
   (e) Assistant Comptroller-General of Inland Revenue
   (f) Senior Assistant Comptroller of Inland Revenue
   (g) Assistant Comptroller of Inland Revenue
   (h) Assessment Officer of Inland Revenue

2. In the State of Sarawak—
   (a) A Magistrate
   (b) Commissioner for Oaths
   (c) Comptroller of Inland Revenue, Sarawak
   (d) Senior Assistant Comptroller of Inland Revenue, Sarawak
   (e) Assistant Comptroller of Inland Revenue, Sarawak

3. In the State of Sabah—
   (a) A Magistrate
   (b) Commissioner for Oaths
   (c) Comptroller of Inland Revenue, Sabah
   (d) Senior Assistant Comptroller of Inland Revenue, Sabah
   (e) Assistant Comptroller of Inland Revenue, Sabah
INCOME TAX (DEDUCTION OF DONATIONS IN KIND TO DISASTER RELIEF FUNDS) RULES 1971

PU (A) 15

13 January, 1971

IN exercise of the powers conferred by section 154(1)(b) of the Income Tax Act, 1967, the Minister of Finance hereby makes the following rules:

RULE 2 ASCERTAINMENT OF ADJUSTED INCOME

2 For the purpose of ascertaining the adjusted income under section 33 of the Act of a person from a source of his consisting of a business for the basis period for a year of assessment, there shall be deducted from the gross income of that person from that source an amount equal to the value of the donation in kind made by that person to the National Disaster Relief Fund or a State Disaster Relief Fund provided that—

(a) such donation has been made out of the stock in trade of that business; and

(b) the amount of deduction in respect of such donation does not exceed the adjusted income for the basis period for that year of assessment (such adjusted income being ascertained before deducting such donation).

RULE 1 CITATION AND COMMENCEMENT

1 These rules may be cited as the Income Tax (Deduction of Donations in Kind to Disaster Relief Funds) Rules, 1971, and shall have effect for the year of assessment 1971 and subsequent years of assessment.
INCOME TAX (DEDUCTION OF FOREST PREMIUM AND PAWNBROKER’S TENDER FEE) RULES 1974

IN exercise of the powers conferred by sections 33(1)(d) and 154(1)(b) of the Income Tax Act, 1967, the Minister of Finance hereby makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1 These Rules may be cited as the Income Tax (Deduction of Forest Premium and Pawnbroker’s Tender Fee) Rules, 1974, and shall be deemed to have come into force for the year of assessment 1968 and subsequent years of assessment.

RULE 3 DEDUCTION OF FOREST PREMIUM OR PAWNBROKER’S TENDER FEE
3 Subject to rule 4 of these Rules, for the purposes of ascertaining under the Act the adjusted income of a person from a business for the basis period for a year of assessment, there shall be allowed as a deduction the amount of any forest premium or pawnbroker’s tender fee, as the case may be, paid or payable for that basis period by that person wholly and exclusively in respect of that business.

RULE 2 INTERPRETATION
2 In these Rules, unless the context otherwise requires:
   “Act” means the Income Tax Act, 1967;
   “forest premium” means any sum payable (in addition to or in lieu of royalty) to a State Government for the right to fell and remove timber or forest produce;
   “pawnbroker’s tender fee” means any sum payable to a State Government for the issue of a licence to carry on the business of a pawnbroker under any written law relating to pawnbroking.

RULE 4 AMOUNT OF DEDUCTION
4 The amount of deduction to be allowed under rule 3 of these Rules shall be—
   (i) one half of the amount of the forest premium paid or payable for the basis period for the year of assessment 1968;
   (ii) the whole amount of the forest premium paid or payable for the basis period for each of the years of assessment 1969 and subsequent years of assessment;
   (iii) the whole amount of the pawnbroker’s tender fee paid or payable for the basis period for each of the years of assessment 1968 and subsequent years of assessment.

Rule 3

Commerce Clearing House (Malaysia) Sdn Bhd
INCOME TAX (QUALIFYING PLANT ANNUAL ALLOWANCES) (AMENDMENT) RULES 1980

PU (A) 346

[3 December 1980]

In exercise of the powers conferred by section 154(1)(b) of the Income Tax Act 1967, the Minister makes the following Rules:

RULE 1 CITATION AND COMMENCEMENT

1 These Rules may be cited as the Income Tax (Qualifying Plant Annual Allowances) (Amendment) Rules 1980, and shall have effect for the year of assessment 1981 and subsequent years of assessment.

RULE 2 ANNUAL ALLOWANCES

2 Annual allowances under paragraph 15 of Schedule 3 to the Income Tax Act 1967 on qualifying plant expenditure shall be calculated at the respective rates set out in the Schedule to these Rules.

SCHEDULE

A. RATES FOR PARTICULAR INDUSTRIES

<table>
<thead>
<tr>
<th>Industry</th>
<th>Rate (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Transport</td>
<td></td>
</tr>
<tr>
<td>Aircrafts</td>
<td>16</td>
</tr>
<tr>
<td>Precision machinery and equipment, testing equipment, flight simulators and Trainers</td>
<td>14</td>
</tr>
<tr>
<td>Other general plant and machinery</td>
<td>8</td>
</tr>
<tr>
<td>Amusement and Recreation Services</td>
<td></td>
</tr>
<tr>
<td>Billiard tables, bowling lanes and equipment, ice-skating rinks and merry-go-rounds</td>
<td>10</td>
</tr>
<tr>
<td>Gramophones, juke boxes, pin tables, radio and television receivers, electric dodgems, midget cars and trains, racing and railtracks and other entertainment equipment</td>
<td>14</td>
</tr>
<tr>
<td>Cinema and Theatre: Projectors, stage lights, sound equipment and other electrical apparatus</td>
<td>12</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th></th>
<th>Rate (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motion picture making equipment</td>
<td>12</td>
</tr>
<tr>
<td>Seating and other furniture and fittings</td>
<td>8</td>
</tr>
<tr>
<td>Sporting and other games equipment</td>
<td>8</td>
</tr>
</tbody>
</table>

**Building and Construction**

- Earth-moving plant and heavy equipment — bulldozers, ditchers, excavators, graders, loaders, rippers, rollers, rooters, scrapers, shovels, tractors ................................................................. 20
- Concreting plant — mixers, batchers, dumpers (motorized), immersion vibrators, vibrating screeners, pumps ........................................................... 16
- General plant — bending machines (bar, angle and rod), compressors, elevators, cranes, scaffolding, welding units, crushers and bins, asphalt plant (road building) ......................................................... 12

**Chemicals, etc.**

- Ammonia and sulphur plant ................................................................. 12
- Asbestos and concrete products plant .................................................. 10
- Battery manufacturing plant ................................................................. 12
- Cement manufacturing plant .................................................................. 10
- Fertilizer manufacturing plant ............................................................. 8
- Gelatin and glue manufacturing plant ................................................... 10
- Glass manufacturing plant .................................................................... 10
- Insecticide manufacturing plant ........................................................... 12
- Oxygen and gas plant ............................................................................ 8
- Petroleum refinery:
  - Cracking stills ................................................................................ 10
  - Condensers, storage tanks and other plant ........................................ 8
  - Paint, colour and varnish manufacturing plant .................................. 8
- Plastic products manufacturing:
  - General plant .................................................................................. 8
  - Moulds ............................................................................................ 16
- Rubber products manufacturing:
  - General plant .................................................................................. 10
  - Moulds ............................................................................................ 16
  - Soap and candle manufacturing plant ................................................. 8
- General plant and machinery used for manufacturing of chemicals (not elsewhere specified) .......................................................... 8

**Containers, Printing and Assembly Works**

- Canning, packing and bottling plant .................................................... 10
- Cardboard boxes and carton manufacturing plant ................................ 8
- Cases, containers, bags, nets and bottle manufacturing equipment ..... 8
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Rate (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor-vehicle assembly plant and equipment</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Printing machinery and related equipment</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Clay Industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brick and tile manufacturing plant</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Pottery works equipment</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Food and Other Consumer Goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bakery, biscuit, processed food, aerated water, milk and milk based drinks and other beverages equipment</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Cigarette manufacturing plant</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Cold storage, refrigeration and ice making plant</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Distillery and Brewery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Casks</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>General plant</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Fishing:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boats, ships, traps and divers’ equipment</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>Processing, canning and refrigeration plan</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Flour milling plant and machinery</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Rice milling plant and machinery</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Sugar refinery plant and machinery</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Tea factory and related equipment</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>General plant and machinery used for the manufacture, milling and processing of consumer goods and products (intermediate and final users)</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Electricals and Electronics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electrical appliances and accessories manufacturing and assembling plant</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>Electronic Data Processing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer and data processing systems</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>Free access floors</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Electronic manufacturing, assembly and testing equipment</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Iron, Steel and Smelters</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blast furnaces, sheet mills, wire rod mills, plate mills, structural mills</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>General plant — ore smelters, iron and steel mills</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Metal Working and Metal Products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annealing ovens, hydraulic presses, drop hammers</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>General plant</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Milling machines</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>Lathes</td>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>
### Primary Industries

**Agriculture:**
- Cultivators, harvesters, tractors and other farming equipment: 12%
- Feed for animals and livestock — processing plant and machinery: 8%
- Inland fishing: Fish ponds: 10%
- Livestock farms and buildings: 10%
- Livestock pens and cages: 14%
- Orchards and flower gardens: Green houses and wells: 10%

**Mining:**
- Earth moving plant and heavy equipment: 20%
- Dredges: 12%
- Mining and quarrying plant and machinery: 10%

**Plantation:**
- Earth moving plant and heavy equipment: 20%
- Tractors, cultivators and other haulage vehicles: 12%
- S.M.R. Factories and palm oil mills including environmental, control equipment: 12%
- General plant and machinery: 10%

**Timber:**
- Heavy equipment including bulldozers, tractor engines, tractors and timber haulage vehicles: 20%
- General plant and machinery: 10%
- Sawmilling plant and machinery: 10%

### Professional and Personal Services

**Hairdressers’ equipment:** 8%

**Hospital, dental and medical equipment:** 12%

**Hotels, Boarding Houses and Restaurants:**
- Carpets, electrical appliances and kitchen equipment: 14%
- Furniture and fittings: 12%
- Bedding, linen, cutlery, crockery, glassware and cooking utensils: Replacement
- Laundry equipment: 10%

**Photographers’ equipment:** 10%

**Service station and motor garage equipment:** 10%

**General plant and machinery used in the provision of professional and personal services (not elsewhere specified):** 8%
## Sea and Water Transport

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dry and floating docks and related equipment used for ship building and repairing</td>
<td>8</td>
</tr>
<tr>
<td>Ships — Steel tankers</td>
<td>8</td>
</tr>
<tr>
<td>Steel (other than tankers)</td>
<td>6</td>
</tr>
<tr>
<td><strong>Wooden</strong> (including junks and sampans)</td>
<td>10</td>
</tr>
<tr>
<td>Launches — Motorized</td>
<td>10</td>
</tr>
<tr>
<td>Outboard motors</td>
<td>12</td>
</tr>
<tr>
<td>Lighters — Steel</td>
<td>6</td>
</tr>
<tr>
<td>Wooden</td>
<td>10</td>
</tr>
<tr>
<td>Steam winches</td>
<td>10</td>
</tr>
<tr>
<td>Tugs</td>
<td>10</td>
</tr>
<tr>
<td>Oil Rigs (Ocean digger)</td>
<td>8</td>
</tr>
</tbody>
</table>

## Textile

Sewing and knitting machines, electric motors, bleaching and dyeing machine, looms and weaving machines 10

## Utilities

### Electricity Undertakings:

- Steam turbine generator, boiler plant equipment, transmission distribution equipment and related generating plant 10
- Cables, meters 8

## B. Rates for Particular Types of Plant Not Confined to Specific Industries

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertisting signs</td>
<td>10</td>
</tr>
<tr>
<td>Amenities for employees:</td>
<td></td>
</tr>
<tr>
<td>Fixtures and fittings</td>
<td>14</td>
</tr>
<tr>
<td>Plant and equipment used in providing meals or facilities for meals of employees</td>
<td>16</td>
</tr>
<tr>
<td>Bank vaults</td>
<td>6</td>
</tr>
<tr>
<td>Fire and Security Protection Equipment</td>
<td>10</td>
</tr>
<tr>
<td>Furnaces, kilns and ovens</td>
<td>12</td>
</tr>
<tr>
<td>Goods and Passengers Handling Equipment:</td>
<td></td>
</tr>
<tr>
<td>Escalators, lifts, hoisting machines, conveyor belts, forklifts, lifting gears, trolleys, cranes and weighing machines</td>
<td>12</td>
</tr>
<tr>
<td>Land Transport Equipment:</td>
<td></td>
</tr>
<tr>
<td>Motorcars, motor cycles</td>
<td>16</td>
</tr>
<tr>
<td>Item</td>
<td>Rate (percent)</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Motor vehicles licensed for commercial transportation of goods and passengers — lorries, trucks, bus, mini bus, vans, taxicabs and hire-cars</td>
<td>20</td>
</tr>
<tr>
<td>Bicycles</td>
<td>10</td>
</tr>
<tr>
<td>Railway locomotive</td>
<td>12</td>
</tr>
<tr>
<td>Railway wagons, lines and related equipment</td>
<td>8</td>
</tr>
<tr>
<td>Office Equipment:</td>
<td></td>
</tr>
<tr>
<td>Accounting and adding machines, typewriters, calculators, cash registers, copiers and duplicating machines, postal franking machines</td>
<td>12</td>
</tr>
<tr>
<td>Air-Conditioning systems:</td>
<td></td>
</tr>
<tr>
<td>Central type including ducts and vents</td>
<td>10</td>
</tr>
<tr>
<td>Room units</td>
<td>12</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>8</td>
</tr>
<tr>
<td>Telecommunication equipment</td>
<td>10</td>
</tr>
<tr>
<td>Radio and Radio Transceiver Set</td>
<td>14</td>
</tr>
<tr>
<td>Television Sets</td>
<td>14</td>
</tr>
</tbody>
</table>

Sch Commerce Clearing House (Malaysia) Sdn Bhd
INCOME TAX (DEDUCTIONS OF INTEREST PAYABLE ON LOAN TO A SMALL BUSINESS) RULES 1981

[26 March 1981]

IN exercise of the powers conferred by section 154(1)(b) of the Income Tax Act 1967, the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1 These Rules may be cited as the Income Tax (Deductions of Interest Payable on Loan to a Small Business) Rules 1981 and shall have effect for the year of assessment 1982 and subsequent years of assessment.

RULE 2 DEDUCTIONS

2(1) Subject to paragraph 3, for the purpose of ascertaining the adjusted income of a person under the Act, there shall be allowed as a deduction any interest payable by him on a loan to a small business.

2(2) The deduction allowed under these Rules shall be in addition to any deduction allowable under section 33 of the Act.
INCOME TAX (DEDUCTIONS OF INSURANCE PREMIUMS FOR IMPORTERS) RULES 1982
PU (A) 72

[2 March 1982]

IN exercise of the powers conferred by subsection (1) of section 154 of the Income Tax Act 1967, the Minister makes the following Rules:

RULE 1 CITATION AND COMMENCEMENT

1 These Rules may be cited as the Income Tax (Deductions of Insurance Premiums for Importers) Rules 1982 and shall have effect for the year of assessment 1982 and subsequent years of assessment.

RULE 2 DEDUCTIONS

2(1) For the purposes of ascertaining the adjusted income of a person from a business under the Act, there shall be allowed as a deduction any premium of a kind allowable under section 33 of the Act payable in respect of insurance of cargo imported by that person provided the risks are insured with any insurance company incorporated in Malaysia.

2(2) The deduction under these Rules shall be in addition to any deduction allowable under section 33 of the Act.
INCOME TAX (DEDUCTIONS FOR THE EMPLOYMENT OF DISABLED PERSONS) RULES 1982

IN exercise of the powers conferred by subsection (1) of section 154 of the Income Tax Act 1967, the Minister makes the following Rules:

RULE 1 CITATION AND COMMENCEMENT

1. These Rules may be cited as the Income Tax (Deductions for the Employment of Disabled Persons) Rules 1982 and shall have effect for the year of assessment 1982 and subsequent years of assessment.

RULE 2 DEDUCTIONS

2(1) Subject to Rule 3, for the purpose of ascertaining the adjusted income of a person under the Act, there shall be allowed as a deduction the remuneration of a kind allowable under section 33 of the Act payable by him to each employee who is physically or mentally disabled.

2(2) The deduction allowed under these Rules shall be in addition to any deduction allowable under section 33 of the Act.

RULE 3 SATISFACTION OF CONDITION TO QUALIFY FOR DEDUCTIONS

3. In order to qualify for a deduction under paragraph (1) of Rule (2), the person claiming the deduction shall prove to the satisfaction of the Director-General that the employee is physically or mentally disabled and is not able to perform the work of a normal person.

RULE 4 CANCELLATION OR REVOCATION OF CERTIFICATE

4. Where a certificate referred to in paragraph 3 is cancelled or revoked at any time in any year of assessment, any deduction for which provision is made under paragraph 2(1) shall be deemed never to have had effect for the year or years of assessment to which the cancellation or revocation relates.

RULE 3 SATISFACTION OF CONDITIONS TO QUALIFY FOR DEDUCTIONS

3. In order to qualify for a deduction under paragraph 2(1)—

(a) the person claiming the deduction shall produce a certificate from an appropriate authority designated to approve any loan to a small business; and

(b) the interest must be allowable under section 33 of the Act.
INCOME TAX (DEDUCTIONS OF PREMIUMS FOR EXPORT CREDIT INSURANCE) RULES 1985
PU (A) 526

[26 November 1985]

IN exercise of the powers conferred by subsection (1) of section 154 of the Income Tax Act 1967, the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1 These Rules may be cited as the Income Tax (Deductions of Premiums for Export Credit Insurance) Rules 1985 and shall have effect for the year of assessment 1986 and subsequent years of assessment.

RULE 2 DEDUCTIONS
2(1) For the purposes of ascertaining the adjusted income of a person from a business under the Act, there shall be allowed as a deduction any premium of a kind allowable under section 33 of the Act payable in respect of export credit insurance insured with a company approved by the Minister.
2(2) The deduction under these Rules shall be in addition to any deduction allowable under section 33 of the Act.
INCOME TAX (QUALIFYING BUILDING ANNUAL ALLOWANCES) RULES 1986  
PU (A) 87  

[12 March 1986]  

IN exercise of the powers conferred by subsection (1) of section 154 of the Income Tax Act 1967, the Minister makes the following rules:  

RULE 1 CITATION AND APPLICATION  
1(1) These Rules may be cited as the Income Tax (Qualifying Building Annual Allowances) Rules 1986.  
1(2) These Rules shall have effect in respect of qualifying building expenditure incurred on or after the 1st January 1984.  
1(3) For the purposes of these Rules, ‘‘qualifying building expenditure’’ means capital expenditure incurred under paragraph 67A of Schedule 3 to the Act.  

RULE 2 ANNUAL ALLOWANCE ON QUALIFYING BUILDING EXPENDITURE  
2 The annual allowance under paragraph 16 of Schedule 3 to the Act on qualifying building expenditure shall be an amount equal to three-fiftieths of that expenditure.
INCOME TAX (ACCOUNTANTS APPLICATION FEE) RULES 1987
PU (A) 191

[14 October 1986]

IN exercise of the powers conferred by subsection (5) of section 153 of the Income Tax Act 1967 [Act 53], the Minister makes the following order:

PARAGRAPH 1  CITATION AND COMMENCEMENT

1 This Order may be cited as the Income Tax (Accountants Application Fee) Rules 1987 and shall be deemed to have come into force on the 24 October 1986.

PARAGRAPH 2  APPLICATION FEE

2 The application fee for an approval or renewal of an approval under section 153 of the Income Tax Act 1967 shall be fifty ringgit.
INCOME TAX (DEDUCTIONS FOR FREIGHT CHARGES) RULES 1990

PU (A) 422

[8 November 1990]

IN exercise of the powers conferred by section 154(1)(b) of the Income Tax Act 1967, the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1 These Rules may be cited as the Income Tax (Deductions for Freight Charges) Rules 1990 and shall have effect for the year of assessment 1991 and subsequent years of assessment.

RULE 2 DEDUCTIONS

2(1) Subject to these Rules, for the purposes of ascertaining the adjusted income of a person from a business under this Act, there shall be allowed as a deduction any freight charges incurred by him in respect of rattan and wood-based products exported by him.

2(2) The deduction under these Rules shall be in addition to any deduction allowable under section 33 of the Act.

RULE 3 SATISFACTION OF CONDITION TO QUALIFY FOR DEDUCTION

3 In order to qualify for a deduction under Rule 2, the person claiming the deduction must be engaged in the manufacture of rattan and wood-based products referred to in that Rule.

RULE 4 INTERPRETATION

4 For purposes of these Rules—

“rattan and wood-based products” does not include sawn timber and veneer;

“freight charges” means sea freight charges or air freight charges incurred by a person to export rattan and wood-based products manufactured by him from any port or airport in Malaysia to a port or airport in a country of final destination outside Malaysia for the purpose of that exportation, but does not include freight charges incurred for transportation from his factory to any port or airport in Malaysia or from any port or airport in a country of final destination outside Malaysia to any destination in that country.

History
R. 4 substituted by PU (A) 54/2013, r. 2, effective from the year of assessment 2013. R. 4 formerly read:

“RULE 4 INTERPRETATION

4 For purposes of these Rules rattan and wood-based products exclude sawn timber and veneer.”
INCOME TAX (DEDUCTIONS FOR OVERSEAS EXPENSES FOR PROMOTION OF TOURISM) RULES 1991

[3 October 1991]

IN exercise of the powers conferred by section 154(1)(b) of the Income Tax Act 1967, the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1 These Rules may be cited as the Income Tax (Deductions for Overseas Expenses for Promotion of Tourism) Rules 1991 and shall have effect for the year of assessment 1991 and subsequent years of assessment.

RULE 2 INTERPRETATION

2 For purposes of these Rules—

“hotel business” means the carrying on of a business in a hotel including a motel, chalet or hostel, where such business provides sleeping accommodation and may include providing of food, drinks and other services or facilities and the granting of concessions of any part of such hotel for purposes connected with and incidental to the promotion of tourism;

“tour operating business” has the meaning assigned to it under the Tourist Development Corporation (Tour Operating Business and Travel Agency Business) Regulations 1985.

RULE 3 COMPANY RESIDENT IN MALAYSIA ELIGIBLE FOR DEDUCTION

3 Every company resident in Malaysia for the basis year of a year of assessment and is carrying on—

(a) a hotel business in a hotel registered with the Tourist Development Corporation of Malaysia; or

(b) a tour operating business registered with the Tourist Development Corporation of Malaysia,

shall be eligible for the deductions under these Rules for that year of assessment.

RULE 4 DEDUCTIONS

4(1) Subject to these Rules, for the purpose of ascertaining under the Act the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed as a deduction any outgoings and expenses of the kind described in paragraph (2) which—

Rule 1 Commerce Clearing House (Malaysia) Sdn Bhd
(a) were incurred by that company during that basis period with respect to that business; and

(b) were incurred primarily and principally for the purpose of promoting tourism to Malaysia.

4(2) The outgoings and expenses referred to in paragraph (1) are—

(a) expenses incurred in respect of publicity and advertisements in any media outside Malaysia;

(b) expenses directly attributable to the provision of brochures, magazines and guidebooks without charge to prospective tourists outside Malaysia including the cost of delivery of the brochures, magazines and guidebooks;

(c) expenses directly attributable to carry out, with the prior approval of the Minister of Culture, Arts and Tourism, market research outside Malaysia;

(d) expenses by way of fares in respect of travel to a country outside Malaysia by a representative of the company, being a travel necessarily undertaken for the purpose of negotiating or concluding contracts for overseas advertisements or for the purpose of participating in trade fairs, conferences or forums approved by the Minister of Culture, Arts and Tourism, and actual expenses subject to a maximum of three hundred ringgit per day for accommodation and a maximum of one hundred and fifty ringgit per day for sustenance for the whole of the period commencing with the representative’s departure from Malaysia and ending with his return to Malaysia;

(e) expenses directly attributable to the holding of overseas trade fairs, conferences or forums approved by the Minister of Culture, Arts and Tourism; and

(f) expenses for the cost of maintaining sales office overseas for the purpose of promoting tourism to Malaysia.

4(3) The deduction allowed under this mile shall be in addition to any deduction allowable under section 33 of the Act.

4(4) No deduction shall be allowed under this rule in respect of any outgoings, expenses or other payments which are—

(a) of the kind mentioned in section 39(1) of the Act; or

(b) incurred by a company having a place of business and subject to tax in the country where such outgoings or expenses were incurred.

4(5) Where the amount of any outgoings and expenses, the whole of which would have been allowable as a deduction under these Rules but for this paragraph, exceeds the amount which in the opinion of the Director General would reasonably be expected to be incurred in the ordinary course of the business with respect to which those outgoings and expenses were incurred, the Director General may to the extent of that excess disallow that amount as a deduction under these Rules.

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Rule 4(5)
4(6) For the purpose of paragraph (1), where two basis periods overlap, the period common to both shall be deemed to fall in the first basis period only.
INCOME TAX (DEDUCTIONS FOR PARTICIPATION IN AN APPROVED INTERNATIONAL TRADE FAIR) RULES 1991

[23 September 1991]

IN exercise of the powers conferred by section 154(1)(b) of the Income Tax Act 1967, the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1 These Rules may be cited as the Income Tax (Deductions For Participation In An Approved International Trade Fair) Rules 1991 and shall have effect for the year of assessment 1992 and subsequent years of assessment.

RULE 2 DEDUCTIONS

2(1) Subject to rule 3, for the purpose of ascertaining the adjusted income of a company under the Act, there shall be allowed as a deduction any expenditure incurred by the company for participating in an approved international trade fair held in Malaysia for the promotion of exports.

2(2) The deduction under these Rules shall be in addition to any deduction allowable under section 33 of the Act.

RULE 3 SATISFACTION OF CONDITIONS TO QUALIFY FOR DEDUCTION

3 In order to qualify for a deduction under rule 2, the company claiming the deduction must satisfy the following conditions:

   (a) the trade fair must be an international trade fair approved by the Minister of International Trade and Industry;

   (b) the company must be approved by the Minister of International Trade and Industry to participate in the international trade fair; and

   (c) the expenditure incurred in participating in the international trade fair must be of a kind allowable under section 33 of the Act but excludes the cost of exhibits.
INCOME TAX (DEDUCTIONS FOR APPROVED TRAINING) RULES 1992

IN exercise of the powers conferred by section 154(1)(b) of the Income Tax Act 1967, the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These Rules may be cited as the Income Tax (Deductions for Approved Training) Rules 1992 and except for rules 2(2) and 5 shall have effect for the year of assessment 1992 and subsequent years of assessment.

1(2) Rules 2(2) and 5 shall be deemed to have effect for the year of assessment 1991 and subsequent years of assessment.

RULE 2 INTERPRETATION

2(1) For purposes of these Rules—

“employee” means an employee of a company who is a citizen of Malaysia;

“expenditure incurred” in relation to a training programme conducted by a training institution shall be the amount paid by a company to that training institution in respect of a training programme;

“training institution” means a training institution approved by the Minister of Finance.

History
Definition of “training institution” substituted by PU (A) 111/95, r. 2, effective for year of assessment 1992 and subsequent years of assessment. Definition formerly read:

2(2) For purposes of rule 5—

“hotel business” means the carrying on of a business in a hotel including a motel, chalet or hostel, where such business provides sleeping accommodation and may include providing of food, drinks and other services or facilities and the granting of concessions of any part of such hotel for purposes connected with and incidental to the promotion of tourism;

“tour operating business” has the meaning assigned to it under the Tourist Development Corporation (Tour Operating Business and Travel Agency Business) Regulations 1985.

RULE 3 DEDUCTION FOR MANUFACTURING COMPANY

3(1) Subject to rules 7 and 8, for the purpose of ascertaining the adjusted income of a manufacturing company, which has commenced business, there shall be allowed as a deduction any expenditure incurred by such a company in training its employees for the purpose of upgrading and developing the employees’ craft, supervisory and technical skills or increasing the productivity or quality of its products under—

Rule 1(1)
(a) a training programme approved by the Malaysian Industrial Development Authority; or
(b) a training programme conducted by a training institution.

3(2) Subject to rules 7 and 8, for the purpose of ascertaining the adjusted income of a manufacturing company, which has not commenced business, for the year of assessment in which the gross income first arises, there shall be allowed as a deduction double the amount of any expenditure incurred by such a company during its precommencement period in training its employees for the acquisition of craft, supervisory or technical skills which will contribute directly to the future production of its products under—

(a) a training programme approved by the Malaysian Industrial Development Authority; or
(b) a training programme conducted by a training institution.

RULE 4 DEDUCTION FOR NON-MANUFACTURING COMPANY

4 Subject to rules 7 and 8, for the purpose of ascertaining the adjusted income of a non-manufacturing company there shall be allowed as a deduction any expenditure incurred in training its employees under—

(a) a training programme approved by the Minister of Finance or any agency appointed by the Minister of Finance; or
(b) a training programme conducted by a training institution.

RULE 5 DEDUCTION FOR COMPANY CARRYING ON A HOTEL OR TOUR OPERATING BUSINESS

5 Subject to rules 7 and 8, for the purpose of ascertaining the adjusted income of a company carrying on a hotel business in a hotel registered with the Tourist Development Corporation of Malaysia or a company carrying on a tour operating business registered with the Tourist Development Corporation of Malaysia, there shall be allowed as a deduction any expenditure incurred in training its employees under—

(a) a training programme approved by the Minister of Culture, Arts and Tourism; or
(b) a training programme conducted by a training institution.

RULE 6 DEDUCTION FOR TRAINING OF HANDICAPPED PERSONS

6 Subject to rules 7 and 8, for the purpose of ascertaining the adjusted income of a company there shall be allowed as a deduction double the amount of any expenditure incurred in training any handicapped person registered with the Ministry of National Unity and Social Development, who is not an employee of the company under—

(a) a training programme approved by the Minister of Finance, which is conducted in Malaysia; or
(b) a training programme conducted by a training institution,
and the training programme is for the purpose of enhancing his employment prospect.
RULE 7 SATISFACTION OF CONDITIONS TO QUALIFY FOR DEDUCTION

7 In order to qualify for a deduction under these Rules, a company claiming the deduction shall—

(a) in the case of an approved training programme, produce a letter of approval from the relevant approving authority; and

(b) in the case of a training programme conducted by a training institution, produce a letter from the training institution certifying that the employee of the company has attended such training programme.

RULE 8 REVOCATION OF APPROVAL

8 Where an approval of a training programme under rule 7(a) is at any time revoked, no deduction shall be allowed under rule 3(1)(a), 3(2)(a), 4(a), 5(a) or 6(a) for any expenditure incurred for such training for the year or years of assessment to which the revocation relates.

RULE 9 REVOCATION


[CCH Note: With effect from 1 July 1993, companies that contribute to the Human Resource Development Fund (HRDF) shall not qualify for any deductions as provided under the Income Tax (Deductions for Approved Training) Rules 1992.]

SCHEDULE

(Deleted)

History

Schedule deleted by PU (A) 111/95, r. 3, effective for year of assessment 1992 and subsequent years of assessment. Schedule formerly read:

```
SCHEDULE

Rule 2(1)

Training Institutions

(i) National Productivity Centre (NPC).

(ii) Standard and Industrial Research Institute of Malaysia (SIRIM).

(iii) Mara Institute of Technology (ITM).

(iv) Malaysian Agricultural and Research Development Institute (MARDI).

(v) Forest Research Institute of Malaysia (FRIM).

(vi) Penang Skills Development Centre (PSDC).

(vii) Institut Kemahiran Mara (IKM).

(viii) The Centre for Instructor and Advanced Skill Training (CIAST) (for training programmes for a period not exceeding six months).
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Rule 7 Commerce Clearing House (Malaysia) Sdn Bhd
INCOME TAX (ALLOWANCE FOR INCREASED EXPORTS) RULES 1999

[2 April 1999]

IN exercise of the powers conferred by subsection 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Allowance for Increased Exports) Rules 1999.

1(2) These Rules shall be deemed to have come into operation on 1 January 1998.

RULE 2 INTERPRETATION

2 For the purposes of these Rules—

“agricultural produce” means fresh and dried fruits, fresh and dried flowers, ornamental plants and ornamental fish frozen raw prawn or shrimp, frozen cooked and peeled prawn and frozen raw cuttle fish and squid;

History

Interpretation of “agricultural produce” amended by PU (A) 309/2003, r. 2, deemed in force from 1 January 2002, by inserting “frozen raw prawn or shrimp, frozen cooked and peeled prawn and frozen raw cuttle fish and squid” after “ornamental fish”.

“export” means direct exports not including sales to Free Industrial Zones and Licensed Manufacturing Warehouses;

“value added” means the sale price of goods at ex-factory price less the total cost of raw materials; and

“value of increased export” means the difference of the Free-On-Board (FOB) value of products exported in the basis period and that of the immediately preceding basis period.

RULE 3 ALLOWANCE FOR INCREASED EXPORTS

3 Subject to rules 4 and 5, where a manufacturing company or a company engaged in agriculture, resident in Malaysia, exports manufactured products or agricultural produce in the basis period for a year of assessment, there shall be given to the company an allowance to be determined in the manner as prescribed in rule 4:

Provided that an exemption on exports manufactured products is only given to manufacturer.
RULE 4  DETERMINATION OF ALLOWANCE

4  The allowance mentioned in rule 3 refers to—

(a) 10 per cent of the value of increased exports of manufactured products by the company where the products exported attained at least 30 per cent of value added;

(b) 15 per cent of the value of increased exports of manufactured products by the company where the products exported attained at least 50 per cent of the value added; and

(c) 10 per cent of the value of increased exports of agricultural produce by the company.

RULE 5  ALLOWED AMOUNT EXEMPT FROM TAX

5  Where an allowance is given to a company under rule 3 for the year of assessment, so much of the statutory income of that business of that company for that year of assessment, as is equal to the amount of the allowance (or to the aggregate amount of any such allowances as the case may be) but not exceeding 70 per cent of the statutory income shall be exempt from tax.

RULE 6  INSUFFICIENCY OF INCOME

6  Where, by reason of the restriction of the allowance to 70 per cent of the statutory income or of an insufficiency or absence of statutory income from a business of the company for the basis period for a year of assessment, effect cannot be given or cannot be given in full to any allowance or allowances to which the company is entitled under rule 3 for that year of assessment and so much of the allowance or allowances as cannot be given for that year shall be given to the company for the first subsequent year of assessment for the basis period for which there is statutory income from that business, and for subsequent years of assessment until the company has received the whole of the allowance or allowances to which it is so entitled.

RULE 7  CONDITIONS TO QUALIFY FOR ALLOWANCE

7  The exemption under rule 5 shall be granted subject to the conditions as prescribed by the Minister.

RULE 8  NON-APPLICATION

8  These Rules shall not apply to a company—

(a) for the period during which the company has been granted any incentives (except for deductions for promotion of exports) under the Promotion of Investment Act 1986 [Act 327];

(b) for the period during which the company has been granted reinvestment allowance under Schedule 7A of the Act.

RULE 9  EXCLUSION LIST

9  The exemption under rule 5 shall not apply to export of products listed in the Schedule.
RULE 10 APPLICATION OF PARAGRAPHS 5 AND 6 OF SCHEDULE 7A

Paragraphs 5 and 6 of Schedule 7A to the Act shall apply *mutatis mutandis* to the amount of income exempted under rule 5.

**SCHEDULE**

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<th>Description</th>
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<tr>
<td>(i) Tin ingots or slabs, tin ore and concentrates;</td>
<td>8001.00 000; 2609.00 000</td>
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<td>(ii) Natural rubber sheet and slabs, Standard Malaysian Rubber, crepe natural rubber, natural rubber latex and natural gums;</td>
<td>4001.10; 4001.21; 4001.22; 4001.29 4001.30</td>
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<td>(iii) Crude palm kernel oil, palm kernel cakes and crude palm oil;</td>
<td>1511.10 000; 1513.21 100; 2306.60 200</td>
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<td>(iv) Copra, copra cakes and crude coconut oil;</td>
<td>1203.00 000; 1513.11 000; 2306.50 000</td>
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<td>(v) Logs, sawn timber (ungraded and non-kiln dry) and wood chips (except briquettes);</td>
<td>44.08; 44.07; 44.01; 44.30</td>
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<td>(vi) Petroleum oils (crude and other than crude) and petroleum gases and other gaseous hydrocarbons (liquefied or in gaseous state) hydrogen, nitrogen and oxygen</td>
<td>2709.00; 2710.00; 27.11; 27.12; 27.13; 2804.10 000; 2804.30 000; 2804.40 000</td>
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### INCOME TAX (DEDUCTION FROM REMUNERATION) RULES 1994

#### INFORMATION

#### ARRANGEMENT OF RULES

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Commerce Clearing House (Malaysia) Sdn Bhd
INCOME TAX (DEDUCTION FROM REMUNERATION) RULES 1994

RULE 1 CITATION AND COMMENCEMENT

1 These rules may be cited as the Income Tax (Deduction from Remuneration) Rules 1994 and shall come into force on the 1st January 1995.

RULE 2 INTERPRETATION

2 For purposes of these Rules—

``calendar month'' means any one of the twelve months of the Gregorian calendar;
``deduction period'' means the period during which tax is to be deducted;
``direction'' means a direction issued to an employer by the Director General under subsection 107(1) of the Act requiring him to deduct tax payable by an employee;
``employee'' in relation to an employment, means—
(a) where the relationship of master and servant subsists, the servant; and
(b) where the relationship does not subsist, the holder of the appointment or office which constitutes the employment;
``employer'' in relation to an employment, means—
(a) where the relationship of master and servant subsists, the master; and
(b) where the relationship does not subsist, the person who pays or is responsible for paying any remuneration to the employee who has the employment, notwithstanding that that person and the employee may be the same person acting in different capacities;
``remuneration'' means income in respect of gains or profits from an employment as specified under subsection 13(1) of the Act;

History
Definition of ‘‘remuneration’’ substituted by PU (A) 362/2014, r. 2, in force from 1 January 2015. Definition of ‘‘remuneration’’ formerly read:

‘‘remuneration’’ means—
(a) where no irrevocable election is made by an employee under rule 2A, income in respect of the gains or profits from his employment other than benefits in kind under paragraphs 13(1)(b) and 13(1)(c) of the Act; and
(b) where an irrevocable election is made by an employee under rule 2A, income in respect of the gains or profits from his employment including the benefits in kind under paragraphs 13(1)(b) and 13(1)(c) of the Act.’’

Definition of ‘‘remuneration’’ substituted by PU (A) 468/2008, r. 2, in force from 1 January 2009. The definition of ‘‘remuneration’’ formerly read:

‘‘remuneration’’ means income in respect of the gains or profits from an employment other than benefits in kind under paragraphs 13(1)(b) and 13(1)(c) of the Act.’’

Thornton’s Malaysian Tax Commentaries

Rule 2
RULE 2A  (Deleted by PU (A) 362/2014, r. 3)

History
R. 2A deleted by PU (A) 362/2014, r. 3, in force from 1 January 2015. R. 2A formerly read:

"RULE 2A IRREVOCABLE ELECTION TO INCLUDE BENEFITS IN KIND

2A(1) Every employee may make an irrevocable election to include the benefits in kind under paragraphs 13(1)(b) and 13(1)(c) of the Act as part of his remuneration for the purposes of these Rules.

2A(2) An election under subrule (1) shall be made in a prescribed form containing particulars as may be required by the Director General and the form shall be submitted by the employee to his employer.

[R. 2A inserted by PU (A) 468/2008, r. 3, in operation on 1 January 2009.]

RULE 3  SCHEDULED MONTHLY DEDUCTION

3 Every employer shall deduct in each month or the relevant month the monthly deduction in accordance with the Schedule in respect of income on account of tax from the remuneration of each of his employees, unless the Director General directs otherwise in writing.

History
R. 3 amended by PU (A) 468/2008, r. 4, in operation on 1 January 2009, by inserting "or the relevant month" after "each month".

RULE 4  DEDUCTION BY DIRECTION OF DIRECTOR GENERAL

4 Notwithstanding rule 3, the Director General may issue a direction to any employer requiring him to deduct from the remuneration of any employee chargeable to tax such sums in respect thereof as he may specify, and the employer shall on receipt of the direction make the deduction specified.

RULE 5  NOTIFICATION OF DEDUCTION TO EMPLOYEE

5 Where tax is to be deducted from an employee’s remuneration by his employer in pursuance of a direction under rule 4, a copy of such direction shall be issued to the employee.

RULE 6  CONTENTS OF DIRECTION

6 A direction under rule 4 shall specify the name of the employee, the amount of deduction and the deduction period; but, save as aforesaid, it shall not disclose any particulars whatever relating to the income of the employee or to the reliefs from tax to which he is entitled.

RULE 7  EMPLOYER TO MAKE DEDUCTIONS AS DIRECTED

7 Upon receipt of a direction under rule 4, the employer shall deduct in such instalments as may be specified therein from the remuneration which he pays to the employee during the deduction period.

RULE 8  MARRIED WOMEN EMPLOYEES

8 Where the employee is a married woman, the tax attributable to her remuneration may be included in a direction under rule 4 to her employer as if she was assessable and chargeable or had been assessed and charged to tax in her own name, and these Rules shall have effect accordingly.

Former Rule 2A  Commerce Clearing House (Malaysia) Sdn Bhd
RULE 9 VARIATION OF DIRECTION

9 The Director General may at any time before the expiration of a deduction period vary the direction under rule 4 by issuing a further direction.

RULE 10 PAYMENT OF AMOUNTS DEDUCTED AND RETURNS

10(1) Every employer shall pay to the Director General, not later than the 15th day of every calendar month, the total amount of tax deducted or that should have been deducted by him from the remuneration of employees during the preceding calendar month, and shall render to the Director General a return setting out the names, identity card numbers or if none, passport numbers, and tax references numbers of those employees from whose remuneration he has or should have made deductions under rule 3 or rule 4.

History

R. 10(1) amended by PU (A) 362/2014, r. 5, in force from 1 January 2015, by substituting “15th” for “10th”.

R. 10(1) substituted by PU (A) 496/98, r. 2(a), in force from 1 January 1999. R. 10(1) formerly read:

“10(1) Every employer shall pay to the Director General, not later than the 10th day of every calendar month, the total amount of tax deducted by him from the remuneration of employees during the preceding calendar month, and shall render to the Director General a return setting out the names, identity card number or if none, passport number and tax reference number (if any) of those employees from whose remuneration he has made deductions, under rule 3 or rule 4, during the preceding calendar months, and, where he has failed to make the deduction from the remuneration of any employee which he was required by virtue of these Rules, a return setting out—

(a) the name, identity card number or if none, passport number and tax reference number (if any) of the employee concerned;

(b) the amount of deduction which he has failed to make;

(c) the reasons for his failure. ”

10(2) The Director General shall give the employer a receipt for the total amount paid under subrule (1).

History

R. 10(2) amended by PU (A) 496/98, r. 2(b), in force from 1 January 1999, by deleting “of deductions” after “total amount”.

10(3) Within thirty days after the end of each calendar year, every employer shall give to every employee from whose remuneration he has made any deduction in respect of tax, a statement stating the total remuneration for the calendar year in question and the total amount of deductions made during that year.

10(4) The Director General shall, if requested by an employee, issue a statement of payment to the employee for the amount of deductions paid to the Director General in respect of the employee for any calendar year.

RULE 11 DEDUCTION TO BE DEBT DUE FROM EMPLOYER

11 The amount of tax which an employer is liable to pay under these Rules shall be a debt due from the employer to the Government and, without prejudice to any other method of recovery, shall be recoverable by civil proceedings as if the employer were the person charged therewith; and section 106 of the Act shall apply accordingly.
RULE 12  REPAYMENT

12 Repayment of any tax over-paid under these Rules, whether by way of deduction or otherwise, shall be made to the employee by the Director General.

History
R. 12 amended by PU (A) 496/98, r. 3, in operation from 1 January 1999, by substituting “under these Rules” for “by an employee”.

RULE 13  EMPLOYER TO NOTIFY DIRECTOR OF CESSATION OF PAYMENT OF REMUNERATION

13 Every employer who is required by these Rules to make deductions from the remuneration of an employee shall, not later than the 15th day after the cessation of payment of remuneration, inform the Director General accordingly and shall at the same time furnish in respect of the employee the following particulars:

(a) the name, identity card number or if none, the passport number and the last known address of the employee;

(b) the tax reference number of the employee;

(c) the date of cessation of the payment of remuneration;

(d) the total amount of tax deducted during the deduction period in which the payment of remuneration ceased; and

(e) the total amount of remuneration paid or payable to the employee from the preceding 1st January up to and including the date of cessation of the payment of remuneration.

History
R. 13(b) amended by PU (A) 496/98, r. 4, in force from 1 January 1999, by deleting “(if any)” after “tax reference number”.

RULE 14  DEATH OF EMPLOYER

14 In the event of the death of an employer, any return which the deceased would have been liable to render under rule 10 and any particulars which the deceased would have been liable to furnish under rule 13 shall be rendered or furnished—

(a) in the case of an employer paying the remuneration on his own account, by the executor of the deceased; and

(b) in the case of an employer paying the remuneration on behalf of another person, by the person succeeding him or, if there is no person succeeding him, by the person on whose behalf the deceased paid the remuneration.

RULE 15  COLLECTION AND RECOVERY OF NON-DEDUCTIBLE TAX NOT AFFECTED

15 Nothing in these Rules shall affect the collection or recovery in the manner provided by the Act of any tax with which an employee is chargeable and which is not deductible in pursuance of a direction.
**RULE 16  SERVICE OF DIRECTION**

A direction shall be served on the employer to whom it is addressed, and section 145 of the Act shall apply to the service of the direction as it applies to the service of notices.

**RULE 17  OFFENCE**

Title of r. 17 amended by PU (A) 496/98, r. 5(a), in operation from 1 January 1999, by substituting “OFFENCE” for “PENALTY”.

Any person, who without reasonable excuse, fails to comply with subrule 10(1) or rule 13 shall be guilty of an offence and shall on conviction, be liable to a fine not less than two hundred ringgit and not more than twenty thousand ringgit or to imprisonment for a term not exceeding six months or to both.

Title of r. 17 amended by PU (A) 311/2015, r. 2, in force from 1 January 2016, by substituting “twenty thousand ringgit” for “two thousand ringgit”.

R. 17 amended by PU (A) 496/98, r. 5(b), in operation from 1 January 1999, by substituting “subrule 10(1) or rule 13” for “rules 3, 7, 13 and subrule 10(1)”.

**RULE 17A  COURT ORDER**

Where an employer is found guilty for failure to comply with subrule 10(1), the court before which the employer is found guilty shall order the employer to pay to the Director General the total amount of tax deducted or that should have been deducted in a single payment on the date the order is made.

Notwithstanding subrule (1), where the court is satisfied that the employer has no means to pay the amount due in a single payment, the court may order the payment to be made in not more than three equal monthly instalments from the date of the order.

For the purpose of subrule (1), a certificate signed by the Director General stating the amount due from the employer shall be sufficient evidence of the amount so due to the Director General.

Where an employer fails to comply with an order made under subrule (1) or (2), as the case may be, the court shall issue a warrant to levy the whole amount or the balance of the amount by way of distress and sale of the employer’s property in accordance with Order 30 of the Subordinate Courts Rules 1980.

Title of r. 17A inserted by PU (A) 496/98, r. 6, in operation from 1 January 1999

**RULE 18  REPEAL**

SCHEDULE

Rule 3

Interpretation

1 In this Schedule—

“Table of Monthly Tax Deduction” means the Table of Monthly Tax Deduction issued by the Inland Revenue Board of Malaysia for employers who do not use Computerised Calculation;

“Computerised Calculation” means a method used by an employer to determine Monthly Tax Deduction—

(a) by using a system which is developed by the Inland Revenue Board of Malaysia; or

(b) by using a computerised payroll system which is provided by a software provider or developed or modified by the employer, in accordance with the specifications determined and verified by the Inland Revenue Board of Malaysia;

“Monthly Tax Deduction” means an income tax deduction from employee’s current monthly remuneration in accordance with the formula specified in this Schedule;

“normal remuneration” means fixed monthly remuneration paid to the employee whether the amount paid is fixed or variable as specified in the contract of service in writing or otherwise;

“additional remuneration” means any additional payment to the normal remuneration for the current month paid to an employee whether in one lump sum, periodical, in arrears or non-fixed payment.

Determination of amount of Monthly Tax Deduction

2(1) The amount of Monthly Tax Deduction is determined based on—

(a) Table of Monthly Tax Deduction; or

(b) Computerised Calculation.

(2) In determining the amount of Monthly Tax Deduction based on Computerised Calculation, the employer shall allow the employee to claim allowable deductions and rebates under the Act not less than twice in the current year.

(3) The claim under subparagraph (2) shall be made in the form prescribed by the Director General.

Category of employee

3(1) For the purpose of the determining the amount of Monthly Tax Deduction, the employees are divided into three categories as follows:

(a) Category 1 - Single;

(b) Category 2 - Married and husband or wife is not working; and

(c) Category 3 - Married and husband or wife is working, divorced or widowed, or single with adopted child.
Determination of amount of Monthly Tax Deduction based on Table of Monthly Tax Deduction

4(1) The amount of Monthly Tax Deduction based on the Table of Monthly Tax Deduction is determined in accordance with the following formula:

\[
\text{Monthly Tax Deduction} = \frac{[(P - M) R + B]}{12}
\]

where

- \( P \) Total chargeable income for a year;
- \( Y \) Gross normal remuneration for the current month;
- \( K \) Contribution to Employees Provident Fund or other approved scheme paid in respect of \( Y \), subject to the total qualifying amount per year;
- \( \Sigma(Y_{t1} - K_{t1}) \) Total accumulated net additional remuneration paid to the employee for the current year, not including additional remuneration for the current month;
- \( Y_{t1} \) Total accumulated gross additional remuneration paid to the employee in the current year, not including additional remuneration for the current month;
- \( K_{t1} \) Total contribution to Employees Provident Fund or other approved scheme paid in respect of \( Y_{t1} \), subject to the total qualifying amount per year;
- \( (Y_t - K_t) \) Net additional remuneration for the current month;
- \( Y_t \) Gross additional remuneration for the current month;
- \( K_t \) Contribution for Employees Provident Fund or other approved scheme paid in respect of \( Y_t \), subject to the total qualifying amount per year;

\( ^*P + K + K_t \) not exceeding the total qualifying amount per year;

\( ^*(\Sigma Y_{t1} - K_{t1}) + (Y_t - K_t) \) only applies to calculation of Monthly Tax Deduction for additional remuneration;

- \( D \) Deduction for individual;
- \( S \) Deduction for husband or wife;
- \( Q \) Deduction for qualifying children;
- \( C \) Number of qualifying children;
Value of D, S and C are determined as follows:

(i) Category 1 = Single:
Value of D = Deduction for individual, S = 0 and C = 0;

(ii) Category 2 = Married and husband or wife is not working:
Value of D = Deduction for individual, S = Deduction for husband or wife and C = Number of qualifying children;

(iii) Category 3 = Married and husband or wife is working, divorced or widowed, or single with adopted child:
Value of D = Deduction for individual, S = 0 and C = Number of qualifying children;

M Amount of the first chargeable income for every range of chargeable income for a year;
R Percentage of tax rates;
B Amount of tax on M after deduction of tax rebate for individual and husband or wife, if qualified.

Upon getting the value of P, the value of M, R and B are determined based on Table 1 where the value of B depends on the category of employee.

### Table 1: Value of P, M, R and B

<table>
<thead>
<tr>
<th>P (RM)</th>
<th>M (RM)</th>
<th>R (%)</th>
<th>B Category 1 &amp; 3 (RM)</th>
<th>B Category 2 (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,001 – 20,000</td>
<td>5,000</td>
<td>1</td>
<td>–400</td>
<td>–800</td>
</tr>
<tr>
<td>20,001 – 35,000</td>
<td>20,000</td>
<td>5</td>
<td>–250</td>
<td>–650</td>
</tr>
<tr>
<td>35,001 – 50,000</td>
<td>35,000</td>
<td>10</td>
<td>900</td>
<td>900</td>
</tr>
<tr>
<td>50,001 – 70,000</td>
<td>50,000</td>
<td>16</td>
<td>2,400</td>
<td>2,400</td>
</tr>
<tr>
<td>70,001 – 100,000</td>
<td>70,000</td>
<td>21</td>
<td>5,600</td>
<td>5,600</td>
</tr>
<tr>
<td>100,001 – 250,000</td>
<td>100,000</td>
<td>24</td>
<td>11,900</td>
<td>11,900</td>
</tr>
<tr>
<td>250,001 – 400,000</td>
<td>250,000</td>
<td>24.5</td>
<td>47,900</td>
<td>47,900</td>
</tr>
<tr>
<td>400,001 – 600,000</td>
<td>400,000</td>
<td>25</td>
<td>84,650</td>
<td>84,650</td>
</tr>
<tr>
<td>600,001 – 1,000,000</td>
<td>600,000</td>
<td>26</td>
<td>134,650</td>
<td>134,650</td>
</tr>
<tr>
<td>Exceeding 1,000,000</td>
<td>1,000,000</td>
<td>28</td>
<td>238,650</td>
<td>238,650</td>
</tr>
</tbody>
</table>

(2) The Monthly Tax Deduction specified in the Table of Monthly Tax Deduction shall be subject to the followings:

(a) the difference of the monthly net normal remuneration in the same range is five ringgit;
(b) the highest value of the monthly net normal remuneration in the same range shall be the basis for calculation;

(c) the amount of Monthly Tax Deduction is rounded upwards or downwards to the nearest multiple of five cents; and

(d) the minimum amount of Monthly Tax Deduction is one ringgit.

**Determination of amount of Monthly Tax Deduction based on Computerised Calculation**

5(1) Except as provided under subparagraphs (2) and (3), the determination of amount of Monthly Tax Deduction based on Computerised Calculation is determined in accordance with the following formula:

\[
\text{Monthly Tax Deduction for the current month} = \frac{[(P - M) R + B] - (Z_{\text{Net Monthly Tax Deduction for the current month}} + X)\text{Deduction for the current month}}{n + 1}
\]

where

- \( P = \Sigma(Y - K) + (Y_1 - K_1) + [(Y_2 - K_2) n] + (Y_t - K_t) ** - [D + S + D_U + S_U + QC + (\Sigma L_P + L_P)]\)
- \( \Sigma(Y - K) \) Total accumulated net normal remuneration and net additional remuneration for the current year, paid to an employee prior to the current month, including net normal remuneration and net additional remuneration paid by previous employer, if any;
- \( Y \) Total accumulated gross normal remuneration and gross additional remuneration for the current year, paid to an employee prior to the current month, including gross normal remuneration and gross additional remuneration paid by previous employer, if any;
- \( K \) Total contribution to Employees Provident Fund or other approved scheme paid in respect of \( Y \) and life insurance premium paid in the current year, including life insurance premium claimed under previous employment, if any, subject to the total qualifying amount per year;
- \( Y_1 \) Gross normal remuneration for the current month;
- \( K_1 \) Contribution to Employees Provident Fund or other approved scheme paid in respect of \( Y_1 \) and life insurance premium paid in the current month, subject to the total qualifying amount per year;
- \( Y_2 \) Estimated remuneration as \( Y_1 \) for the subsequent months;
\( K_i \)  
Estimated balance of total contribution to Employees Provident Fund or other approved scheme and life insurance premium paid for the balance of qualifying months \( \left( \frac{\text{Total qualifying amount per year} - (K_i + K + K_t)}{n} \right) \) or \( K_i \), whichever is lower;

\( Y_i - K_i \)  
Net additional remuneration for the current month;

\( Y_t \)  
Gross additional remuneration for the current month;

\( K_t \)  
Contribution to Employees Provident Fund or other approved scheme paid in respect of \( Y_t \), subject to the total qualifying amount per year;

\( *K + K_1 + K_2 + K_t \) not exceeding the total qualifying amount per year;

\( **\Sigma(Y_t - K_t) \) only applies to calculation of Monthly Tax Deduction for additional remuneration;

\( n \)  
Balance of month in a year;

\( n + 1 \)  
Balance of month in a year, including current month;

\( D \)  
Deduction for individual;

\( S \)  
Deduction for husband or wife;

\( D_u \)  
Deduction for disabled person;

\( S_u \)  
Deduction for disabled husband or wife;

\( Q \)  
Deduction for qualifying children;

\( C \)  
Number of qualifying children;

Value of \( D, S \) and \( C \) are determined as follows:

(i) Category 1 = Single:

Value of \( D = \) Deduction for individual, \( S = 0 \) and \( C = 0 \);

(ii) Category 2 = Married and husband or wife is not working:

Value of \( D = \) Deduction for individual, \( S = \) Deduction for husband or wife and \( C = \) Number of qualifying children;

(iii) Category 3 = Married and husband or wife is working, divorced or widowed, or single with adopted child:

Value of \( D = \) Deduction for individual, \( S = 0 \) and \( C = \) Number of qualifying children;

\( \Sigma LP \)  
Accumulated allowable deductions in the current year, including from previous employment, if any;

\( LP_i \)  
Allowable deductions for the current month;

\( M \)  
Amount of the first chargeable income for every range of chargeable income a year;

\( R \)  
Percentage of tax rates;

\( B \)  
Amount of tax on \( M \) after deduction of tax rebate for individual and husband or wife, if qualified;

\textbf{Sch}  
Commerce Clearing House (Malaysia) Sdn Bhd
Z Accumulated zakat paid in the current year other than zakat for the current month;

X Accumulated Monthly Tax Deduction paid for the previous month in the current year, including payment from previous employment, but shall not include additional Monthly Tax Deduction requested by the employee and payment of tax installment.

(2) For the Returning Expert Programme, the amount of Monthly Tax Deduction based on Computerised Calculation is determined in accordance with the following formula:

\[
\text{Monthly Tax Deduction for the current month} = \frac{[(P - T) - (Z + X)]}{n + 1}
\]

\[
\text{Net Monthly Tax Deduction} = \text{Monthly Tax Deduction for the current month} - \text{zakat Deduction for the current month}
\]

where \( P = [\Sigma (Y - K^*) + (Y_1 - K^*) + [(Y_2 - K^*) n] + (Y_t - K^*)**] - [D + S + D_i + S_i + QC + \Sigma LP + LP_i]) \)

\( P \) Total chargeable income for a year;

\( \Sigma (Y - K) \) Total accumulated net normal remuneration and net additional remuneration for the current year, paid to an employee prior to the current month, including net normal remuneration and net additional remuneration paid by previous employer, if any;

\( Y \) Total accumulated gross normal remuneration and gross additional remuneration for the current year, paid to an employee prior to the current month, including gross normal remuneration and gross additional remuneration paid by previous employer, if any;

\( K \) Total contribution to Employees Provident Fund or other approved scheme paid in respect of \( Y \) and life insurance premium paid in the current year, including life insurance premium claimed under previous employment, if any, subject to the total qualifying amount per year;

\( Y_1 \) Gross normal remuneration for the current month;

\( K_1 \) Contribution to Employees Provident Fund or other approved scheme paid in respect of \( Y_1 \) and life insurance premium paid in the current month, subject to the total qualifying amount per year;

\( Y_2 \) Estimated remuneration as \( Y_1 \) for the subsequent months;
\[ Y_t - K_t \]

Net additional remuneration for the current month;

\[ Y_t \]

Gross additional remuneration for the current month;

\[ K_t \]

Contribution to Employees Provident Fund or other approved scheme paid in respect of \( Y_t \), subject to the total qualifying amount per year;

\[ K + K_1 + K_2 + K_t \]

not exceeding total qualifying amount per year;

\[ \sum (Y_t - K_t) \]

only applies to calculation of Monthly Tax Deduction for additional remuneration;

\( n \)

Balance of month in a year;

\( n + 1 \)

Balance of month in a year, including current month;

\( D \)

Deduction for individual;

\( S \)

Deduction for husband or wife;

\( D_u \)

Deduction for disabled person;

\( S_u \)

Deduction for disabled husband or wife;

\( Q \)

Deduction for qualifying children;

\( C \)

Number of qualifying children;

Value of \( D, S \) and \( C \) are determined as follows:

(i) Category 1= Single:

Value of \( D \) = Deduction for individual, \( S = 0 \) and \( C = 0 \);

(ii) Category 2 = Married and husband or wife is not working:

Value of \( D \) = Deduction for individual, \( S \) = Deduction for husband or wife and \( C \) = Number of qualifying children;

(iii) Category 3 = Married and husband or wife is working, divorced or widowed, or single with adopted child:

Value of \( D \) = Deduction for individual, \( S = 0 \) and \( C \) = Number of qualifying children;

\( \Sigma LP \)

Accumulated allowable deductions in the current year, including from previous employment, if any;

\( LP_1 \)

Allowable deductions for the current month;

\( R \)

Percentage of tax rates;

\( T \)

Individual or husband or wife rebate, if any;
Z  Accumulated zakat paid in the current year other than zakat for the current month;
X  Accumulated Monthly Tax Deduction paid for the previous month in the current year, including payment from previous employment, but shall not include additional Monthly Tax Deduction requested by the employee and payment of tax installment.

Upon getting the value of P, the value of T is determined based on Table 2 where the value of T depends on the category of employee.

### Table 2: Value of P, R and T

<table>
<thead>
<tr>
<th>P (RM)</th>
<th>R (%)</th>
<th>T Category 1 &amp; 3 (RM)</th>
<th>T Category 2 (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>35,000 and below</td>
<td>15</td>
<td>400</td>
<td>800</td>
</tr>
<tr>
<td>Exceeding 35,000</td>
<td>15</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

(3) For the knowledge worker in a specified region, amount of Monthly Tax Deduction based on Computerised Calculation is determined in accordance with the following formula:

Monthly Tax Deduction for current month = \[\frac{PR - (Z + X)}{n + 1}\]

Net Monthly Tax Deduction = Monthly Tax Deduction for the current month – zakat for the current month

where

\[ P = [\Sigma(Y - K^*) + (Y_1 - K_1^*) + [(Y_2 - K_2^*) n] + (Y_t - K_t^*)**] - [D + S + D_u + S_u + QC + (\Sigma LP + LP_t)] \]

P Total chargeable income for a year;

\[ \Sigma(Y - K^*) \] Total accumulated net normal remuneration and net additional remuneration for the current year, paid to an employee prior to the current month, including net normal remuneration and net additional remuneration paid by previous employer, if any;

\[ Y \] Total accumulated gross normal remuneration and gross additional remuneration for the current year, paid to an employee prior to the current month, including gross normal remuneration and gross additional remuneration paid by previous employer, if any;
K Total contribution to Employees Provident Fund or other approved scheme paid in respect of Y and life insurance premium paid in the current year, including life insurance premium claimed under previous employment, if any, subject to the total qualifying amount per year;

Y, Gross normal remuneration for the current month;

K, Contribution to Employees Provident Fund or other approved scheme paid in respect of Y, and life insurance premium paid in the current month, subject to the total qualifying amount per year;

Y, Estimated remuneration as Y, for the subsequent months;

K, Estimated balance of total contribution to Employees Provident Fund or other approved scheme and life insurance premium paid for the balance of qualifying months \([(\text{Total qualifying amount per year}) - (K + K, + K,t)]/n\) or K, whichever is lower;

Y, – K, Net additional remuneration for the current month;

Y, Gross additional remuneration for the current month;

K, Contribution to Employees Provident Fund or other approved scheme paid in respect of Y, subject to the total qualifying amount per year;

*K + K, + K, + K,t not exceeding the total qualifying amount per year;

**\(\Sigma (Y, - K,\) only applies to calculation of Monthly Tax Deduction for additional remuneration;

n Balance of month in a year;

n + 1 Balance of month in a year, including current month;

D Deduction for individual;

S Deduction for husband or wife;

D, Deduction for disabled person;

S, Deduction for disabled husband or wife;

Q Deduction for qualifying children;

C Number of qualifying children;

Value of D, S and C are determined as follows:

(i) Category 1 = Single:

Value of D = Deduction for individual, S = 0 and C = 0;

(ii) Category 2 = Married and husband or wife is not working:

Value of D = Deduction for individual, S = Deduction for husband or wife and C = Number of qualifying children;

(iii) Category 3 = Married and husband or wife is working, divorced or widowed, or single with adopted child:
Determination of amount of Monthly Tax Deduction for additional remuneration

6(1) The amount of Monthly Tax Deduction for additional remuneration based on Table of Monthly Tax Deductions is determined in accordance with the following formula:

(a) Step 1 – Determine the Monthly Tax Deduction on net normal remuneration for a year.

[A] Determine the category of the employee.

[B] Determine the net normal remuneration = Gross normal remuneration – Contribution to Employees Provident Fund or other approved scheme subject to the total qualifying amount per year.

[C] Based on the net normal remuneration determined in Step [B], refer to the Table of Monthly Tax Deduction to determine the Monthly Tax Deduction for the current month.

[D] Determine the net Monthly Tax Deduction for the current month = Monthly Tax Deduction for the current month (Step [C]) – zakat for the current month, if any.

[E] Determine the total Monthly Tax Deduction for a year

= X + [Step [C] × (n + 1)]

X is the accumulated Monthly Tax Deduction which has been paid;

n + 1 is the balance of month in a year, including the current month.

(b) Step 2 – Determine the chargeable income for a year, including the additional remuneration for the current month.

[A] Determine the category of the employee.

[B] Determine the chargeable income for a year in accordance with the formula specified in subparagraph 4(1), where

\[ P = [(Y - K) \times 12] + \left[ \Sigma(Y_{i1} - K_{i1}) \right] + (Y_{i} - K_{i}) - (D + S + QC) \]

(c) Step 3 – Determine the total tax for a year.

Total tax for a year = (P − M) R + B;

Value of P is determined based on Step 2[B];

Value of M, R and B are determined based on Table 1.
(d) Step 4 – Determine the Monthly Tax Deduction for additional remuneration for the current month.

Monthly Tax Deduction for additional remuneration for the current month = Total tax for a year (Step 3) – total Monthly Tax Deduction for a year (Step 1[E]) + zakat which has been paid

(e) Step 5 – Determine the Monthly Tax Deduction for the current month which shall be paid.

Monthly Tax Deduction for the current month which shall be paid = Net Monthly Tax Deduction (Step 1[D]) + Monthly Tax Deduction for additional remuneration for the current month (Step 4)

(2) The amount of Monthly Tax Deduction for additional remuneration based on Computerised Calculation is determined in accordance with the following formula:

(a) Step 1 – Determine the Monthly Tax Deduction on net remuneration for a year, not including additional remuneration for the current month.

[A] Determine the category of the employee.

[B] Determine the chargeable income for a year, not including additional remuneration for the current month, in accordance with the formula specified in subparagraph 5(1), where:

\[ P = \sum (Y - K_*) + (Y_1 - K_1*) + [(Y_2 - K_2*) n] + (Y_t - K_t*) - [D + S + D_U + S_U + QC + (\sum LP + LP_1)] \]

[C] Determine the Monthly Tax Deduction for net normal remuneration for the current month in accordance with the formula specified in subparagraph 5(1)

\[ = [(P - M) R + B] - (Z + X) \]

\[ + \frac{X}{n + 1} \]

Upon the value of P being determined, the value of M, R and B are determined based on Table 1.

[D] Determine the net Monthly Tax Deduction = Monthly Tax Deduction for net normal remuneration for the current month (Step [C]) – zakat for the current month.

[E] Determine the total Monthly Tax Deduction for a year

\[ = X + [\text{Step [C]} \times (n + 1)] \]

X is the accumulated Monthly Tax Deduction which has been paid;

n + 1 is the balance of month in a year, including the current month.

(b) Step 2 – Determine the chargeable income for a year, including additional remuneration for the current month.

[A] Determine the category of the employee.

[B] Determine the chargeable income for a year in accordance with the formula specified in subparagraph 5(1), where:

\[ P = \sum (Y - K_*) + (Y_1 - K_1*) + [(Y_2 - K_2*) n] + (Y_t - K_t*) - [D + S + D_U + S_U + QC + (\sum LP + LP_1)] \]

(c) Step 3 – Determine the total tax for a year.
Total tax for a year = (P – M) R + B;

Value of P is determined based on Step 2[B];

Value of M, R and B are determined based on Table 1.

(d) Step 4 – Determine the Monthly Tax Deduction for additional remuneration for the current month.

\[
\text{Monthly Tax Deduction for additional remuneration for the current month} = \text{Total tax for a year (Step 3) – total Monthly Tax Deduction for a year (Step 1[E]) + zakat which has been paid}
\]

(e) Step 5 – Determine the Monthly Tax Deduction for the current month which shall be paid.

\[
\text{Monthly Tax Deduction for the current month which shall be paid} = \text{Net Monthly Tax Deduction (Step 1[D]) + Monthly Tax Deduction for additional remuneration for the current month (Step 4)}
\]

(3) Monthly Tax Deduction for additional remuneration based on Computerised Calculation shall be subject to the followings:

(a) calculations is limited to two decimal points only and omit the subsequent figures;

(b) the amount of Monthly Tax Deduction to be rounded up to the nearest five cents as follows:

(i) one, two, three and four cents to be rounded up to five cents; and

(ii) six, seven, eight and nine cents to be rounded up to ten cents;

(c) if the amount of Monthly Tax Deduction or Monthly Tax Deduction before deduction for zakat is less than ten ringgit, the employer is not required to make the Monthly Tax Deduction; and

(d) if the amount of Monthly Tax Deduction after deduction for zakat is less than ten ringgit, the employer is required to make the Monthly Tax Deduction.

Determination of amount of Monthly Tax Deduction for additional remuneration of previous years

7 The amount of Monthly Tax Deduction for additional remuneration before the year 2016 which is received in the current year shall be calculated in accordance with the method and Table of Monthly Tax Deduction applicable for the year the additional remuneration is received.

History

Schedule para. 4(1) Table 1 substituted by PU (A) 311/2015, r. 3(a), in force from 1 January 2016. Schedule para. 4(1)

Table 1 formerly read:

Thornton’s Malaysian Tax Commentaries Sch
The amount of Monthly Tax Deduction for additional remuneration of previous years other than director’s fee and bonus is determined as follows:

(a) if additional remuneration after the year 2008 is received in the current year—

(i) for the Table of Monthly Tax Deduction for the relevant year, the Monthly Tax Deduction calculation for Step 1 in the additional remuneration formula shall be based on the normal remuneration for the month of December or the last month of employment for that year by using the Table of Monthly Tax Deductions applicable for that year; or

(ii) for the Computerised Calculation, the Monthly Tax Deduction calculation shall take into account the total remuneration, deductions, rebate and Monthly Tax Deduction for the relevant year.

(b) if additional remuneration before the year 2009 is received in the current year, the calculation of Monthly Tax Deduction shall be in accordance with the method and Table of Monthly Tax Deduction applicable for the relevant year.”

Schedule substituted by PU (A) 362/2014, r. 7, in force from 1 January 2015. The Schedule formerly read:

“SCHEDULE

[Determination of amount of Monthly Tax Deduction for additional remuneration of previous years other than director’s fee and bonus]

[To view the Schedule please click]
**55 Income Tax (Deduction from Remuneration) Rules 1994**

Thornton's Malaysian Tax Commentaries Sch

<table>
<thead>
<tr>
<th>Jadual</th>
<th>Schedul</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Keadaan 3)</td>
<td>(Rule 3)</td>
</tr>
</tbody>
</table>

**Nota ini bertujuan untuk membantu majikan dalam membuat Potongan Cukai Bulanan (PCB) dengan betul. Majikan dinasihatkan supaya membaca pandangan ini dengan teliti sebelum membuat potongan cukai berkeraun.**

**1. PENGENALAN**


**2. KEADAH PELAKSANAAN PCB**

2.1 Penentuan amalan PCB adalah berdasarkan dua keadaan seperti yang berikut:

(a) Jadual Potongan Cukai Bulanan; atau

(b) Kaedah Pengirisan Berkomputer.

**1. INTRODUCTION**

MTD is an income tax deduction mechanism from an employee’s current monthly remuneration in accordance with the Schedule of Monthly Tax Deductions or other methods approved by the Director General (hereinafter referred to as the “Computerised Calculation Method”) according to the provision under rule 3, Income Tax (Deduction from Remuneration) Rules 1994 (MTD Rules). These deductions are intended to reduce the employee’s burden to pay tax in one lump sum when the actual tax is ascertained.

The MTD Rules are provided under subsection 107(2) of the Income Tax Act 1967 (Act).

**2. MTD IMPLEMENTATION METHOD**

2.1 The MTD amount is determined based on two methods as follows:

(a) Schedule of Monthly Tax Deductions; or

(b) Computerised Calculation Method.
<table>
<thead>
<tr>
<th>JADUAL</th>
<th>SCHEDULE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Kolek 3)</td>
<td>(Rule 3)</td>
</tr>
<tr>
<td><strong>2.2 Jadual Potongan Cekai Bulanan dikeluarkan oleh Lembaga Hasil Dalam Negeri Malaysia (LHDNM) bagi majikan yang tidak menggunakan perisian pembayaran gaji berkomputer.</strong></td>
<td><strong>2.2 The Schedule of Monthly Tax Deductions is issued by the Inland Revenue Board of Malaysia (IRBM) for the employer who does not use computerised payroll software.</strong></td>
</tr>
<tr>
<td><strong>2.3 Kaedah Pengiraan Berkomputer adalah terpakai bagi apa-apa hal keadaan yang berikut:</strong></td>
<td><strong>2.3 The Computerised Calculation Method is applicable in any of the following circumstances:</strong></td>
</tr>
<tr>
<td>(a) majikan yang menggunakan sistem pembayaran gaji berkomputer yang disediakan oleh pembekal perisian atau, dibangunkan atau diubah suai oleh majikan mengikut spesifikasi yang ditentukan dan disemak oleh LHDNM.</td>
<td>(a) an employer who uses the computerised payroll system provided by the software provider or, developed or customised by the employer in accordance with specifications determined and reviewed by IRBM.</td>
</tr>
<tr>
<td>(b) majikan yang menggunakan sistem atau aplikasi yang dibangunkan oleh LHDNM yang boleh diperoleh dari laman sesawang LHDNM.</td>
<td>(b) an employer who uses the system or application developed by IRBM which can be obtained from IRBM website.</td>
</tr>
<tr>
<td><strong>2.4 Dalam menentukan jumlah PCB di bawah Kaedah Pengiraan Berkomputer dan tertakluk kepada kehukuman majikan, pekerja boleh dibenarkan membuat tuntutan potongan yang dibenarkan dan rebat di bawah Akta pada setiap bulan atau pada mana-mana bulan dalam tahun semasa.</strong></td>
<td><strong>2.4 In ascertaining the amount of MTD under the Computerised Calculation Method and subject to the approval of the employer, an employee may be allowed to claim allowable deductions and rebates under the Act in each month or in any month in the current year.</strong></td>
</tr>
</tbody>
</table>
3. **TANGGUNGJAWAB MAJIKAN**

3.1 Tanggungjawab majikan di bawah Kaedah PCB adalah untuk—

(a) memotong PCB daripada saraan setiap pekerja pada setiap bulan atau bulan yang bertepatan mengikut Jadual Potongan Cakai Bulanan atau Kaedah Pengiraan Berkomputer dan membayar kepada Ketua Pengarah;

(b) membuat potongan tambahan daripada saraan pekerja mengikut arahan yang dikeluarkan oleh Ketua Pengarah di bawah kaedah 4 Kaedah-Kaedah PCB;

(c) membayar kepada Ketua Pengarah, tidak lewat daripada hari keempat belas bulan kalender, jumlah saraan cakai yang dipotong atau yang sepatutnya dipotong olehnya daripada saraan pekerja pada bulan kalender sebelumnya;

3. **EMPLOYER’S RESPONSIBILITIES**

3.1 An employer’s responsibilities under the MTD Rules are to—

(a) deduct the MTD from the remuneration of each employee in each month or the relevant month in accordance with the Schedule of Monthly Tax Deductions or Computerised Calculation Method and pay to the Director General;

(b) make additional deductions from the remuneration of employees in accordance with the direction issued by the Director General under rule 4 of MTD Rules;

(c) pay to the Director General, not later than the tenth day of every calendar month, the total amount of tax deducted or should have been deducted by him from the remuneration of employees during the preceding calendar month;
<table>
<thead>
<tr>
<th>JADUAL (Ketol 3)</th>
<th>SCHEDULE (Rule 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(d) mengemukakan suatu penyata maklumat pekerja yang lengkap dan tepat semasa mengemukakan bayaran PCB atau potongan tambahan. Maklumat itu adalah seperti yang berikut:</td>
<td>(d) furnish a complete and accurate return of the employee's information when submitting MTD payments or additional deductions. The information are as follows:</td>
</tr>
<tr>
<td>(i) nombor cukai pendapatan;</td>
<td>(i) income tax number;</td>
</tr>
<tr>
<td>(ii) nama seperti yang dinyatakan dalam kad pengenalan atau pasport;</td>
<td>(ii) name as stated in identity card or passport;</td>
</tr>
<tr>
<td>(iii) nombor kad pengenalan baru dan lama, nombor polis, number tentera atau nombor pasport (bagi pekerja asing); dan</td>
<td>(iii) new and old identity card number, police number, army number or passport number (for foreign employee); and</td>
</tr>
<tr>
<td>(iv) amanah PCB atau potongan tambahan.</td>
<td>(iv) amount of MTD or additional deductions.</td>
</tr>
<tr>
<td>Jika majikan gagal mengemukakan maklumat yang lengkap dan tepat, bayaran PCB tersebut tidak akan diterima oleh LHDNM. Pengemukaan semula bayaran PCB boleh dikenakan kompaun kerana bayaran dibuat selepas hari kesepuluh bulan berikutnya.</td>
<td>If the employer fails to furnish a complete and accurate information, the MTD payment will not be accepted by IRBM. Resubmission of MTD payment may be compounded if payment is made after the tenth day of the following month.</td>
</tr>
<tr>
<td>(e) mengemukakan maklumat mengenai pemberhentian pembayaran saranan pekerja sebagaimana yang didefinisikan dalam bahawa kaedah 13 Kaedah-Kaedah PCB dalam borang yang ditetapkan;</td>
<td>(e) furnish information on cessation of payment of the remuneration of employees as required under rule 13 of the MTD Rules in the prescribed form;</td>
</tr>
<tr>
<td>(f) menyimpan dan menggali teknik dalam jagaan selama dokumen yang mencakupi bagi tempoh tujuh tahun dari akhir tahun taksiran yang saranan itu dipotong berkenaan dengan pekerja yang menurut Kaedah-Kaedah PCB;</td>
<td>(f) keep and retain in safe custody sufficient documents for a period of seven years from the end of the year of assessment in which the remuneration is deducted in respect of his employee according to the MTD Rules;</td>
</tr>
</tbody>
</table>
### Jadual (Ketah. 3)

| (i) | ialah mengumumkan kepada majikan bagaimana kehendaknya menghantar maklumat yang bersangkutan dengan tugas majikan dalam talian semasa; |
| (ii) | ialah mengumumkan kepada majikan jika pekerja ingin mengesahkan potongan dan rebate dalam bulan berkenaan. Pelaksanaan potongan dan rebate tersebut akan tertulis kepada persetujuan majikan; |
| (iii) | ialah mengumumkan kepada majikan jika pekerja ingin memasukkan nilai manfaat berapa barang (MBB) dan nilai tempat kediaman (NTK) sebagai sebahagian daripada saraan bulanan dalam mendapatkan amun PCB tertulis kepada persetujuan majikan; |
| (iv) | ialah menyimpan dan memegang simpan dalam jagaan selama setiap resit yang berhubungan dengan tuntutan potongan bagi tempoh tujuh tahun daripada akhir tahun talikan tersebut di bawah Akta; |

### ScheduLH (Rule 3)

| (i) | (g) inform every employee of the following responsibilities: |
| (ii) | (i) to submit the prescribed form to the employer to notify information relating to his employment with previous employer in the current year; |
| (iii) | (ii) to submit the prescribed form to the employer if the employee wishes to claim deductions and rebates in the relevant month. The deductions and rebate will be effected subject to the approval by the employer; |
| (iv) | (iii) to submit the prescribed form if the employee wishes to include benefits in kind (Bik) and value of living accommodation (VOLA) as part of his monthly remuneration in ascertaining the MTD amount subject to the approval of the employer; |
| | (iv) to keep and retain in safe custody each receipt relating to claims of deductions for a period of seven years from the end of that year of assessment under the Act; |
### JADUAL (Keroh 3)

| (v) untuk mengemukakan maklumat peribadi dengan lengkap dan tepat dan memaklumkan apa-apa perubahan butiran peribadinya kepada majikan; dan |
| (vi) untuk mengemukakan maklumat yang betul dalam borang yang ditetapkan berhubung dengan cukai yang boleh dikenakan le alasan, dan kegagalan pekerja berbuat demikian merupakan suatu kesalahan di bawah perenggan 113(1)(b) Akta. |

3.2 Menurut sekenya 75A Akta, pengurah syarikat terkawal adalah bertanggungjawab atas PCB yang tidak dibayar di bawah Kaedah-Kaedah PCB.

### PELAKSANAN PCB

Amaun PCB ditentukan berdasarkan kriteria yang berikut:

#### 4.1 Taraf Permastautin Pekerja

Tarf permastautin seseorang individu adalah ditentukan di bawah peruntukan sekenya 7 Akta.

##### 4.1.1 Pekerja Bukan Permastautin

### SCHEDULE (Rule 3)

| (v) to furnish complete and accurate personal information and notify any changes of his personal particulars to the employer; and |
| (vi) to furnish correct information in the prescribed form relating to his own chargeability to tax and failure by the employee to do so constitutes an offence under paragraph 113(1)(b) of the Act. |

3.2 Pursuant to section 75A of the Act, directors of controlled companies are responsible for the unpaid MTD under the MTD Rules.

### IMPLEMENTATION OF MTD

The MTD amount is ascertained based on the following criteria:

#### 4.1 Employee’s Residence Status

The residence status of an individual is determined under section 7 of the Act.

##### 4.1.1 Non Resident Employee
### 4.1 Resident Employee

MTD of an employee who is resident or known to be resident in Malaysia is derived after deducting all allowable deductions under the Act.

### 4.2 Category of Employee

#### 4.2.1 Schedule of Monthly Tax Deductions and the Computerised Calculation Method: classifies employee into 3 categories:

- **Category 1**: Single
- **Category 2**: Married and husband or wife is not working
- **Category 3**: Married and husband or wife is working

#### 4.2.2 Category 3 of the Schedule of Monthly Tax Deductions or the Computerised Calculation Method is applicable where an employee is divorced, widowed or single (with adopted children).
### Jadual

| 4.2.3 | Jika isteri memilih untuk menentukan keseluruhan potongan anak, PCBnya akan ditentukan mengikut Kategori 3 (KA1 - KA20) manakala PCB suami ditentukan mengikut Kategori 3 (K). |

| 4.2.4 | Jika suami dan isteri memilih untuk menentukan potongan anak tertentu, PCB suami dan isteri akan ditentukan mengikut Kategori 3 (KA1 - KA20). |

**Contoh:**

Suami dan isteri yang bekerja mempunyai 5 orang anak. Suami menentukan potongan bagi 3 orang anak dan isteri menentukan potongan bagi 2 orang anak. PCB ditentukan seperti yang berikut:

<table>
<thead>
<tr>
<th>Suami</th>
<th>Kategori 3 (KA3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isteri</td>
<td>Kategori 3 (KA2)</td>
</tr>
</tbody>
</table>

| 4.2.5 | PCB ditentukan mengikut Kategori 3 (KA1 - KA20) bagi pelajar bujang dengan anak angkat. |

### P.U. (A) 35

| 4.2.3 | Where a wife elects to claim all child deductions, her MTD is ascertained in accordance with Category 3 (KA1 - KA20) while MTD for the husband is ascertained in accordance with Category 3 (K). |

| 4.2.4 | Where a husband and wife elect to claim deduction for certain child, MTD for husband and wife is ascertained under Category 3 (KA1 - KA20). |

**Example:**

A working husband and wife with 5 children. The husband claims deduction for 3 children and the wife claims deduction for 2 children. MTD is ascertained as follows:

<table>
<thead>
<tr>
<th>Husband</th>
<th>Category 3 (KA3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wife</td>
<td>Category 3 (KA2)</td>
</tr>
</tbody>
</table>

| 4.2.5 | MTD is ascertained in accordance with Category 3 (KA1 - KA20) for an employee who is single with an adopted child. |
### 4.3 Saraan

Saraan erti'nya pendapatan berkaren dengan perolehan atau keuntungan daripada sesuatu pekerjaan selain manfaat berupa barangan di bawah perenungan 13(1)(b) dan 13(1)(c) Akta dengan syarat bahawa dalam kes yang sesuatu pemilihan yang tidak boleh dibatalkan dibuat oleh pekerja di bawah kaedah 2A, perolehan atau keuntungan daripada sesuatu pekerjaan hendaklah termasuk manfaat berupa barangan di bawah perenungan 13(1)(b) dan 13(1)(c) Akta.

#### 4.3.1 Jenis Saraan yang Tertaktik kepada PCB

Jenis saraan yang tertaktik kepada PCB adalah seperti yang berikut:

1. gaji;
2. upah;
3. bayaran kerja lebih masa;
4. komision;
5. tip;
6. elan;
7. bonus atau insentif;
8. fi pengarah;
9. perksisit;
10. skim opsyen saham pekerja (SOSP);
11. cukai yang ditanggung oleh majikan;

### 4.3 Remuneration

Remuneration means income in respect of gains or profits from an employment other than benefits in kind under paragraphs 13(1)(b) and 13(1)(c) of the Act provided that in the case where an irrevocable election is made by an employee under rule 2A, the gains or profits from an employment shall include the benefits in kind under paragraphs 13(1)(b) and 13(1)(c) of the Act.

#### 4.3.1 Types of Remuneration which are Subject to MTD

The types of remuneration which are subject to MTD are as follows:

1. salary;
2. wages;
3. overtime payment;
4. commission;
5. tips;
6. allowance;
7. bonus or incentive;
8. director fees;
9. perquisite;
10. employee's share option scheme (ESOS);
11. tax borne by the employer;
### 4.3.2 Jenis Saraan yang tidak Tertakluk kepada PCB

MBB dan NTK merupakan sebahagian daripada saraan dan tidak tertakluk kepada PCB. Namun demikian, pekerja boleh membuat pemilihan yang tidak boleh dibatalkan bagi memasukkan MBB dan NTK sebagai sebahagian daripada saraannya untuk tertakluk kepada PCB dengan melengkapi borang yang ditetapkan dan mengemukakan borang itu kepada majikan. Jika majikan bersetuju, MBB dan NTK adalah tertakluk kepada PCB.

#### 4.3.2.1 Manfaat Berupa Barangan (MBB)

MBB adalah manfaat berupa barangan yang tidak boleh ditukarkan kepada wang. Manfaat ini dianggap sebagai pendapatan kasar daripada penggajian di bawah perenggan 13(1)(b) Akta.

#### 4.3.2 Types of Remuneration which are not Subject to MTD

BIK and VOLA are part of remuneration and are not subject to MTD. However, an employee may make an irrevocable election to include the BIK and VOLA as part of his remuneration to be subject to MTD by completing the prescribed form and submitting the form to the employer. If the employer agrees, BIK and VOLA are subject to MTD.

#### 4.3.2.1 Benefits in Kind (BIK)

BIK are benefits in kind which cannot be converted into money. The benefits are to be treated as gross income from an employment under paragraph 13(1)(b) of the Act.
### 4.3.2.2 Nilai Tempat Kediaman (NTK)

NTK merupakan nilai tempat kediaman yang disediakan oleh majikan kepada pekerja. Nilai manfaat ini dianggap sebagai pendapatan kasar daripada pengesahan di bawah perenggan 13(1)(c) Akta.

### 4.4 POTONGAN YANG DIBENARKAN DAN REBAT DI BAWAH AKTA

#### 4.4.1 Potongan Wajib

Majikan dikenakan potongan yang berkaitan dalam memenuhi amsun PCB bulanan pekerja:

(a) Potongan individu
(b) Potongan suami atau isteri
(c) Potongan anak
(d) Contri Kumpulan Wang Simpanan Pekerja (KWSP) atau sum bukan diluluskan yang lain

Nota:
Terdapat tambahan potongan bagi kaedah pengiraan berkompot. Majikan yang menggunakan kaedah pengiraan berkompot dikenakan potongan dikenakan.

### 4.3.2.2 Value of Living Accommodation (VOLA)

VOLA is the value of living accommodation provided for an employee by his employer. The value of the benefit is to be treated as gross income from employment under paragraph 13(1)(c) of the Act.

### 4.4 ALLOWABLE DEDUCTION AND REBATE UNDER THE ACT

#### 4.4.1 Compulsory Deduction

An employer is required to make the following deductions in ascertaining an employee’s monthly MTD amount:

(a) Deduction for individual
(b) Deduction for husband or wife
(c) Deduction for child
(d) Contribution to Employees Provident Fund (EPF) or other approved scheme

Note:
There are additional deductions for computerised calculation method. An employer who uses the computerised calculation method is required to make
### 4.4.2 Rebat Zakat Melalui Potongan Gaji

Jika seseorang pekerja telah membuat bayaran zakat kepada pihak berkuasa zakat melalui potongan gaji, majikan boleh membuat tolak bayaran itu terhadap amun cukai yang harus dipotong bagi bulan masing-masing.

**Contoh 1:**

<table>
<thead>
<tr>
<th>PCB bagi lamarini</th>
<th>Zakat dibayar</th>
<th>PCB sepuluhnya dipotong</th>
<th>Mencatat Jualan Potongan Cukai Bulanan</th>
<th>PCB yang perlu dipotong</th>
<th>selepas rebat zakat</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM55.00</td>
<td>RM105.00</td>
<td></td>
<td>RM50.00</td>
<td>(RM105.00-RM55.00)</td>
</tr>
</tbody>
</table>

### 4.4.2 Zakat Rebate Through Salary Deduction

Where an employee has made zakat payment to the zakat authorities through salary deduction, the employer may set-off the payments against the amount of tax to be deducted for the respective month.

**Example 1:**

<table>
<thead>
<tr>
<th>MTB for January</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zakat paid</td>
</tr>
<tr>
<td>MTD deductible as per Monthly Tax Deductions</td>
</tr>
<tr>
<td>MTD to be deducted after zakat rebate</td>
</tr>
</tbody>
</table>
### Contoh 2:

<table>
<thead>
<tr>
<th>Keterangan</th>
<th>Nilai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zakat dibayar</td>
<td>RM 140.00</td>
</tr>
<tr>
<td>PCB sepatutnya dipotong mengikut Jadual Potongan Cukai Bulanan</td>
<td>RM 110.00</td>
</tr>
<tr>
<td>PCB yang perlu dipotong selepas rebat (Lebihan zakat: RM 30.00)</td>
<td>TIDAK</td>
</tr>
</tbody>
</table>

Lebihan zakat RM 30.00 dalam Contoh 2 boleh dibawa ke bulan hadapan untuk ditolak daripada PCB bagi bulan berikutnya dengan syarat ia adalah dalam tahap yang sama.

#### 4.4.3 Potongan Pilihan

Selain potongan wajib di perenggan 4.4.1, sebarang pencerian pekerja boleh membuat pemilihan yang tidak boleh dibatalkan dalam borang yang ditutup untuk potongan pilihan dan hendaklah mengemukakan borang itu kepada majikannya.

### Example 2:

<table>
<thead>
<tr>
<th>Keterangan</th>
<th>Nilai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zakat paid</td>
<td>RM 140.00</td>
</tr>
<tr>
<td>MTD deductible as per Schedule of Monthly Tax Deductions</td>
<td>RM 110.00</td>
</tr>
<tr>
<td>MTD to be deducted</td>
<td>NIL</td>
</tr>
<tr>
<td>after zakat rebate (Excess zakat: RM 30.00)</td>
<td></td>
</tr>
</tbody>
</table>

The excess zakat of RM 30.00 in Example 2 may be carried forward to be set-off against the MTD of the subsequent month provided that it is within the same year.

#### 4.4.3 Optional Deduction

Other than the compulsory deduction in paragraph 4.4.1, an employee may make an irrevocable election in the prescribed form for optional deduction and shall submit the form to his employer.
## 4.4.4 Rehat Zakat Selain Melalui Potongan Gaji

Jika seseorang pekerja membuat apa-apa bayaran zakat selain potongan zakat bulanan daripada surau di bawah perenggan 4.4.2, pekerja boleh membuat pelarasan PCB tertadak kepada persetujuan majikannya.

## 5. PENGIRAAN PCB

### 5.1 Formula Pengiraan Jadual Potongan Cukai Bulanan

\[
P_{CB} = \frac{(P - M) \times R + B}{12}
\]

Dalam

\[
P = \left(\frac{Y - K^*}{12}\right) + \left(\sum Y_{12} - K_{12}^*\right) + (Y_{1} - K_{1}^*) - (D + S + Q + C)
\]

### 5.4 Zakat Rehat Other Than Through Salary Deduction

If an employee makes any payment of zakat other than monthly zakat deduction from remuneration under paragraph 4.4.2, the employee can make MTD adjustment subject to the approval of his employer.

## 5. MTD CALCULATION

### 5.1 Calculation Formula of Schedule of Monthly Tax Deductions

\[
MTD = \frac{(P - M) \times R + B}{12}
\]

where

\[
P = \left(\frac{Y - K^*}{12}\right) + \left(\sum Y_{12} - K_{12}^*\right) + (Y_{1} - K_{1}^*) - (D + S + Q + C)
\]
<table>
<thead>
<tr>
<th>JADUAL</th>
<th>SCHEDULEH</th>
</tr>
</thead>
<tbody>
<tr>
<td>P</td>
<td>Total chargeable income for a year;</td>
</tr>
<tr>
<td>Y</td>
<td>Monthly gross normal remuneration;</td>
</tr>
<tr>
<td>K</td>
<td>EPF contribution or other approved scheme subject to total qualifying amount per year;</td>
</tr>
<tr>
<td>$\sum (Y_{i} - K_{i})$</td>
<td>Total accumulated net additional remuneration that has been paid not including current month's additional remuneration;</td>
</tr>
<tr>
<td>$Y_{i}$</td>
<td>Total monthly gross additional remuneration that has been paid not including current month's additional remuneration;</td>
</tr>
<tr>
<td>$K_{i}$</td>
<td>EPF contribution or other approved scheme subject to total qualifying amount per year;</td>
</tr>
<tr>
<td>$(Y_{i} - K_{i})$</td>
<td>Net additional remuneration for current month;</td>
</tr>
<tr>
<td>$Y_{i}$</td>
<td>Gross additional remuneration for current month;</td>
</tr>
<tr>
<td>$K_{i}$</td>
<td>EPF contribution or other approved scheme subject to total qualifying amount per year;</td>
</tr>
<tr>
<td>$K + K_{i} + K_{i}$ not exceeding total qualifying amount per year;</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Deduction for individual;</td>
</tr>
<tr>
<td>S</td>
<td>Deduction for husband or wife;</td>
</tr>
<tr>
<td>Q</td>
<td>Deduction for qualifying children;</td>
</tr>
</tbody>
</table>

P : Jumlah pendapatan berasal untuk setahun;  
Y : Saran biasa kasar bulanan;  
K : Caruman KWSP atau skim diluluskan yang lain tertakluk kepada jumlah amanu yang layak setahun;  
$\sum (Y_{i} - K_{i})$ : Jumlah saran tambahan bersih terkumpul yang telah dibayar tidak termasuk saranan tambahan bulan semasa;  
$Y_{i}$ : Jumlah saran tambahan kasar bulanan yang telah dibayar tidak termasuk saranan tambahan bulan semasa;  
$K_{i}$ : Caruman KWSP atau skim diluluskan yang lain tertakluk kepada jumlah amanu yang layak setahun;  
$(Y_{i} - K_{i})$ : Saran tambahan bersih bulan semasa;  
$Y_{i}$ : Saran tambahan kasar bulan semasa;  
$K_{i}$ : Caruman KWSP atau skim diluluskan yang lain tertakluk kepada jumlah amanu yang layak setahun;  
$K + K_{i} + K_{i}$ tidak melebihi jumlah amanu yang layak setahun;  
D : Potongan individu;  
S : Potongan suami atau isteri;  
Q : Potongan bagi anak yang layak;
### Jadual (Kereto 3)

<table>
<thead>
<tr>
<th>C</th>
<th>Bilangan anak yang layak;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nilai D, S dan C ditentukan seperti yang berikut:</td>
</tr>
<tr>
<td></td>
<td>(i) Jika kategori 1 = Bujang; Nilai D = Potongan individu, S = 0 dan C = 0;</td>
</tr>
<tr>
<td></td>
<td>(ii) Jika kategori 2 = Berkahwin dan suami atau isteri tidak bekerja; Nilai D = Potongan individu, S = Potongan suami atau isteri dan C = bilangan anak yang layak;</td>
</tr>
<tr>
<td></td>
<td>(iii) Jika kategori 3 = Berkahwin dan suami atau isteri bekerja; Nilai D = Potongan individu, S = 0 dan C = bilangan anak yang layak;</td>
</tr>
<tr>
<td>M</td>
<td>Amaun pendapatan bercukai yang pertama bagi tiap-tiap banjaran pendapatan bercukai setahun;</td>
</tr>
<tr>
<td>R</td>
<td>Kadar peratusan cukai;</td>
</tr>
<tr>
<td>B</td>
<td>Amaun cukai atas M selepas ditolak rebat cukai individu dan suami atau isteri (jika layak).</td>
</tr>
</tbody>
</table>

Setelah nilai P diperoleh, nilai M, R dan B ditentukan berdasarkan kepada Jadual 1 dibawah yang nilai B bergantung kepada kategori pekerja.

### Schedule (Rute 3)

<table>
<thead>
<tr>
<th>C</th>
<th>Number of qualifying children;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value of D, S and C are determined as follows:</td>
</tr>
<tr>
<td></td>
<td>(i) If category 1 = Single; Value of D = Deduction for individual, S = 0 and C = 0;</td>
</tr>
<tr>
<td></td>
<td>(ii) If category 2 = Married and husband or wife is not working; Value of D = Deduction for individual, S = Deduction for husband or wife and C = number of qualifying children;</td>
</tr>
<tr>
<td></td>
<td>(iii) If category 3 = Married and husband or wife is working; Value of D = Deduction for individual, S = 0 and C = number of qualifying children;</td>
</tr>
<tr>
<td>M</td>
<td>Amount of first chargeable income for every range of chargeable income for a year;</td>
</tr>
<tr>
<td>R</td>
<td>Percentage of tax rates;</td>
</tr>
<tr>
<td>B</td>
<td>Amount of tax on M after less tax rebate for individual and husband or wife (if qualified).</td>
</tr>
</tbody>
</table>

Upon getting the value of P, the value of M, R and B are determined based on Schedule 1 below in which the value of B depends on the category of employee.
### Schedule A: Value of P, R, and B

<table>
<thead>
<tr>
<th>P (RM)</th>
<th>M</th>
<th>R</th>
<th>Category 1</th>
<th>Category 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(RM)</td>
<td>(%)</td>
</tr>
<tr>
<td>2,500 - 5,000</td>
<td>2,500</td>
<td>0</td>
<td>-400</td>
<td>-800</td>
</tr>
<tr>
<td>5,001 - 20,000</td>
<td>5,000</td>
<td>2</td>
<td>-400</td>
<td>-800</td>
</tr>
<tr>
<td>20,001 - 50,000</td>
<td>50,000</td>
<td>6</td>
<td>-100</td>
<td>-500</td>
</tr>
<tr>
<td>50,001 - 100,000</td>
<td>50,000</td>
<td>10</td>
<td>-250</td>
<td>0</td>
</tr>
<tr>
<td>100,001 - 150,000</td>
<td>100,000</td>
<td>14</td>
<td>-425</td>
<td>2,500</td>
</tr>
</tbody>
</table>

### Schedule B: MTD Calculation Formula For Computed

MTD for current month = \[P \times \frac{M + L + \frac{R}{2}}{A}\]

Where:
- \(P\) = \(\sum V_n \times K_n \times I_n\)
- \(M\) = \(\sum S_n \times D_n \times Q_n\)
- \(L\) = \(\sum S_n \times D_n \times \frac{R_n}{2}\)
- \(A\) = \(\sum C_n \times \frac{R_n}{2}\)

### Schedule C: Formula Pengurangan PBB Untuk Kedah Pengurangan

PBB bulan semasa = \[P \times \left(\frac{M + L + \frac{R}{2}}{A}\right)\]

Where:
- \(P\) = \(\sum V_n \times K_n \times I_n\)
- \(M\) = \(\sum S_n \times D_n \times Q_n\)
- \(L\) = \(\sum S_n \times D_n \times \frac{R_n}{2}\)
- \(A\) = \(\sum C_n \times \frac{R_n}{2}\)
<table>
<thead>
<tr>
<th>JADUAL (Keterangan 3)</th>
<th>SCHEDULE (Rule 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Σ (Y-K)</td>
<td>Σ (Y-K)</td>
</tr>
<tr>
<td>Jumlah pendapatan berukul untuk setahun;</td>
<td>Total chargeable income for a year;</td>
</tr>
<tr>
<td>Jumlah saraan bersih terkumpul termasuk saran tambahan bersih yang telah dibayar kepada pekerja sehingga sebelum bulan semasa termasuk saran bersih yang telah dibayar oleh majikan terdahulu dalam tahun semasa (jika ada);</td>
<td>Total accumulated net remuneration including net additional remuneration which has been paid to an employee until before the current month including net remuneration which has been paid by previous employer in the current year (if any);</td>
</tr>
<tr>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Jumlah saran kasar bulanan dan saran tambahan yang telah dibayar termasuk saran kasar bulanan yang telah dibayar oleh majikan terdahulu dalam tahun semasa (jika ada);</td>
<td>Total monthly gross remuneration and additional remuneration which has been paid including monthly gross remuneration which has been paid by previous employer in the current year (if any);</td>
</tr>
<tr>
<td>K</td>
<td>K</td>
</tr>
<tr>
<td>Jumlah caruman KWSP atau skim dibuluskan yang lain yang telah dibuat ke atas semasa saran (saran bulanan, saran tambahan dan saran dari pada majikan terdahulu dalam tahun semasa) atau premium insurans nyawa atau kedua-duanya yang telah dibayar (termasuk premium yang dituntut di bawah penggajian terdahulu dalam tahun semasa, jika ada) terhadap kepada jumlah amuan yang layak setahun;</td>
<td>Total contribution to EPF or other approved scheme made on all remuneration (monthly remuneration, additional remuneration and remuneration from previous employer in the current year) or life insurance premium or both which has been paid (including premium claimed under previous employment in the current year, if any) subject to total qualifying amount per year;</td>
</tr>
<tr>
<td>Y1</td>
<td>Y1</td>
</tr>
<tr>
<td>Saran biasa bulan semasa;</td>
<td>Current month’s normal remuneration;</td>
</tr>
<tr>
<td>K1</td>
<td>K1</td>
</tr>
<tr>
<td>Caruman KWSP atau skim dibuluskan yang lain dan premium insurans nyawa yang telah dibayar bagi saran bulan semasa tertakluk kepada jumlah amuan yang layak bagi saran bulan semasa tidak melebihi jumlah amuan yang layak setahun;</td>
<td>Contribution to EPF or other approved scheme and life insurance premium which has been paid for current month’s remuneration subject to total qualifying amount not exceeding total qualifying amount per year;</td>
</tr>
</tbody>
</table>
### Jadual (Ketetapan 7)

<table>
<thead>
<tr>
<th>( Y_1 )</th>
<th>Anggaram saranan seperti ( Y_1 ) bagi bulan seterusnya;</th>
</tr>
</thead>
<tbody>
<tr>
<td>( K_2 )</td>
<td>Anggaram baki jumlah caruan KWSP atau skin diluluskan yang lain dan premium insurans nyawa yang dibayar bagi baki bulan yang layak ([\text{Jumlah amaan yang layak setahun} - (K_1 + K_2 + K_3)]/n) atau ( K_3 ), mengikut mana-mana yang lebih rendah;</td>
</tr>
<tr>
<td>( Y_1 - K_4 )</td>
<td>Saruan tambahan kesihatan bulan semasa;</td>
</tr>
<tr>
<td>( K_1 )</td>
<td>Caruan KWSP atau skin diluluskan yang lain bagi saranan tambahan bulan semasa tertutup kepada jumlah amaan yang layak setahun;</td>
</tr>
</tbody>
</table>

\*\( K_1 + K_2 + K_3 \) tidak melebihi jumlah amaan yang layak setahun

| \( n \) | Baki bulan bekerja dalam setahun; |
| \( n + 1 \) | Baki bulan bekerja dalam setahun termasuk bulan semasa; |
| \( D \) | Potongan individu; |
| \( S \) | Potongan suami atau isteri; |
| \( D_0 \) | Potongan orang kurang upaya; |
| \( S_0 \) | Potongan suami atau isteri kurang upaya; |
| \( Q \) | Potongan bagi anak yang layak; |
| \( C \) | Bilangan anak yang layak; |

Nilai \( D \), \( S \) dan \( C \) ditentukan seperti yang berikut:

### Schedule (Rule 7)

| \( Y_2 \) | Estimated remuneration as per \( Y_1 \) for the following months; |
| \( K_2 \) | Estimated balance of total contribution to EPF or other approved scheme and life insurance premium paid for the qualifying monthly balance \([\text{Total qualifying amount per year} - (K_1 + K_2 + K_3)]/n\) or \( K_3 \), whichever is lower; |
| \( Y_1 - K_4 \) | Net additional remuneration for current month; |
| \( Y_4 \) | Gross additional remuneration for current month; |
| \( K_1 \) | Contribution to EPF or other approved scheme for current month’s additional remuneration subject to total qualifying amount per year; |

\*\( K_1 + K_2 + K_3 \) not exceeding total qualifying amount per year

| \( n \) | Remaining working month in a year; |
| \( n + 1 \) | Remaining working month in a year including current month; |
| \( D \) | Deduction for individual; |
| \( S \) | Deduction for husband or wife; |
| \( D_0 \) | Deduction for person with disabilities; |
| \( S_0 \) | Deduction for disabled husband or wife; |
| \( Q \) | Deduction for qualifying children; |
| \( C \) | Number of qualifying children; |

Value of \( D \), \( S \) and \( C \) are determined as follows:
<table>
<thead>
<tr>
<th>JADUAL (Keket 3)</th>
<th>SCHEDULE (Rute 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Jika kategori 1 = Buajang; Nilai D = Potongan individu, S = 0 dan C = 0;</td>
<td>(i) If category 1 = Single; Value of D = Deduction for individual, S = 0 and C = 0;</td>
</tr>
<tr>
<td>(ii) Jika kategori 2 = Berkahwin dan suami atau isteri tidak bekerja; Nilai D = Potongan individu, S = Potongan suami atau isteri dan C = Bilangan anak yang layak;</td>
<td>(ii) If category 2 = Married and husband or wife is not working; Value of D = Deduction for individual, S = Deduction for husband or wife and C = Number of qualifying children;</td>
</tr>
<tr>
<td>(iii) Jika kategori 3 = Berkahwin dan suami atau isteri bekerja; Nilai D = Potongan individu, S = 0 dan C = Bilangan anak yang layak;</td>
<td>(iii) If category 3 = Married and husband or wife is working; Value of D = Deduction for individual, S = 0 and C = Number of qualifying children;</td>
</tr>
<tr>
<td>[ \sum LP ] Potongan yang dibenarkan terkumpul yang lain termasuk daripada pengajian terdahulu dalam tahun semasa (jika ada);</td>
<td>[ \sum LP ] Other accumulated allowable deductions including from previous employment in the current year (if any);</td>
</tr>
<tr>
<td>[ LP1 ] Potongan bulan semasa lain yang dibenarkan;</td>
<td>[LP1] Other allowable deductions for current month;</td>
</tr>
<tr>
<td>M Amanah pendapatan bercukai yang pertama bagi setiap banjuran pendapatan bercukai setahun;</td>
<td>M Amount of first chargeable income for every range of chargeable income a year;</td>
</tr>
<tr>
<td>R Kadar peratusan cukai;</td>
<td>R Percentage of tax rates;</td>
</tr>
<tr>
<td>B Amanah cekai ke atas M selepas ditolak rebat cukai individu dan suami atau isteri (jika layak);</td>
<td>B Amount of tax on M after less tax rebate for individual and husband or wife (if qualified);</td>
</tr>
<tr>
<td>Z Zakat terkumpul yang telah dibayar selain zakat bulan semasa;</td>
<td>Z Accumulated zakat which has been paid other than zakat for current month;</td>
</tr>
</tbody>
</table>
5.3 Formula Saraan Tambahan

Jika seseorang pekerja menerima bayaran saran tambahan selain saran biasa, amaun cukai yang perlu dipotong dan dibayar dalam bulan itu hendaklah dilihat mengikut Formula Saraan Tambahan.

"Saran" erti�ya saran bulanan tetap yang dibayar kepada pekerja sama ada amaun tetap atau pun berubah-ubah sebagaimana yang dinjatakan dalam kontrak perkhidmatan secara tertulis atau sebaliknya.

Sekiranya pekerja tiada gaji bulanan dan hanya menerima komisen, komisen yang dibayar dianggap sebagai saran.

Sekiranya gaji bulanan dibayar berdasarkan gaji hari atau jam, jumlah gaji bulanan yang dibayar dianggap sebagai saran.

Sekiranya gaji bulanan berubah disebabkan oleh perubahan nilai pertukaran mata wang asing, gaji bulanan yang berubah yang dibayar itu juga dianggap sebagai

5.3 Additional Remuneration Formula

Where an employee receives an additional remuneration other than normal remuneration, the amount of tax to be deducted and paid in that month shall be calculated according to the Additional Remuneration Formula.

"Remuneration" means monthly fixed remuneration paid to an employee whether the amount is fixed or variable as stated in the employment contract written or otherwise.

If the employee has no monthly salary and only receives a commission, the commission paid is considered as remuneration.

If the monthly salary is paid on a daily or hourly basis, the total monthly salary paid is considered as remuneration.

If the monthly salary changes due to the change in foreign currency exchange values, the changed monthly salary paid is also considered as remuneration.
### Jadual (Keroft 3)

<table>
<thead>
<tr>
<th>Saraan tambahan itu termasuklah:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) bonus atau insentif;</td>
</tr>
<tr>
<td>(ii) tangan gaji atau apa-apa tangan lain yang dibayar kepada pekerja;</td>
</tr>
<tr>
<td>(iii) skim opsin saham pekerja (jika pekerja memilih potongan PCB);</td>
</tr>
<tr>
<td>(iv) cukai yang ditanggung oleh majikan;</td>
</tr>
<tr>
<td>(v) ganjaran;</td>
</tr>
<tr>
<td>(vi) pemupusan untuk kehilangan pekerjaan;</td>
</tr>
<tr>
<td>(vii) ex-gratia;</td>
</tr>
<tr>
<td>(viii) ti pengarah (tidak dibayar secara bulanan);</td>
</tr>
<tr>
<td>(ix) komision (tidak dibayar secara bulanan);</td>
</tr>
<tr>
<td>(x) elau (tidak dibayar secara bulanan);</td>
</tr>
<tr>
<td>(xi) apa-apa bayaran lain sebagai tambahan kepada saranan biasa bulan semasa.</td>
</tr>
</tbody>
</table>

PCB bagi saranan tambahan dikira seperti yang berikut:

### Schedule (Rule 3)

'Additional remuneration' means any payment paid to an employee either in one lump sum or periodical or in arrears or non fixed payment or any additional payment to the current month’s normal remuneration.

**Additional remuneration includes—**

- (i) bonus or incentive;
- (ii) arrears of salary or any other arrears paid to an employee;
- (iii) employee’s share option scheme (if employee opts for MTD deduction);
- (iv) tax borne by employer;
- (v) gratuity;
- (vi) compensation for loss of employment;
- (vii) ex-gratia;
- (viii) director’s fee (not paid monthly);
- (ix) commissions (not paid monthly);
- (x) allowances (not paid monthly);
- (xi) any other payment in addition to current month’s normal remuneration.

MTD for additional remuneration is calculated as follows:
### 5.3.1 Jadual Potongan Cukai Bulanan

**Langkah 1** - Tentukan PCB atas saraan biasa bersih setahun (tidak termasuk saraan tambahan bulan semasa) dan PCB saraan tambahan yang telah dibayar.

- **[A]** Tentukan kategori pekerja.
- **[B]** Tentukan saraan biasa bersih = Saraan biasa kasar bulanan tolak (-) caruman KWSP atau skim diluluskan yang lain tertakdik kepada jumlah amaun yang layak setahun.
- **[C]** Tentukan PCB bulan semasa bagi saraan biasa bersih dalam Langkah 1 [B].
  
  
  PCB bulan semasa = RMXXX  
  (rujuk Jadual Potongan Cukai Bulanan)  
  PCB bersih = PCB bulan semasa - zakat bulan semasa

- **[D]** Jumlah PCB setahun = PCB terkumpel yang telah dibayar + [PCB bulan semasa pada Langkah [C] x baki bulan dalam setahun termasuk bulan semasa]  
  
  
  = X + [PCB bulan semasa pada Langkah [C] x (n + 1)]

### 5.3.1 Schedule of Monthly Tax Deductions

**Step 1** - Determine the MTD on net normal remuneration for a year (not including current month’s additional remuneration) and MTD for additional remuneration which has been paid.

- **[A]** Determine the category of employee.
- **[B]** Determine the net normal remuneration = Monthly gross normal remuneration less (-) EPF contribution or other approved scheme subject to total qualifying amount per year.
- **[C]** Determine the MTD for current month for net normal remuneration in Step 1 [B].

  MTD for current month = RMXXX  
  (refer to Schedule of Monthly Tax Deductions)

  Net MTD = MTD for current month - zakat for current month

- **[D]** Total MTD for a year = Accumulated MTD which has been paid + [MTD for current month at Step [C] x remaining month in a year including current month]

  = X + [MTD for current month at Step [C] x (n + 1)]
<table>
<thead>
<tr>
<th>JADUAL (Keterangan 3)</th>
<th>SCHEDULE (Rule 3)</th>
</tr>
</thead>
</table>

**Langkah 2** - Tentukan pendapatan bercukai setahun [P] (termasuk saraan tambahan bulan semasa) dan PCB untuk saraan tambahan yang telah dibayar.


[B] Tentukan pendapatan bercukai setahun [P];

\[
P = [(Y - K) \times 12] + (\sum(Y - K_n)) + (Y - K_n) - (D + S + QC)
\]

**Langkah 3** - Tentukan jumlah cukai setahun berdasarkan nilai P dalam Langkah 2 [B]. Nilai M, R dan B adalah berdasarkan nilai seperti dalam Jadual 1 di atas.

Jumlah cukai setahun = (P - M) R + B

**Langkah 4** - Tentukan PCB bagi saraan tambahan bulan semasa iaitu jumlah cukai (Langkah 3) ditolak dengan jumlah PCB setahun (Langkah 1[D]) dan zakat yang telah dibayar.

PCB saraan tambahan = [Langkah 3] - [Langkah 1[D] + zakat yang telah dibayar]

**Step 2** - Determine the chargeable income for a year [P] (including current month's additional remuneration) and MTD for additional remuneration which has been paid.

[A] Determine the category of employee.

[B] Determine the chargeable income for a year [P];

\[
P = [(Y - K) \times 12] + (\sum(Y - K_n)) + (Y - K_n) - (D + S + QC)
\]

**Step 3** - Determine the total tax for a year based on value of P in Step 2 [B]. Value of M, R and B are based on value as per Schedule 1 above.

Total tax for a year = (P - M) R + B

**Step 4** - Determine the MTD for current month’s additional remuneration where total tax (Step 3) less total MTD for a year (Step 1[D]) and zakat which has been paid.

MTD for additional remuneration = Step 3 - [Step 1[D] + zakat which has been paid]
### 5.3.2 Kaedah Pengiraan Berkomputer

Langkah 1 - Tentukan PCB ke atas saraan bersih setahun (tidak termasuk saraan tambahan bulan semasa).

<table>
<thead>
<tr>
<th>A</th>
<th>Tentukan kategori pekerja.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Tentukan pendapatan bercukai setahun [P];</td>
</tr>
</tbody>
</table>

\[
P = \left( \sum (Y_i - K^*) + (Y_i - K^* + n) + (Y_i - K^* + n) \right) - \left( D + S + D_1 + S_1 + Q + \left( \sum (L_i + L_i) \right) \right)
\]

\[i = 1, (Y_i - K) = 0\]


PCB bulan semasa = \(\frac{(P - M)(R + B) - (Z + X)}{n + 1}\)

PCB bersih = PCB bulan semasa - zakat bulan semasa

### 5.3.2 Computerised Calculation Method

Step 1 - Determine the MTD on net remuneration for a year (not including current month's additional remuneration).

<table>
<thead>
<tr>
<th>A</th>
<th>Determine the category of employee.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Determine the chargeable income for a year [P];</td>
</tr>
</tbody>
</table>

\[
P = \left( \sum (Y_i - K^*) + (Y_i - K^* + n) + (Y_i - K^* + n) \right) - \left( D + S + D_1 + S_1 + Q + \left( \sum (L_i + L_i) \right) \right)
\]

where \(i = 1, (Y_i - K) = 0\)

[C] Determine the monthly MTD for net normal remuneration. Once value of P in Step [B] is determined, value of M, R and B are determined based on Schedule 1 above.

MTD for current month = \(\frac{(P - M)(R + B) - (Z + X)}{n + 1}\)

Net MTD = MTD for current month - zakat for current month
<table>
<thead>
<tr>
<th>JADUAL (Kesahah 3)</th>
<th>SCHEDULE (Rule 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(D) Tentukan jumlah PCB setahun</td>
<td>(D) Determine the total MTD for a year</td>
</tr>
<tr>
<td>Jumlah PCB setahun = Jumlah PCB terkumpul yang telah dibayar + [PCB bulan semasa pada Langkah (C) x baki bulan dalam setahun termasuk bulan semasa]</td>
<td>Total MTD for a year = Total accumulated MTD which has been paid + [MTD for current month at Stop (C) x remaining month in a year including current month]</td>
</tr>
<tr>
<td>= X + [(PCB bulan semasa pada Langkah (C)] x (n + 1)]</td>
<td>= X + [(MTD for current month at Stop (C)] x (n + 1)]</td>
</tr>
</tbody>
</table>

Langkah 2 - Tentukan pendapatan bercukup setahun [P] (termasuk saranan tambahan bulan semasa) dan saranan tambahan yang telah dibayar.

| (A) Tentukan kategori pekerja. | [A] Determine the category of employee. |
| (B) Tentukan pendapatan bercukup setahun [P]; | [B] Determine the chargeable income for a year [P]; |
| $P = \left( \sum (Y_i - K_i^*) \cdot (Y_i - K_i^*) + \sum \left[ (Y_i - K_i^*) \cdot (Y_i - K_i^*) \right] \right) - \left[ D + S + D_0 + S_0 + QC + \left( \sum LP + LP_i \right) \right]$ | $P = \left( \sum (Y - K^*) \cdot (Y - K^*) + \sum \left[ (Y - K^*) \cdot (Y - K^*) \right] \right) - \left[ D + S + D_0 + S_0 + QC + \left( \sum LP + LP_i \right) \right]$ |

Langkah 3 - Tentukan jumlah cukai setahun berasaskan nilai P pada Langkah 2 [B]. Nilai M, R dan B adalah berasaskan nilai seperti dalam Jadual 1 di atas.

| Jumlah cukai setahun = (P - M) R + B | Step 3 - Determine the total tax for a year based on value of P in Step 2 [B]. Value of M, R and B are based on value as per Schedule 1 above. |

| Total tax for a year = (P - M) R + B | Total tax for a year = (P - M) R + B |
Langkah 4 - Tentukan PCB untuk bulan semasa bagi saraan tambahan iaitu jumlah cukai setahun (Langkah 3) ditolak dengan jumlah PCB setahun (Langkah 1[D]), zakat yang telah dibayar.

\[
P_{saraan tambahan} = \text{Langkah 3} - (\text{Langkah 1[D]} + \text{zakat yang telah dibayar})
\]

Langkah 5 - PCB bulan semasa yang hendaklah dibayar.

\[
P_{bersih} = \text{PCB bersih} + P_{saraan tambahan} = \text{Langkah 1[C]} + \text{Langkah 4}
\]

5.4 Cara Pengiraan dan Bayaran PCB bagi Saraan Tambahan

Jika saraan tambahan tahun semasa dibayar pada tahun semasa, pengiraan PCB adalah seperti yang berikut:

- Rujuk Jadual Potongan Cukai Bulanan atau Keedah Pengiraan Berkomputer bagi tahun semasa.
- Gunakan Formula Saraan Tambahan dalam perenggan 5.3.1 atau 5.3.2.
- Bayaran PCB untuk saraan biasa bulan semasa dan saraan tambahan bulan semasa hendaklah dibuat dalam satu bayaran.

---

Step 4 - Determine the MTD for current month's additional remuneration where total tax for a year (Step 3) less total MTD for a year (Step 1[D]), zakat which has been paid.

\[
\text{MTD for additional remuneration} = \text{Step 3} - (\text{Step 1[D]} + \text{zakat which has been paid})
\]

Step 5 - The MTD for current month which shall be paid.

\[
= \text{Net MTD} + \text{MTD for current month's additional remuneration} = \text{Step 1[C]} + \text{Step 4}
\]

5.4 Method of Calculation and MTD Payment for Additional Remuneration

If additional remuneration for current year is paid in the current year, the method of MTD calculation is as follows:

- Refer to the Schedule of Monthly Tax Deductions or Computerised Calculation Method for the current year.
- Apply the Additional Remuneration Formula in paragraph 5.3.1 or 5.3.2.
- MTD payment for current month's normal remuneration and additional remuneration shall be paid in a single payment.
<table>
<thead>
<tr>
<th>Table 5.5 Peringatan</th>
<th>Schedule 5.5 Reminder</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5.5.1 Majikan yang menggunakan Jadual Potongan Cukai Bulanan</strong> adalah dinaikkan untuk menggunakan Kedah Pengiriman Berkomputer atau Kalkulator PCB yang terdapat dalam laman sesawang LHDNM di <a href="http://www.bailagov.my">www.bailagov.my</a>. Jika—</td>
<td><strong>5.5.1</strong> The employers using the Schedule of Monthly Tax Deductions are advised to use the Computerised Calculation Method or MTD Calculator which is available on RBDM's website at <a href="http://www.bailagov.my">www.bailagov.my</a>, if—</td>
</tr>
<tr>
<td>(i) pekerja memilih untuk menaunkat potongan selain potongan bagi diri sendiri, suami atau isteri, anak dan carian KWSP;</td>
<td>(i) the employee elects to claim deductions other than deductions for individual, husband or wife, child and contributions to EPF;</td>
</tr>
<tr>
<td>(ii) pekerja menerima perubahan gaji (kenaikan atau penurunan gaji);</td>
<td>(ii) the employee receives salary adjustment (increase or decrease in salary);</td>
</tr>
<tr>
<td>(iii) pekerja baru mula bekerja selain bulan Januari;</td>
<td>(iii) a new employee commences employment other than in the month of January;</td>
</tr>
<tr>
<td>(iv) pekerja baru mula bekerja dengan majikan baru dan pernah menerima sarana daripada majikan terdahulu.</td>
<td>(iv) a new employee commences employment with a new employer and once received remuneration from previous employer.</td>
</tr>
<tr>
<td><strong>5.5.2 Jika amalan PCB (sebelum tolakan zakat) kurang daripada RM100, majikan tidak perlu memetong PCB pekerja itu.</strong></td>
<td><strong>5.5.2</strong> If the amount of MTD (before the setting-off of zakat) is less than RM100, the employer is not required to deduct the MTD of that employee.</td>
</tr>
</tbody>
</table>
5.6 Example of Calculation

Examples of determination of qualifying remuneration amount which are subject to MTD are as follows:

(a) Employee Share Option Scheme

Amount of share benefits is calculated as follows:

Market value of share on the date the xx option is exercisable

Or

Market value of share on the date the xx option is exercised

(whichever is lower)

Less:

Price paid for the share (if applicable) xx

Perquisite under paragraph 13(1)(a) of xx the Act

Example:

The date the option is offered: 1 December 2007
The date the option is exercisable: 1 March 2006
The date the option is exercised: 28 February 2018
<table>
<thead>
<tr>
<th>JADUAL (Kerja 3)</th>
<th>SCHEDULE (Rule 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nilai pasaran sesihan pada tarikh boleh dilaksana (1 Mac 2008)</td>
<td>Market value per share on the date the option is exercisable (1 March 2008)</td>
</tr>
<tr>
<td>Nilai pasaran sesihan pada tarikh opsyen dilaksanakan (2 Mei 2013)</td>
<td>Whichever is lower</td>
</tr>
<tr>
<td>RM 3.80</td>
<td>RM 3.80</td>
</tr>
<tr>
<td>Mengikut semua mana yang telah rendah</td>
<td></td>
</tr>
<tr>
<td>Nilai pasaran sesihan pada tarikh opsyen dilaksanakan (2 Mei 2013)</td>
<td>Market value per share at on the date the option is exercised (2 May 2013)</td>
</tr>
<tr>
<td>RM 4.00</td>
<td>RM 4.00</td>
</tr>
<tr>
<td>Tolak:</td>
<td>Lesser:</td>
</tr>
<tr>
<td>Harga yang ditawarkan sesihan pada 1 Disember 2007</td>
<td>Offered price per share on 1 December 2007</td>
</tr>
<tr>
<td>Oleh itu, nilai perkuisit</td>
<td>Therefore, the value of perquisite</td>
</tr>
<tr>
<td>: RM 1.50</td>
<td>(RM 3.80 - RM 1.50)</td>
</tr>
<tr>
<td>(RM 3.80 - RM 1.50)</td>
<td>(RM 3.80 - RM 1.50)</td>
</tr>
<tr>
<td>Jika pekerja ditawarkan Skim Opson Saham Pekerja dan melaksanakan 10,000 unit saham dalam tahun 2010, nilai perkuisit ialah:</td>
<td>If an employee is being offered the Employee Share Option Share and exercised 10,000 unit of shares in the year 2010, the value of perquisite is:</td>
</tr>
<tr>
<td>10,000 unit saham x RM 2.30</td>
<td>10,000 unit of shares x RM 2.30</td>
</tr>
<tr>
<td>10,000 x RM 2.30 = RM 23,000.00</td>
<td>10,000 x RM 2.30 = RM 23,000.00</td>
</tr>
</tbody>
</table>
JADUAL
(Kereta 3)

(b) Ganjaran

Jika penerbit tidak lagi mendapat apa-apa pengenceran ganjaran, PCB atas semua ganjaran tersebut hendaklah dikenakan mengikut Formula Salarium Tambahan.

Contoh:
(i) Penerbit menerima pengajaran pada: 1 Januari 2005

(ii) Penerbit bersara dan menerima ganjaran pada: 29 Oktober 2013

(iii) Jumlah ganjaran yang akan dibayar apabila bersara pada umur 53 tahun: RM35,000.00

SCHEDULE
(Rule 3)

P.U. (A) 35

(b) Gratuity

If an employee is not qualified for any exemption from gratuity, MTD on all gratuities shall be calculated according to the Additional Remuneration Formula.

Example:
(i) Employee commences employment on: 1 January 2005

(ii) Employee retires and receives gratuity on: 29 October 2013

(iii) Total gratuity to be paid upon retirement at the age of 53: RM35,000.00
Determine the period of employment:

Period of employment: 1 January 2005 – 31 October 2013 (9 years 10 months).

Therefore, gratuity is taxable due to period of employment is less than ten (10) years.

Total gratuity received of RM35,000.00 is subject to MTD and the MTD shall be calculated using the Additional Remuneration Formula.

(c) Compensation for Loss of Employment

Balance of compensation after deducting the qualifying exemption is subject to MTD and the MTD shall be calculated according to the Additional Remuneration Formula.

Example:

(i) Employee commences employment on 1 May 2007
(ii) Employee is terminated on 25 March 2013
(iii) Total compensation paid is RM75,000.00

Contoh:

(i) Pekerja mula pengajian pada 1 Mei 2007
(ii) Pekerja diberhentikan pada 25 Mac 2013
(iii) Jumlah bayaran pam pasri ialah RM75,000.00

(c) Pampasan untuk Kehilangan Pengajian

Baki pampasan setelah ditolak dengan pengecualian yang layak adalah tertahuk kepada PCB dan pengiraan PCB tersebut bendaahab dapat guna menggunakan Formul Sanaan Tambahan.

Contoh:

(i) Pekerja mula pengajian pada 1 Mei 2007
(ii) Pekerja diberhentikan pada 25 Mac 2013
(iii) Jumlah bayaran pam pasri ialah RM75,000.00
### JADUAL
(Kelebihan 3)

<table>
<thead>
<tr>
<th>[A] Tentukan bilangan tahun genap perkhidmatan.</th>
<th>[B] Pengecualian cukai ke atas pampasan hendaklah—</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/5/2007 - 30/4/2008: satu tahun genap perkhidmatan.</td>
<td>RM10,000.00 x 5 tahun genap perkhidmatan = RM50,000.00</td>
</tr>
<tr>
<td>1/5/2012 - 25/3/2013: kurang daripada satu tahun genap perkhidmatan.</td>
<td></td>
</tr>
</tbody>
</table>

Pekerja telah berkhidmat untuk 5 tahun genap perkhidmatan.

### SCHEDULE
(Rule 3)

<table>
<thead>
<tr>
<th>Determination of amount of compensation which is subject to tax.</th>
</tr>
</thead>
<tbody>
<tr>
<td>[A] Determine the number of completed years of service.</td>
</tr>
<tr>
<td>1/5/2012 - 25/3/2013: less than one completed year of service.</td>
</tr>
</tbody>
</table>

Employee has served for 5 completed years of service.

<table>
<thead>
<tr>
<th>[B] Tax exemption on compensation shall be—</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM10,000.00 x 5 completed years of service = RM50,000.00</td>
</tr>
</tbody>
</table>
### Jadual (Koleksi 3)

<table>
<thead>
<tr>
<th>Bayaran pampasan</th>
<th>RM75,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tolak: Amanah yang dikenalikan</td>
<td>RM50,000.00</td>
</tr>
<tr>
<td>Baki pampasan yang tidak ditolak kepada PCB</td>
<td>RM25,000.00</td>
</tr>
</tbody>
</table>

Baki pampasan berjumlah RM25,000.00 setelah ditolak dengan pengecualian yang layak akan tertukar kepada PCB dan pengiraan PCB tersebut hendaklah mengikut Formula Samaan Tambahan.

Walau bagaimanapun, bayaran pampasan yang dibuat oleh suatu syarikat terkawal kepada sesuatu pengarah syarikat itu yang bilaan berkibitzat sebagai pengarah sepenuh masa tidak dikenalikan daripada cukai.

(d) Program Kepulangan Pakar (REP)

Sesuatu pekerja yang diluluskan di bawah REP hendaklah dikenalikan cukai pendapatan pada kadar 15% atas pendapatan bercakap. Sekiranya jumlah pendapatan bercakap tidak melebihi RM35,000.00, pekerja layak mendapat rebat cukai individu dan suami atau isteri sebanyak RM400.00 masing-masing.

Tempoh insentif adalah selama genap lima (5) tahun taksiran secara berturut-turut.

### Schedule (Rute 3)

<table>
<thead>
<tr>
<th>Compensation paid</th>
<th>RM75,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less: Amount of exemption</td>
<td>RM50,000.00</td>
</tr>
<tr>
<td>Balance of compensation which is subject to MTD</td>
<td>RM25,000.00</td>
</tr>
</tbody>
</table>

Balance of compensation of RM25,000.00 after deducting the qualifying exemption will be subject to MTD and the MTD shall be calculated according to the Additional Remuneration Formula.

However, payment for compensation made by a controlled company to a director of the company who is not a whole-time service director shall not be exempted from tax.

(d) Returning Expert Program (REP)

An approved employee under REP shall be taxed at the rate of 15% from his chargeable income. If the total chargeable income does not exceed RM35,000, the employee is eligible for individual and husband or wife rebate for RM400 respectively.

Duration of the incentive is for five (5) consecutive full years of assessment.
### Formula Keelah Pengiraan Berkomputer:

**PCB bulan semasa** = \( \frac{(PR - T) - (Z + X)}{n + 1} \)

**PCB bersih** = PCB bulan semasa - zakat bulan semasa

Iaitu P = \( \sum (Y - K)^2 \cdot (y - K) + \left( \frac{(Y - K)^2}{n} \cdot (Y - K) \right) \) - \( \left[ \frac{D + E + F + G + H + J + L + P}{n} \right] \)

| P | Jumlah pendapatan berculai untuk setahun; |
| \( \sum (Y - K) \) | Jumlah saraan bersih terkumpul termasuk saraan tambahan bersih yang telah dibayar kepada pekerja sehingga sebelum bulan semasa termasuk saraan bersih yang dibayar oleh majikan terhadap bulan tahun semasa (jika ada); |
| Y | Jumlah saraan kasar bulanan dan saraan tambahan yang telah dibayar termasuk saraan kasar bulanan yang telah dibayar oleh majikan terhadap bulan tahun semasa (jika ada); |
| K | Jumlah cururan KWSP atau skim duit usia yang lain yang telah dibhajat karuan semasa saraan bulanan, saraan tambahan dan saraan daripada majikan terhadap bulan tahun semasa) dan premium insurans nyawa yang telah dibayar |

### Computerised Calculation Method Formula:

MTD for current month = \( \frac{(PR - T) - (Z + X)}{n + 1} \)

Net MTD = MTD for current month - zakat for current month

Where P = \( \left( \frac{\left( \sum (Y - K)^2 \cdot (y - K) + \left( \frac{(Y - K)^2}{n} \cdot (Y - K) \right) \right)}{n + 1} \right) \)

<p>| P | Total chargeable income for a year; |
| ( \sum (Y - K) ) | Total accumulated net remuneration including net additional remuneration which has been paid to an employee until before current month including net remuneration which has been paid by previous employer in the current year (if any); |
| Y | Total monthly gross remuneration and additional remuneration which has been paid including monthly gross remuneration which has been paid by previous employer in the current year (if any); |
| K | Total contribution to EPF or other approved scheme made on all remuneration (monthly remuneration, additional remuneration and remuneration from previous employer in the current year) and life insurance premium paid (including premium claimed under |</p>
<table>
<thead>
<tr>
<th>JADUAL (Kolektor 3)</th>
<th>SCHEDULE (Rule 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(termasuk premium yang dituntut di bawah penggajian terdahulu dalam tahun semasa, jika ada) tidak melebihi jumlah amalan yang layak setahun;</td>
<td>previous employment in the current year, if any) not exceeding total qualifying amount per year;</td>
</tr>
<tr>
<td>( Y_1 )</td>
<td>( Y_1 )</td>
</tr>
<tr>
<td>Saranan biasa bulan semasa;</td>
<td>Current month’s normal remuneration;</td>
</tr>
<tr>
<td>( K_i )</td>
<td>( K_i )</td>
</tr>
<tr>
<td>Caruman KWSP atau skim diluluskan yang lain dan premium insurans nyawa yang telah dibayar bagi saranan bulan semasa tertakluk kepada jumlah amalan yang layak setahun;</td>
<td>Contribution to EPF or other approved scheme and life insurance premium which has been paid for current month’s remuneration subject to total qualifying amount per year;</td>
</tr>
<tr>
<td>( Y_2 )</td>
<td>( Y_2 )</td>
</tr>
<tr>
<td>Anggaran saranan seperti ( Y_1 ) bagi bulan seterusnya;</td>
<td>Estimated remuneration as per ( Y_1 ) for the following month;</td>
</tr>
<tr>
<td>( K_2 )</td>
<td>( K_2 )</td>
</tr>
<tr>
<td>Anggaran buloi jumlah caruman KWSP atau skim diluluskan yang lain dan premium insurans nyawa bagi buloi bulan yang layak ( [[[\text{Jumlah amalan yang layak setahun} - (K + K_i + K_2)] \div \text{n}] \div \text{k} ) atau ( K_2 ) mengikut mana-mana yang lebih rendah;</td>
<td>Estimated balance of total contribution to EPF or other approved scheme and life insurance premium paid for the qualifying monthly balance ( [[[\text{Total qualifying amount per year} - (K + K_i + K_2)] \div \text{n}] \div \text{k} ) whichever is lower;</td>
</tr>
<tr>
<td>( Y_1 - K_2 )</td>
<td>( Y_2 - K_2 )</td>
</tr>
<tr>
<td>Saranam tambahan bersih bulan semasa;</td>
<td>Net additional remuneration for the current month;</td>
</tr>
<tr>
<td>( Y_1 )</td>
<td>( Y_1 )</td>
</tr>
<tr>
<td>Saranam tambahan lesar bulan semasa;</td>
<td>Gross additional remuneration for the current month;</td>
</tr>
<tr>
<td>( K_i )</td>
<td>( K_i )</td>
</tr>
<tr>
<td>Caruman KWSP atau skim diluluskan yang lain bagi saranam tambahan bulan semasa tertakluk kepada jumlah amalan yang layak setahun;</td>
<td>Contribution to EPF or other approved scheme for current month’s additional remuneration subject to total qualifying amount per year;</td>
</tr>
<tr>
<td>( *K + K_i + K_2 ) tidak melebihi jumlah amalan yang layak setahun</td>
<td>( *K + K_i + K_2 ) not exceeding total qualifying amount per year</td>
</tr>
<tr>
<td>JADUAL (Ketahah 3)</td>
<td>SCHEDULE (Rule 3)</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>( n )</td>
<td>( n ) Remaining working month in a year;</td>
</tr>
<tr>
<td>( n + 1 )</td>
<td>( n + 1 ) Remaining working month in a year including current month;</td>
</tr>
<tr>
<td></td>
<td>( D ) Deduction for individual;</td>
</tr>
<tr>
<td></td>
<td>( S ) Deduction for husband or wife;</td>
</tr>
<tr>
<td></td>
<td>( D_0 ) Deduction for person with disabilities;</td>
</tr>
<tr>
<td></td>
<td>( S_0 ) Deduction for disabled husband or wife;</td>
</tr>
<tr>
<td></td>
<td>( Q ) Deduction for qualifying children;</td>
</tr>
<tr>
<td></td>
<td>( C ) Number of qualifying children;</td>
</tr>
</tbody>
</table>

Nilai \( D, S \) dan \( C \) ditentukan seperti yang berikut:

(i) Jika kategori 1 = Bujang:
   - Nilai \( D \) = Potongan individu;
   - \( S = 0 \) dan \( C = 0 \);

(ii) Jika kategori 2 = Berkahwin dan suami atau isteri tidak bekerja:
    - Nilai \( D \) = Potongan individu;
    - \( S = Potongan suami atau isteri \) dan
    - \( C = Bilangan anak yang layak; \)

(iii) Jika kategori 3 = Berkahwin dan suami atau isteri bekerja:
     - Nilai \( D \) = Potongan individu;
     - \( S = 0 \) dan \( C = Bilangan anak yang layak; \)

Value of \( D, S \) and \( C \) are determined as follows:

(i) If category 1 = Single:
    - Value of \( D \) = Deduction for individual, \( S = 0 \) and \( C = 0 \);

(ii) If category 2 = Married and husband or wife is not working:
     - Value of \( D \) = Deduction for individual,
     - \( S = Deduction for husband or wife \) and
     - \( C = Number of qualifying children; \)

(iii) If category 3 = Married and husband or wife is working:
     - Value of \( D \) = Deduction for individual, \( S = 0 \) and
     - \( C = Number of qualifying children; \)
### JADUAL
(Keterangan 3)

| ΣLP | Potongan terkumpul lain yang telah dibenarkan termasuk daripada penggajian terdahulu dalam tahun semasa (jika ada); |
| LP1 | Potongan bulan semasa lain yang dibenarkan; |
| R   | Kadar peratusan cukai; |
| T   | Rebate individu atau suami atau isteri (jika ada); |
| Z   | Zakat terkumpul yang telah dibayar dalam tahun semasa selain zakat bulan semasa; |
| X   | PCB terkumpul yang telah dibayar bagi bulan terdahulu termasuk daripada penggajian terdahulu dalam tahun semasa (termasuk PCB tararan tambahan). Nibah PCB ini tidak termasuk PCB tambahan yang diminta oleh pekerja dan CP3B. |

Setelah nilai ΣLP diperoleh, nilai T ditentukan berdasarkan Jadual Z di bawah yang nilai T bergantung kepada jenis kategori pekerja.

### SCHEDULE
(Rujuk 3)

| ΣLP | Other accumulated allowable deductions including from previous employment in the current year (if any); |
| LP1 | Other allowable deductions for the current month; |
| R   | Percentage of tax rates; |
| T   | Individual or husband or wife rebate (if any); |
| Z   | Accumulated zakat which has been paid in the current year other than zakat for the current month; |
| X   | Accumulated MTD which has been paid for previous month including from previous employment in the current year (including MTD of additional remuneration). The MTD amount does not include additional MTD requested by the employee and CP3B. |

Upon getting the value of ΣLP, the value of T are determined based on Schedule Z below in which the value of T depends on the category of employee.
### Jadual 2: Nilai P, R dan T

<table>
<thead>
<tr>
<th>P (RM)</th>
<th>R (%)</th>
<th>T Kategori 1 &amp; 3 (RM)</th>
<th>T Kategori 2 (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>35,000 dan ke bawah</td>
<td>15</td>
<td>400</td>
<td>800</td>
</tr>
<tr>
<td>Melebihi 35,000</td>
<td>15</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

(e) Pekerja berpengetahuan di wilayah yang ditetapkan

Kadar cukai 15% dikenakan ke atas pendapatan pengajian pekerja berpengetahuan yang diluluskan, yang bekerja dan tinggal di wilayah yang ditetapkan.

**Formula Kaedah Pengiraan Berkompot:***

\[
PCB \text{ bulan semasa} = \frac{[PR - (Z + Xi)]}{n + 1}
\]

\[
PCB \text{ bersih} = \text{PCB bulan semasa} - \text{zakat bulan semasa}
\]

\[
\text{MATU} P = \left[ \sum (Y - K^*) + (Y - K^*) - (Y - K^*)n + (Y - K^*) \right] - \left[ D + S + D_s + S_s + QC + (\sum L + LF) \right]
\]

### Schedule 2: Value of P, R and T

<table>
<thead>
<tr>
<th>P (RM)</th>
<th>R (%)</th>
<th>T Category 1 &amp; 3 (RM)</th>
<th>T Category 2 (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>35,000 and below</td>
<td>15</td>
<td>400</td>
<td>800</td>
</tr>
<tr>
<td>Exceeding 35,000</td>
<td>15</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

(e) Knowledge worker in a specified region

Tax rate at 15% is charged on the employment income of an approved knowledge worker, who is working and residing in a specified region.

**Computerised Calculation Method Formula:**

\[
\text{MTD for current month} = \frac{[PR - (Z + Xi)]}{n + 1}
\]

\[
\text{Net MTD} = \text{MTD for current month} - \text{zakat for current month}
\]

Where \( P = \left[ \sum (Y - K^*) + (Y - K^*) - (Y - K^*)n + (Y - K^*) \right] - \left[ D + S + D_s + S_s + QC + (\sum L + LF) \right] \)
<table>
<thead>
<tr>
<th></th>
<th>Jadual (Kereto 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P</td>
<td>Jumlah pendapatan bercukai untuk setahun;</td>
</tr>
<tr>
<td>Σ (Y-K)</td>
<td>Jumlah saraan bersih terkumpul termasuk saraan tambahan bersih yang telah dibayar kepada pekerja sehingga sebelum bulan semasa termasuk saraan bersih yang dibayar oleh majikan terdahulu dalam tahun semasa (jika ada);</td>
</tr>
<tr>
<td>Y</td>
<td>Jumlah saraan kasar bulanan dan saraan tambahan yang telah dibayar termasuk saraan kasar bulanan yang telah dibayar oleh majikan terdahulu dalam tahun semasa (jika ada);</td>
</tr>
<tr>
<td>K</td>
<td>Jumlah caruman KWSP atau skim diluluskan yang lain yang telah dibuat ke atas semua saraan (saraan bulanan, saraan tambahan dan saraan dari pada majikan terdahulu dalam tahun semasa) dan premi insurans nyawa yang telah dibayar (termasuk premi premi yang dibenut di bawah pengajian terdahulu dalam tahun semasa, jika ada) tidak melebihi jumlah amanah yang layak setahun;</td>
</tr>
<tr>
<td>Yi</td>
<td>Saran biasa bulan semasa;</td>
</tr>
<tr>
<td>Kt</td>
<td>Caruman KWSP atau skim diluluskan yang lain dan premi insurans nyawa yang telah dibayar bagi saraun bulan semasa tertaklid kepada jumlah amanah yang layak setahun;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Schedule (Rule 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P</td>
<td>Total chargeable income for a year;</td>
</tr>
<tr>
<td>Σ (Y-K)</td>
<td>Total accumulated net remuneration including net additional remuneration which has been paid to an employee until before the current month including net remuneration which has been paid by previous employer in the current year (if any);</td>
</tr>
<tr>
<td>Y</td>
<td>Total monthly gross remuneration and additional remuneration which has been paid including monthly gross remuneration paid by previous employer in the current year (if any);</td>
</tr>
<tr>
<td>K</td>
<td>Total contribution to EPF or other approved scheme made on all remuneration (monthly remuneration, additional remuneration and remuneration from previous employer in the current year) and life insurance premium which has been paid (including premium claimed under previous employment in the current year, if any) not exceeding total qualifying amount per year;</td>
</tr>
<tr>
<td>Yi</td>
<td>Current month's normal remuneration;</td>
</tr>
<tr>
<td>Kt</td>
<td>Contribution to EPF or other approved scheme and life insurance premium paid for the current month's remuneration subject to total qualifying amount per year;</td>
</tr>
<tr>
<td>JADUAL</td>
<td>SCHEDULE</td>
</tr>
<tr>
<td>--------</td>
<td>----------</td>
</tr>
<tr>
<td>Kelebihan</td>
<td>Rule 3</td>
</tr>
<tr>
<td>$Y_2$</td>
<td>Estimated remuneration as per $Y_1$ for the following months;</td>
</tr>
<tr>
<td>$K_2$</td>
<td>Estimated balance of total contribution to EPF or other approved scheme and life insurance premium which has been paid for the qualifying monthly balance [[Total qualifying amount - ($K + K_1 + K_2)/n] or $K_0$, whichever is lower;</td>
</tr>
<tr>
<td>$Y_1 - K_2$</td>
<td>Net additional remuneration for the current month;</td>
</tr>
<tr>
<td>$K_0$</td>
<td>Gross additional remuneration for the current month;</td>
</tr>
<tr>
<td>$Y_1$</td>
<td>Contribution to EPF or other approved scheme for the current month's additional remuneration subject to total qualifying amount not exceeding total qualifying amount per year;</td>
</tr>
</tbody>
</table>

* $K + K_1 + K_2 + K_3$ tidak melebihi jumlah amaun yang layak setahun

<table>
<thead>
<tr>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>$n$</td>
</tr>
<tr>
<td>$n + 1$</td>
</tr>
<tr>
<td>D</td>
</tr>
<tr>
<td>S</td>
</tr>
<tr>
<td>D$_i$</td>
</tr>
<tr>
<td>S$_i$</td>
</tr>
<tr>
<td>Q</td>
</tr>
<tr>
<td>C</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>$n$</td>
</tr>
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<tr>
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</tr>
<tr>
<td>S</td>
</tr>
<tr>
<td>D$_i$</td>
</tr>
<tr>
<td>S$_i$</td>
</tr>
<tr>
<td>Q</td>
</tr>
<tr>
<td>C</td>
</tr>
</tbody>
</table>
### JADUAL (Kereto 3)

Nilai D, S dan C ditentukan seperti yang berikut:

(i) Jika kategori 1 = Bujang;
   Nilai D = Potongan individu, S = 0 dan C = 0;

(ii) Jika kategori 2 = Berkahwin dan suami atau istri tidak bekerja;
    Nilai D = Potongan individu, S = Potongan suami atau istri dan C = Bilangan anak yang layak;

(iii) Jika kategori 3 = Berkahwin dan suami atau istri bekerja;
     Nilai D = Potongan individu, S = 0 dan C = Bilangan anak yang layak;

\[
\Sigma LP: \text{Potongan terkumpul lain yang dibenarkan termasuk daripada penggajian terdahulu dalam tahun semasa (jika ada)};
\]

\[
LP_1: \text{Potongan bulan semasa lain yang dibenarkan};
\]

\[
R: \text{Kadar peratusan cuti};
\]

\[
Z: \text{Zakat terkumpul yang telah dibayar dalam tahun semasa selain zakat bulan semasa};
\]

### SCHEDULE (Roh 3)

Value of D, S and C are determined as follows:

(i) If category 1 = Single;
   Value of D = Deduction for individual, S = 0 and C = 0;

(ii) If category 2 = Married and husband or wife is not working;
   Value of D = Deduction for individual, S = Deduction for husband or wife and C = Number of qualifying children;

(iii) If category 3 = Married and husband or wife is working;
     Value of D = Deduction for individual, S = 0 and C = Number of qualifying children;

\[
\Sigma LP: \text{Other accumulated allowable deductions including from previous employment in the current year (if any)};
\]

\[
LP_1: \text{Other allowable deductions for the current month};
\]

\[
R: \text{Percentage of tax rates};
\]

\[
Z: \text{Accumulated zakat which has been paid in the current year other than zakat for the current month};
\]
### 6. PEKERJA YANG TIDAK TERTAKLIK KEPADA PCB TETAPI BOLEH DIKENAKAN CUKAI

6.1 Pekerja di bawah kategori 1 atau kategori 3 dengan jumlah saraan bulanan (seterusnya ditolak potongan yang dibenarkan) di antara RM2,556.00 hingga RM2,570.00 boleh dikenakan cukai walaupun saraannya tidak tertakuk kepada potongan cukai di bawah Kadalah-Kadalah PCB.

6.1 Majikan bertanggungjawab untuk mendapatkan nombor cukai pendapatan pekerja sama ada melalui e-Daftar dalam laman sesawang Lembaga Hasil Dalam Negeri Malaysia (LHDNM) atau dengan menghubungi cowongan LHDNM yang berkampiran.

6.2 Jika pekerja menerima saraan tambahan dan tertakuk kepada PCB, majikan dikehendaki menggunakan Formula Saraan Tambahan.

### 6. EMPLOYEE WHO IS NOT SUBJECT TO MTD BUT LIABLE TO TAX

6.1 An employee under category 1 or category 3 with the total monthly remuneration (after less allowable deduction) between RM2,556.00 to RM2,570.00 is liable to tax even though his remuneration is not subject to tax deduction under MTD rules.

6.2 The employer is responsible to register the employee’s income tax number either through e-Daftar on the website of Inland Revenue Board of Malaysia (IRBM) or by contacting the nearest IRBM branch.

6.3 If an employee receives additional remuneration and is subject to MTD, the employer is required to use the Additional Remuneration Formula.
7. PENGIRAAN PCB UNTUK SARAAN TAMBAHAN TAHUN KEBELAKANGAN SELAIN FI PENGARAH DAN BONUS

7.1 Saraan Tambah Tahun Terdahulu (Selepas Tahun 2008)

Jika saran tambahan untuk tahun terdahulu (Selepas tahun 2008) yang dibayar pada tahun semasa, pengiraan PCB adalah seperti yang berikut:

(a) Jadual Potongan Cukai Bulanan bagi Tahun yang Berkaitan

Pengiraan PCB bagi Langkah 1 dalam Formula Saraan Tambah Tahun tergantung pada selisih bayaran pada bulan Disember atau bulan terakhir penggajian bagi tahun itu dengan menggunakan Jadual Potongan Cukai Bulanan yang terpakai bagi tahun itu.

(b) Kaedah Pengiraan Berkomputer

Pengiraan PCB hendaklah mengambil kira jumlah saran, potongan, rebat dan PCB bagi tahun yang berkaitan.

7. MTD CALCULATION FOR PRIOR YEARS REMUNERATION OTHER THAN DIRECTOR’S FEE AND BONUS

7.1 Prior Years Additional Remuneration (After Year 2008)

If prior years additional remuneration (after year 2008) which is paid in the current year, the MTD calculation is as follows:

(a) Schedule of Monthly Tax Deduction for the Related Year

The MTD calculation for Step 1 in the Additional Remuneration Formula shall be based on the normal remuneration for the month of December or the last month of employment for that year by using the Schedule of Monthly Tax Deductions applicable for that year.

(b) Computerised Calculation Method

The MTD calculation shall take into account the total remuneration, deductions, rebate and MTD for the related year.
### JADUAL (Ketable 3)

<table>
<thead>
<tr>
<th>7.2 Saraan Tambahan Tahun Terdahulu (Sebelum Tahun 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bagi saraan tambahan untuk tahun terdahulu (sebelum tahun 2009) yang diterima dalam tahun semasa, pengiraan PCR hendaklah diikuti mengikut Formula Bonus dan Jadual Potongan Cukai Bulanan pada tahun berkenaan.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7.2 Prior Years Additional Remuneration (Before Year 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For prior years additional remuneration (before year 2009) which is received in the current year, the MTD calculation shall be calculated according to the Bonus Formula and Schedule of Monthly Tax Deduction for the relevant year.</td>
</tr>
</tbody>
</table>

### CONTOH 1

**PENGIRAAN PCR KE ATAS SARAAN TAMBAHAN MENGGUNAKAN JADUAL PCB (JENIS SARAAN SEPerti DI PERENGGAN 5.3)**

<table>
<thead>
<tr>
<th>Pelajar (Berlaluan) dan isteri belajar 2 anak layak potongan</th>
<th>Kategori 3 (KA2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saraan biasa kasar bulanan bagi Januari</td>
<td>RM3,600.00</td>
</tr>
<tr>
<td>Jumlah Saraan Tambahan Jumlah</td>
<td>RM10,800.00</td>
</tr>
<tr>
<td>Jumlah Remunerasi</td>
<td>RM16,800.00</td>
</tr>
</tbody>
</table>

**EXAMPLE 1**

**MTD CALCULATION ON ADDITIONAL REMUNERATION USING MTD SCHEDULE (TYPE OF REMUNERATION AS PER PARAGRAP 5.3)**

<table>
<thead>
<tr>
<th>Employee (Married) and wife working 2 children are entitled for deduction</th>
<th>Refer Category 3 (KA2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly gross normal remuneration for January</td>
<td>RM3,600.00 EPF: RM396.00</td>
</tr>
<tr>
<td>Total Additional Remuneration</td>
<td>RM16,800.00 EPF: RM1,186.00</td>
</tr>
</tbody>
</table>
### JADUAL
(Keterangan 3)

<table>
<thead>
<tr>
<th>Langkah 1 - Tentukan PCB ke atas saraan biasa bersih setahun (tidak termasuk saraan tambahan bulan semasa) dan PCB saraan tambahan yang telah dibayar</th>
</tr>
</thead>
<tbody>
<tr>
<td>[A] Tentukan kategori pekerja</td>
</tr>
<tr>
<td>Kategori 3 (KA2)</td>
</tr>
<tr>
<td>[B] Tentukan saraan biasa bersih = Saraan biasa kasar bulanan tolok (-) caruman KWSP atau skim diluluskan yang lain tertadiuk kepada jumlah amsuan yang layak setahun</td>
</tr>
<tr>
<td>Saraan biasa kasar bulanan</td>
</tr>
<tr>
<td>Tolak: Caruman KWSP (terhad kepada amsuan sebulan)</td>
</tr>
<tr>
<td>Saraan biasa bersih bulanan</td>
</tr>
<tr>
<td>[C] Tentukan PCB bulan semasa bagi saraan biasa bersih dalam Langkah 1 [B]</td>
</tr>
<tr>
<td>PCB bulan semasa</td>
</tr>
<tr>
<td>PCB bersih</td>
</tr>
</tbody>
</table>

### SCHEDULE
(Rule 3)

<table>
<thead>
<tr>
<th>Step 1 - Determine the MTD on the net normal remuneration for a year (not including current month’s additional remuneration) and MTD for additional remuneration which has been paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>[A] Determine the category of employee</td>
</tr>
<tr>
<td>Category 3 (KA2)</td>
</tr>
<tr>
<td>[B] Determine the net normal remuneration = Monthly gross normal remuneration less (-) EPF contribution or other approved scheme subject to total qualifying amount per year</td>
</tr>
<tr>
<td>Monthly gross normal remuneration</td>
</tr>
<tr>
<td>Less: EPF contribution (limited to the amount per month)</td>
</tr>
<tr>
<td>Monthly normal net remuneration</td>
</tr>
<tr>
<td>[C] Determine the MTD for current month for net normal remuneration in Step 1 [B]</td>
</tr>
<tr>
<td>MTD for current month = RM28.95 (refer to Schedule of MTD 2014)</td>
</tr>
<tr>
<td>Net MTD = MTD for current month - zakat for current month = RM28.95 - RM0.00</td>
</tr>
</tbody>
</table>
| JADUAL  
<table>
<thead>
<tr>
<th>(Keterangan 3)</th>
</tr>
</thead>
</table>
| [D] Jumlah PCB Setahun = Jumlah PCB terkumpul yang telah dibayar + [PCB bulan semasa pada Langkah [C] x baki bulan dalam setahun termasuk bulan semasa]  
= X + [PCB bulan semasa pada Langkah [C] x (n + 1)]  
= RM0.00 + [RM28.95 x 12 bulan]  
= RM347.40 |

Langkah 2 - Tentukan pendapatan bercakai setahun [P] (termasuk saraan tambahan bulan semasa) dan PCB saraan tambahan yang telah dibayar


Kategori 3 (KA2)

[B] Tentukan pendapatan bercakai setahun [P]:

\[ P = [(Y - k) \times 12] + [(Y - k) - (D + S + QC)] + \left(\left(\text{RM3,600} - \text{RM396}\right) \times 12\right) + \text{RM0.00} - \text{RM0.00} \times \left(\text{RM7,200} - \text{RM792}\right) \times \left(\text{RM9,000} + \text{RM0.00} + \text{RM2,000}\right) \]  
= RM38,448 + RM6,408 - RM11,000  
= RM33,856

| SCHEDULE  
<table>
<thead>
<tr>
<th>(Rule 3)</th>
</tr>
</thead>
</table>
| [D] Total MTD for a year = Total accumulated MTD which has been paid + [MTD for current month at Step [C] x remaining month in a year including current month]  
= X + [MTD for current month at Step [C] x (n + 1)]  
= RM0.00 + [RM28.95 x 12 month]  
= RM347.40 |

Step 2 - Determine the chargeable income for a year [P] (including additional remuneration for the current month) and the MTD for additional remuneration which has been paid

[A] Determine the category of employee.

Category 3 (KA2)

[B] Determine the chargeable income for a year [P]:

\[ P = [(Y - k) \times 12] + [(Y - k) - (D + S + QC)] + \left(\left(\text{RM3,600} - \text{RM396}\right) \times 12\right) + \text{RM0.00} - \text{RM0.00} + \left(\text{RM7,200} - \text{RM792}\right) \times \left(\text{RM9,000} + \text{RM0.00} + \text{RM2,000}\right) \]  
= RM38,448 + RM6,408 - RM11,000  
= RM33,856
Langkah 3 - Tentukan jumlah cukai setahun berdasarkan nilai P dalam Langkah 2 [B]. Nilai M, R dan B adalah berdasarkan nilai seperti dalam Jadual 1 di bawah.

Jumlah cukai setahun = \([(P : M) R + B]\)

\[
\begin{align*}
&= \left[ (\text{RM} 33,856 - \text{RM} 20,000) \times 6\% - \text{RM} 100 \right] \\
&= \text{RM} 13,856 \times 6\% - \text{RM} 100 \\
&= \text{RM} 731,36
\end{align*}
\]

Schedule 1: Value of P, M, R and B

<table>
<thead>
<tr>
<th>P (RM)</th>
<th>M (RM)</th>
<th>R (%)</th>
<th>B Category 1 &amp; 3 (RM)</th>
<th>B Category 2 (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,500 - 5,000</td>
<td>2,500</td>
<td>0</td>
<td>-400</td>
<td>-800</td>
</tr>
<tr>
<td>5,001 - 20,000</td>
<td>5,000</td>
<td>2</td>
<td>-400</td>
<td>-800</td>
</tr>
<tr>
<td>20,001 - 50,000</td>
<td>20,000</td>
<td>6</td>
<td>-100</td>
<td>-500</td>
</tr>
<tr>
<td>35,001 - 70,000</td>
<td>35,000</td>
<td>11</td>
<td>1,200</td>
<td>1,200</td>
</tr>
<tr>
<td>50,001 - 100,000</td>
<td>50,000</td>
<td>19</td>
<td>2,850</td>
<td>2,850</td>
</tr>
<tr>
<td>70,001 - 100,000</td>
<td>70,000</td>
<td>24</td>
<td>6,650</td>
<td>6,650</td>
</tr>
<tr>
<td>Melebihi 100,000</td>
<td>100,000</td>
<td>26</td>
<td>13,850</td>
<td>13,850</td>
</tr>
</tbody>
</table>

* Caruman KWSP = \((\text{RM} 396 \times 12) + \text{RM} 792 = \text{RM} 5,544.00\)

* Potongan cukai atas caruman KWSP pekerja adalah terhad kepada RM6,000.00 setahun

* EPF Contribution = \((\text{RM} 396 \times 12) + \text{RM} 792 = \text{RM} 5,544.00\)

* Tax deduction on employee's EPF contribution is limited to RM6,000.00 per year.

**Step 3** - Determine the total tax for a year based on the value of P in Step 2 [B]. The value of M, R and B are based on value as per Schedule 1 below

**Total tax for a year** = \([(P : M) R + B]\)

\[
\begin{align*}
&= \left[ (\text{RM} 33,856 - \text{RM} 20,000) \times 6\% - \text{RM} 100 \right] \\
&= \text{RM} 13,856 \times 6\% - \text{RM} 100 \\
&= \text{RM} 731,36
\end{align*}
\]

Schedule 1: Value of P, M, R and B

<table>
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<tr>
<th>P (RM)</th>
<th>M (RM)</th>
<th>R (%)</th>
<th>B Category 1 &amp; 3 (RM)</th>
<th>B Category 2 (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,500 - 5,000</td>
<td>2,500</td>
<td>0</td>
<td>-400</td>
<td>-800</td>
</tr>
<tr>
<td>5,001 - 20,000</td>
<td>5,000</td>
<td>2</td>
<td>-400</td>
<td>-800</td>
</tr>
<tr>
<td>20,001 - 35,000</td>
<td>20,000</td>
<td>6</td>
<td>-100</td>
<td>-500</td>
</tr>
<tr>
<td>35,001 - 50,000</td>
<td>35,000</td>
<td>11</td>
<td>1,200</td>
<td>1,200</td>
</tr>
<tr>
<td>50,001 - 70,000</td>
<td>50,000</td>
<td>19</td>
<td>2,850</td>
<td>2,850</td>
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<tr>
<td>70,001 - 100,000</td>
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<td>24</td>
<td>6,650</td>
<td>6,650</td>
</tr>
<tr>
<td>Melebihi 100,000</td>
<td>100,000</td>
<td>26</td>
<td>13,850</td>
<td>13,850</td>
</tr>
</tbody>
</table>
### Langkah 4 - Tentukan PCB bagi saran tambahan bulan semasa iaitu jumlah cukai setahun (Langkah 3) ditolak dengan jumlah PCB setahun (Langkah 1[D]), zakat yang telah dibayar

| PCB saraan tambahan | = Langkah 3 - [Langkah 1[D] + zakat yang telah dibayar]  
|---------------------|----------------------------------------------------------|
|                     | = RM731.36 - [RM347.40 + RM0.00]  
|                     | = RM383.96

### Langkah 5 - PCB bulan semasa yang hendaklah dibayar

| PCB yang hendaklah dibayar | = PCB bersih + PCB saraan tambahan bulan semasa  
|-----------------------------|------------------------------------------------|
|                            | = Langkah 1[C] + Langkah 4  
|                            | = RM28.95 + RM383.96  
|                            | = RM412.91 = RM412.90

### Step 4 - Determine the MTD for the current month’s additional remuneration where total tax for a year (Step 3) less total MTD for a year (Step 1[D]), zakat which has been paid

| MTD for additional Remuneration | = Step 3 - [Step 1[D] + zakat which has been paid]  
|---------------------------------|---------------------------------------------------|
|                                 | = RM731.36 [RM347.40 + RM0.00]  
|                                 | = RM383.96

### Step 5 - MTD for current month which shall be paid

| MTD which shall be paid | = Net MTD + MTD for the current month’s additional remuneration  
|-------------------------|---------------------------------------------------------------|
|                         | = Step 1[C] * Step 4  
|                         | = RM28.95 + RM383.96  
|                         | = RM412.91 = RM412.90
### Example 2

**MTD Calculation on Additional Remuneration Using Computerised Calculation Method**

**Type of Remuneration as Per Paragraph 5.3**

Information on remuneration is as per example 1.

**Step 1** – Determine the MTD on net remuneration for a year (not including the current month’s additional remuneration)

[A] Determine the category of employee.

**Category 3 (KA2)**

[B] Determine the chargeable income for a year [P]:

\[
P = \left[ \sum (Y_r - K_r^* + (Y_r - K_r^*) \times n) + [Y_r - K_r^*] \right] - \left[ D + S + D_5 + S_5 + QC \times \left( \sum L_P + L_P^* \right) \right]
\]

where \( Y_r - K_r^\ast = 0 \)

Firstly, determine value \( K_2 \) first:

\( K_2 = \) Estimated balance of total contribution to EPF or other approved scheme and life insurance premium for the balance of the qualifying month

\[
= \left[ \text{Total qualifying amount} - (K_1 + K_2) \right] / n \text{ or } K_0, \text{ which ever is lower}
\]

\[
= \left[ \text{RM6,000.00} - (\text{RM0.00} + \text{RM396.00} + \text{RM0.00}) \right] / 11
\]
<table>
<thead>
<tr>
<th>JADUAL (Keolah 3)</th>
<th>SCHEDULE (Rule 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>= RM509.45 atau K1, mengikut mana-mana yang lebih rendah</td>
<td></td>
</tr>
<tr>
<td>= RM396.00</td>
<td></td>
</tr>
<tr>
<td>Jumlah caruman KWSP atau sum duulaskan yang beras dan</td>
<td></td>
</tr>
<tr>
<td>premiun insurans nyawa</td>
<td></td>
</tr>
<tr>
<td>= K + K1 + K2 x n</td>
<td>= K + K1 + (K2 x n) ≤ RM 6,000.00 (terhad)</td>
</tr>
<tr>
<td>= RM0.00 + RM396.00 + RM0.00 + [RM396.00 x 11] ≤ RM 6,000.00 (terhad)</td>
<td></td>
</tr>
<tr>
<td>= RM396.00 + RM4,356.00 ≤ RM 6,000.00 (terhad)</td>
<td></td>
</tr>
<tr>
<td>= RM4,752.00 ≤ RM 6,000.00 (terhad)</td>
<td></td>
</tr>
<tr>
<td>n = 11</td>
<td></td>
</tr>
</tbody>
</table>

\[ P = \sum (Y-K) + (Y_1-K_1) + \sum (Y_2-K_2) x n + (Y_3-K_3) + \sum (D+S+G+S_0 + QC + \sum (L+P)) \]

Iaitu \( Y_i - K_i = 0 \)

\[ = \sum (RM0.00 - RM1.00) + \sum (RM3,600.00 - RM396.00) + \]
\[ + \sum (RM3,600.00 - RM396.00 x 11) + \sum (RM9,000.00 + RM0.00) \]
\[ = RM2,000.00 + \sum (RM0.00 + RM0.00) \]
\[ = \sum (RM3,204.00 + RM3,204.00 x 11) - \sum (RM9,000.00 + RM2,000.00) \]
\[ = RM38,448.00 - RM11,000.00 \]
\[ = RM27,448.00 \]


PCB bulan semasa = \[ \frac{[P - M + R + B] - (Z+X)}{n+1} \]

\[ = RM509.45 \text{ or } K_k, \text{ whichever is lower} \]

\[ = RM396.00 \]

\*[Total contribution to EPF or other approved scheme and life insurance premium]

\[ = K + K1 + K2 x n \leq RM 6,000.00 \text{ (limited)} \]

\[ = RM0.00 + RM396.00 + RM0.00 + [RM396.00 x 11] \leq RM6,000.00 \text{ (limited)} \]

\[ = RM396.00 + RM4,356.00 \leq RM 6,000.00 \text{ (limited)} \]

\[ = RM4,752.00 \leq RM 6,000.00 \text{ (limited)} \]

n = 11

\[ P = \sum (Y-K) + (Y_1-K_1) + \sum (Y_2-K_2) x n + (Y_3-K_3) + \sum (D+S+G+S_0 + QC + \sum (L+P)) \]

where \( Y_i - K_i = 0 \)

\[ = \sum (RM0.00 - RM1.00) + \sum (RM3,600.00 - RM396.00) + \]
\[ + \sum (RM3,600.00 - RM396.00 x 11) - \sum (RM9,000.00 + RM0.00) \]
\[ + \sum (RM2,000.00 + RM0.00 + RM0.00) \]
\[ = \sum (RM3,204.00 + RM3,204.00 x 11) - \sum (RM9,000.00 + RM2,000.00) \]
\[ = RM38,448.00 + RM11,000.00 \]
\[ = RM27,448.00 \]

[C] Determine the monthly MTD for net normal remuneration. Once value of P in Step [B] is determined, value of M, R and B are determined based on Schedule 1 below

MTD for current month = \[ \frac{[P - M + R + B] - (Z+X)}{n+1} \]
<table>
<thead>
<tr>
<th></th>
<th>JADUAL (Kaedah 3)</th>
<th>SCHEDULE (Rute 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCB bersih = PCB bulan semasa - zakat bulan semasa</td>
<td>Net MTD = MTD for current month - zakat for current month</td>
<td></td>
</tr>
<tr>
<td>PCB bulan semasa:</td>
<td>MTD for current month:</td>
<td></td>
</tr>
<tr>
<td>= [(P - M) R + B] - (Z + X)] (n + 1)</td>
<td>= [(P - M) R + B] - (Z + X)] (n + 1)</td>
<td></td>
</tr>
<tr>
<td>= [(RM 27448.00 - RM 20000.00) x 6% - RM 100.00] - (RM 0.00 + RM 0.00) (12)</td>
<td>= [(RM 27448.00 - RM 20000.00) x 6% - RM 100.00] - (RM 0.00 + RM 0.00) (12)</td>
<td></td>
</tr>
<tr>
<td>= RM 7448.00 x 6% - RM 100.00</td>
<td>= RM 7448.00 x 6% - RM 100.00</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>= RM 446.88 - RM 100.00</td>
<td>= RM 446.88 - RM 100.00</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>= RM 36.88/12</td>
<td>= RM 36.88/12</td>
<td></td>
</tr>
<tr>
<td>= RM 28.91</td>
<td>= RM 28.91</td>
<td></td>
</tr>
<tr>
<td>PCB bersih = PCB bulan semasa - zakat bulan semasa</td>
<td>Net MTD = MTD for current month - zakat for current month</td>
<td></td>
</tr>
<tr>
<td>= RM 28.91 - RM 0.00</td>
<td>= RM 28.91 - RM 0.00</td>
<td></td>
</tr>
<tr>
<td>= RM 28.91</td>
<td>= RM 28.91</td>
<td></td>
</tr>
</tbody>
</table>
### Jadual 1: Nilai P, M, R dan B

<table>
<thead>
<tr>
<th>P (RM)</th>
<th>M (RM)</th>
<th>R (%)</th>
<th>B Kategori 1 &amp; 3 (RM)</th>
<th>B Kategori 2 (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,500 - 5,000</td>
<td>2,500</td>
<td>0</td>
<td>-400</td>
<td>-800</td>
</tr>
<tr>
<td>5,001 - 20,000</td>
<td>5,000</td>
<td>2</td>
<td>-400</td>
<td>-800</td>
</tr>
<tr>
<td>20,001 - 35,000</td>
<td>20,000</td>
<td>6</td>
<td>-100</td>
<td>-500</td>
</tr>
<tr>
<td>35,001 - 50,000</td>
<td>35,000</td>
<td>11</td>
<td>1,200</td>
<td>1,200</td>
</tr>
<tr>
<td>50,001 - 70,000</td>
<td>50,000</td>
<td>19</td>
<td>2,850</td>
<td>2,850</td>
</tr>
<tr>
<td>70,001 - 100,000</td>
<td>70,000</td>
<td>24</td>
<td>6,650</td>
<td>6,650</td>
</tr>
<tr>
<td>Melebihi 100,000</td>
<td>100,000</td>
<td>26</td>
<td>13,850</td>
<td>13,850</td>
</tr>
</tbody>
</table>

### Schedule 1: Value of P, M, R and B

<table>
<thead>
<tr>
<th>P (RM)</th>
<th>M (RM)</th>
<th>R (%)</th>
<th>B Category 1 &amp; 3 (RM)</th>
<th>B Category 2 (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,500 - 5,000</td>
<td>2,500</td>
<td>0</td>
<td>-400</td>
<td>-800</td>
</tr>
<tr>
<td>5,001 - 20,000</td>
<td>5,000</td>
<td>2</td>
<td>-400</td>
<td>-800</td>
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<tr>
<td>20,001 - 35,000</td>
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<tr>
<td>35,001 - 50,000</td>
<td>35,000</td>
<td>11</td>
<td>1,200</td>
<td>1,200</td>
</tr>
<tr>
<td>50,001 - 70,000</td>
<td>50,000</td>
<td>19</td>
<td>2,850</td>
<td>2,850</td>
</tr>
<tr>
<td>70,001 - 100,000</td>
<td>70,000</td>
<td>24</td>
<td>6,650</td>
<td>6,650</td>
</tr>
<tr>
<td>Exceeding 100,000</td>
<td>100,000</td>
<td>26</td>
<td>13,850</td>
<td>13,850</td>
</tr>
</tbody>
</table>

[D] Tentukan jumlah PCB setahun

Jumlah PCB setahun = PCB terkumpul yang telah dibayar + [PCB bulan semasa dalam Langkah C] x [bulan dalam setahun termasuk bulan semasa]

= X + [(PCB bulan semasa dalam Langkah C) x (n + 1)]

= RM0.00 + [(RM28.91 x 12)]

= RM346.92

[D] Determine the total MTD for a year

Total MTD for a year = Accumulated MTD which has been paid + [MTD for current month in Step C] x [remaining month in a year including current month]

= X + [(MTD for current month in Step C) x (n + 1)]

= RM0.00 + [(RM28.91 x 12)]

= RM346.92
Langkah 2 - Tentukan pendapatan bercukai setahun [P]
(termasuk saraan tambahan bulan semasa) dan saraan
tambah an yang telah dibayar


Kategori 3 (KA2)

[B] Tentukan pendapatan bercukai setahun [P]:

\[ P = \left( \frac{\sum (Y - K_i^*)}{D + S + D_0 + S_0 + QC + (\sum LP + LP_i)} \right) \]

Tentukan nilai \( K_2 \)

\( K_2 \) = Baki jumlah ciruman KWSP atau skim diluluskan yang lain
dan premium insurans nyawa bagi baki bulan yang layak

\[ = \frac{[\text{jumlah amalan yang layak} - (K + K_1 + K_2)]}{n} \]

Atau \( K_6 \),
mengikut mana-mana yang lebih rendah

\[ = \frac{[\text{RM}6,000.00 - \text{RM}0.00 + \text{RM}396.00 + \text{RM}792.00]}{11} \]

\[ = \text{RM}337.45 \text{ atau } K_2, \text{ mengikut mana-mana yang lebih rendah} \]

\[ = \text{RM}396.00 \]

Step 2 - Determine the chargeable income for a year [P]
(including current’s month additional remuneration) and
additional remuneration which has been paid

[A] Determine the category of employee.

Category 3 (KA2)

[B] Determine the chargeable income for a year [P]:

\[ P = \left( \frac{\sum (Y - K^*)}{D + S + D_0 + S_0 + QC + (\sum LP + LP_i)} \right) \]

Determine value \( K_2 \)

\( K_2 \) = Balance of total contribution to EPF or other approved
scheme and life insurance premium for the balance of
qualifying month

\[ = \frac{[\text{Total qualifying amount} - (K + K_1 + K_2)]}{n} \text{ or } K_6 \]

whichver is lower

\[ = \frac{[\text{RM}6,000.00 - \text{RM}0.00 + \text{RM}396.00 + \text{RM}792.00]}{11} \]

\[ = \text{RM}337.45 \text{ or } K_2, \text{ whichever is lower} \]

\[ = \text{RM}396.00 \]
**109**

**Income Tax (Deduction from Remuneration) Rules 1994**

Thornton’s Malaysian Tax Commentaries Sch
### Jadual 1: Nilai P, M, R dan B

<table>
<thead>
<tr>
<th>P (RM)</th>
<th>M (RM)</th>
<th>R (%)</th>
<th>B Kategori 1 &amp; 3 (RM)</th>
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<tbody>
<tr>
<td>2,500 - 5,000</td>
<td>2,500</td>
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<td>-400</td>
<td>-800</td>
</tr>
<tr>
<td>20,001 - 35,000</td>
<td>20,000</td>
<td>6</td>
<td>-100</td>
<td>-500</td>
</tr>
<tr>
<td>35,001 - 50,000</td>
<td>35,000</td>
<td>11</td>
<td>1,200</td>
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</tr>
<tr>
<td>Melebihi 100,000</td>
<td>100,000</td>
<td>26</td>
<td>13,850</td>
<td>13,850</td>
</tr>
</tbody>
</table>

### Schedule 1: Value of P, M, R and B

<table>
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<tr>
<th>P (RM)</th>
<th>M (RM)</th>
<th>R (%)</th>
<th>B Category 1 &amp; 3 (RM)</th>
<th>B Category 2 (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,500 - 5,000</td>
<td>2,500</td>
<td>0</td>
<td>-400</td>
<td>-800</td>
</tr>
<tr>
<td>5,001 - 20,000</td>
<td>5,000</td>
<td>2</td>
<td>-400</td>
<td>-800</td>
</tr>
<tr>
<td>20,001 - 35,000</td>
<td>20,000</td>
<td>6</td>
<td>-100</td>
<td>-500</td>
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<td>100,000</td>
<td>26</td>
<td>13,850</td>
<td>13,850</td>
</tr>
</tbody>
</table>

Langkah 4 - Tentukan PCB bagi saran tambahan bulan semasa iaitu jumlah cukai setahun (Langkah 3) ditolak dengan jumlah PCB setahun (Langkah 1[I]), zakat yang telah dibayar

PCB saran tambahan = Langkah 3 - [Langkah 1[I] + zakat yang telah dibayar]

= RM731.36 - [RM346.92 + RM0.00]
= RM384.44

Step 4 - Determine the MTD for the current month's additional remuneration where total tax for a year (Step 3) less total MTD for a year (Step 1[D]), zakat which has been paid

MTD for additional = Step 3 - [Step 1[D] + zakat which has been remuneration paid]

= RM731.36 - [RM346.92 + RM0.00]
= RM384.44
<table>
<thead>
<tr>
<th>JADUAL</th>
<th>SCHEDULE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Langkah 5 – PCB bulan semasa yang hendaklah dibayar</td>
<td>Step 5 – MTD for current month which shall be paid</td>
</tr>
<tr>
<td>= PCB bulan semasa + PCB saraan tambahan bulan semasa</td>
<td>= MTD for current month + MTD for current month's additional remuneration</td>
</tr>
<tr>
<td>= Langkah 1[C] + Langkah 4</td>
<td>= Step 1[C] + Step 4</td>
</tr>
<tr>
<td>= RM28.91 + RM384.44</td>
<td>= RM28.91 + RM384.44</td>
</tr>
<tr>
<td>= RM413.35</td>
<td>= RM413.35</td>
</tr>
</tbody>
</table>
Note:
INCOME TAX (DEDUCTIONS OF INSURANCE PREMIUMS FOR EXPORTERS) RULES 1995

PU (A) 79

[22 February 1995]

IN exercise of the powers conferred by subsection 154(1) of the Income Tax Act 1967, the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1 These Rules may be cited as the Income Tax (Deductions of Insurance Premiums for Exporters) Rules 1995 and shall have effect for the year of assessment 1995 and subsequent years of assessment.

RULE 2 DEDUCTION

2(1) For the purposes of ascertaining the adjusted income of a person from a business under the Act, there shall be allowed as a deduction any premium allowable under section 33 of the Act payable in respect of insurance of cargo exported by that person provided the risks are insured with any insurance company incorporated in Malaysia.

2(2) The deduction under these Rules shall be in addition to any deduction allowable under section 33 of the Act.
INCOME TAX (DEDUCTION OF PRE-COMMENCEMENT OF BUSINESS TRAINING EXPENSES) RULES 1996

PU (A) 160

[23 March 1996]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967, the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1 These rules may be cited as the Income Tax (Deduction of Pre-commencement of Business Training Expenses) Rules 1996 and shall have effect from the year of assessment 1996 and subsequent years of assessment.

RULE 2 INTERPRETATION
2 For the purposes of these Rules—
   “potential employee” means an employee of a company who has been contracted as an employee prior to the commencement of the employer’s business; and
   “qualifying training expenses” means expenditure incurred—
   (a) on the training of potential employees to impart basic skills to enable the company to commence its business;
   (b) within the period of one year prior to the commencement of business; and
   (c) being of the kind allowable under section 33 of the Income Tax Act 1967.

RULE 3 DEDUCTION FOR TRAINING EXPENSES OF POTENTIAL EMPLOYEES
3 Subject to rules 2 and 4, for the purposes of ascertaining the adjusted income of a company from a business under the Act, there shall be allowed as a deduction, qualifying training expenses incurred by the company in respect of the training of potential employees prior to the commencement of its business.

RULE 4 EXEMPTION
4 Companies qualifying for a deduction under these Rules shall not include—
   (a) a company receiving training grants from the Government; or
   (b) a small or medium scale company (not participating in the Human Resources Development Fund Scheme) claiming double deduction of training expenses under the Income Tax (Deduction for Approved Training) Rules 1992.
INCOME TAX (QUALIFYING PLANT ALLOWANCES) RULES 1997

PU (A) 265

[10 June 1997]

In exercise of the powers conferred by subsection 154(1) of the Income Tax Act 1967, the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These Rules may be cited as the Income Tax (Qualifying Plant Allowances) Rules 1997.
1(2) These Rules shall have effect in respect of qualifying plant expenditure incurred as from 1 January 1997—
   (a) by a public transport company on the provision of buses using natural gas for the purpose of the business of public transportation;
   (b) by a person on the provision of natural gas refuelling equipment used at a natural gas refuelling outlet.

RULE 2 INTERPRETATION
2 For the purposes of these Rules, “natural gas refuelling outlet” includes a public natural gas refuelling outlet where the natural gas is made available to the public and a private natural gas refuelling outlet where natural gas is not made available to the public but only for specific vehicle types based at a depot or factory premises.

RULE 3 INITIAL ALLOWANCE
3 Initial allowance under paragraph 10 of Schedule 3 to the Act in respect of qualifying plant expenditure incurred for the purposes of a business referred to in subrule 1(2) shall be calculated at a rate not exceeding 40 per cent of that qualifying plant expenditure.

RULE 4 ANNUAL ALLOWANCE
4 Annual allowance under paragraph 15 of Schedule 3 to the Act in respect of qualifying plant expenditure in relation to an asset acquired for the purposes of a business referred to in subrule 1(2) shall be calculated at a rate not exceeding 20 per cent of that qualifying plant expenditure.
INCOME TAX (QUALIFYING PLANT ALLOWANCES) (NO. 2) RULES 1997

PU (A) 474

[31 October 1997]

IN exercise of the powers conferred by subsection 154(1) (b) of the Income Tax Act 1967, the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Qualifying Plant Allowances) (No. 2) Rules 1997.

1(2) These Rules shall have effect in respect of qualifying plant expenditure incurred on or after 17 October 1997.

RULE 2 INITIAL ALLOWANCE

2 Subject to subrule 1(2), initial allowances under paragraph 10 of Schedule 3 to the Act on qualifying plant expenditure in respect of imported heavy machinery as set out in the Schedule to these Rules, shall be calculated at a rate of 10 percent on the qualifying plant expenditure.

RULE 3 ANNUAL ALLOWANCE

3 Subject to subrule 1(2), annual allowances under paragraph 15 of Schedule 3 to the Act on qualifying plant expenditure in respect of imported heavy machinery as set out in the Schedule to these Rules, shall be calculated at a rate of 10 percent on the qualifying plant expenditure.

SCHEDULE

1. Building and Construction Industry—
   Earth-moving plant and heavy equipment-bulldozers, ditchers, excavators, graders, loaders, rippers, rollers, rooters, scrapers, shovels, tractors.

2. Mining Industry—
   Earth-moving plant and heavy equipment.

3. Plantation Industry—
   Earth-moving plant and heavy equipment.

4. Timber Industry—
   Heavy equipment-bulldozers, tractor engines, tractors and timber haulage vehicles.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
INCOME TAX (QUALIFYING PLANT ALLOWANCES) (CONTROL EQUIPMENT) RULES 1998

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967, the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These Rules may be cited as the Income Tax (Qualifying Plant Allowances) (Control Equipment) Rules 1998.

1(2) These Rules shall be deemed to be effective from the year of assessment 1996.

RULE 2 APPLICATION

2 These Rules shall have effect in respect of qualifying plant expenditure incurred on the provision of control equipment used for the purposes of a business.

RULE 3 INTERPRETATION

3 For the purposes of these Rules—

“control equipment” includes equipment and facility used for collecting wastes, for limiting pollution of the environment, for indicating or recording or warning of excessive pollution and for securing more efficient use of the equipment.

RULE 4 INITIAL ALLOWANCE

4 Initial allowance under paragraph 10 of Schedule 3 to the Act, on qualifying plant expenditure specified in the Schedule to these Rules shall be calculated at a rate of forty per centum (40%).

RULE 5 ANNUAL ALLOWANCE

5 Annual allowance under paragraph 15 of Schedule 3 to the Act, on qualifying plant expenditure specified in the Schedule to these Rules shall be calculated at a rate of twenty per centum (20%).

SCHEDULE

Sewage and Industrial Effluent Treatment Plant Facilities

— Mixing Tank
— Sedimentation Tank
— Filter Press
— Neutralization Tank
— Variable Speed Decanter Centrifuge

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Income Tax

— Aerators/Aeration Facility
— Automatic Level Control Submersible Pump
— Ultrasonic Flowmeter
— Automatic pH-Controlled Pump
— Drums for Sludge Storage
— Effluent Drainage System
— Clarifying Tanks/Precipitation Tanks
— Sludge Holding Tank
— Treatment Chemicals
— Wastewater Recycle Equipment
— Carbon Filter

Air Pollution Control Equipment
— Electrostatic Precipitator
— Cyclone
— Bag Filter
— Water Scrubber
— Black Smoke Density Recorder
— Black Smoke Alarm Equipment
— Chimney/Gas Stack Sampling Equipment
— Water Sprinkler
— Incinerator
— Carbon Filter
— Gas Absorption Materials
— Packing Material for Water Scrubber
INCOME TAX (QUALIFYING PLANT INITIAL ALLOWANCES) RULES 1998

PU (A) 294

[11 July 1998]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967, the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1 These rules may be cited as the Income Tax (Qualifying Plant Initial Allowances) Rules 1998 and shall have effect from the year of assessment 1998.

RULE 2 INITIAL ALLOWANCE

2 Initial allowance made under paragraph 10 of Schedule 3 to the Income Tax Act 1967, in respect of qualifying plant expenditure on the provision of machinery or plant (other than imported heavy machinery as set out in the Schedule to the Income Tax (Qualifying Plant Allowances) (No. 2) Rules 1997), used for the purposes of a business of a person carried on in Malaysia, which consists of—

(i) the construction of any works, roads, structures and buildings;

(ii) the extraction of timber from a forest; and

(iii) the working of a mine for getting tin-ore or extracting or dressing tin concentrates,

shall be calculated at a rate as set out in the Schedule to these Rules, unless he elects in writing, when claiming an allowance for that year in respect of that expenditure, that the allowance be equal to 20 per cent of that expenditure.

SCHEDULE

<table>
<thead>
<tr>
<th>Industry</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and construction</td>
<td>30 per cent of qualifying plant expenditure</td>
</tr>
<tr>
<td>Timber</td>
<td>60 per cent of qualifying plant expenditure</td>
</tr>
<tr>
<td>Tin mining</td>
<td>60 per cent of qualifying plant expenditure</td>
</tr>
</tbody>
</table>

Thornton’s Malaysian Tax Commentaries
INCOME TAX (PRESCRIBED FEES UNDER SCHEDULE 5 TO THE ACT) RULES 1998
PU (A) 497/98

[29 December 1998]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1  CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Prescribed Fees Under Schedule 5 To The Act) Rules 1998
1(2) These Rules shall come into operation on 1 January 1999.

RULE 2  PRESCRIBED FEE
2 For the purpose of the payment of the fees under Schedule 5 to the Act, the Minister prescribed the fees as specified in the Schedule.

RULE 3  REVOCATION
3 The Income Tax (Rates of fees payable under Schedule 5) Rules 1975 [P.U. (A) 95/75] is revoked.

SCHEDULE
(Rule 2)

Prescribed Fees Payable Under Schedule 5 To The Income Tax Act 1967

<table>
<thead>
<tr>
<th>Item</th>
<th>Fee payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Requisition to state a case to the High Court in respect of each deciding order (paragraph 34)</td>
<td>RM100.00 in respect of each deciding order against which an appeal is lodged</td>
</tr>
<tr>
<td>2. Cost of preparing the case stated (paragraph 37A(1))</td>
<td>RM5.00 per page to cover the cost of preparing two copies for the High Court and one copy each for the parties to the appeal: RM1.00 per page of each extra copy</td>
</tr>
<tr>
<td>3. Obtaining authorized publication from the Special Commissioners or the court (subparagraph 43(2))</td>
<td>RM1.00 per page</td>
</tr>
</tbody>
</table>

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
INCOME TAX (DEDUCTIONS FOR PROMOTION OF EXPORT OF SERVICES) RULES 1999

PU (A) 193

[20 April 1999]

IN exercise of the powers conferred by subsection 154(1)(b) of the Income Tax Act 1967 [Act 57], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deductions for Promotion of Export Services) Rules 1999.

1(2) These Rules shall have effect for the year of assessment 1996 and subsequent years of assessment.

RULE 2 COMPANY ELIGIBLE FOR DEDUCTION

2 Every company resident in Malaysia for the basis year for a year of assessment shall be eligible for the deduction under these Rules for that year of assessment.

RULE 3 DEDUCTIONS

3(1) Subject to these Rules, for the purpose of ascertaining under the Act the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed as a deduction any outgoings and expenses of the kind described in subparagraph (2) which—

(a) were incurred by the company during that basis period with respect to that business; and

(b) were incurred primarily and principally for the purpose of promoting the export of services.

3(2) The outgoings and expenses referred to in subparagraph (1) are—

(a) expenses incurred in respect of market research for the purpose of the export of services;

(b) the cost of tender preparations including the costs of preparation of models or payment made to a company resident in Malaysia for the preparation of models used in the bidding of international contracts as verified by the Professional Services Development Corporation Sdn. Bhd. for the purpose of the export of services;

History

Para. 3(2)(b) substituted by PU (A) 271/2005, para. 2(a), in operation from the year of assessment 2005. Para. 3(2)(b) formerly read: “(b) the cost of tender preparations for the purpose of the export of services;”
(ba) the cost of preparations of models or payment made to a company resident in Malaysia for the preparation of models used for participation in an international competition as verified by the Professional Services Development Corporation Sdn. Bhd. for the purpose of the export of services;

**History**
Para. 3(2)(ba) inserted by PU (A) 271/2005, para. 2(b), in operation from the year of assessment 2005.

(c) the cost of preparing technical information for the export of services;

(d) expenses by way of fares in respect of travel to a country outside Malaysia by a representative of the company being a travel necessarily undertaken for the promotion of export of services and actual expenses subject to a maximum of three hundred ringgit per day for accommodation and a maximum of one hundred and fifty ringgit per day for sustenance for the whole of the period commencing with the representative’s departure from Malaysia and ending with his return to Malaysia;

**History**
Para. 3(2)(d) amended by PU (A) 262/2003, para. 2(a) and (b), deemed effective from 2002, by substituting “three” for “two” and by inserting “and fifty” after “one hundred”.

(e) expenses for the cost of maintaining sales office overseas for the purpose of promoting the export services; and

(f) expenses incurred in respect of publicity and advertisement in any media outside Malaysia for the promotion of the export of services.

3(3) The deduction allowed under these Rules shall be in addition to any deduction allowable under section 33 of the Act.

3(4) No deduction shall be allowed under these Rules in respect of any outgoings, expenses or other payments which are—

(a) of the kind mentioned in subsection 39(1) of the Act; or

(b) incurred by a company having a place of business and subject to tax in the country where such outgoings or expenses were incurred.

3(5) Where the amount of any outgoings and expenses, the whole of which would have been allowable as a deduction under these Rules but for this paragraph, exceed the amount which in the opinion of the Director General would reasonably be expected to be incurred in the ordinary course of the business with respect to which those outgoings and expenses were incurred, the Director General may to the extent of that excess disallow that amount as a deduction under these Rules.

3(6) For the purpose of subparagraph (1), where two basis periods overlap, the period common to both shall be deemed to fall in the first basis period only.

**Rule 3(3)**

Commerce Clearing House (Malaysia) Sdn Bhd
RULE 4 NON-APPLICATION

4 The deduction under paragraph 3 shall not apply to a company which is eligible to claim a deduction under the Income Tax (Deduction for Promotion of Export of Higher Education) Rules 2001 [P.U. (A) 185/2001].

History
Para. 4 inserted by PU (A) 271/2005, para. 2(c), in operation from the year of assessment 2005.
INCOME TAX (DEDUCTION FOR
FREIGHT CHARGES FROM SABAH OR
SARAWAK TO PENINSULAR MALAYSIA)
RULES 2000
PU (A) 50

[26 January 2000]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Freight Charges from Sabah or Sarawak to Peninsular Malaysia) Rules 2000.
1(2) These Rules shall have effect for the year of assessment 2000 in respect of the basis period ending in the year 2000 and subsequent years of assessment.

RULE 2 INTERPRETATION
2 In these Rules, “freight charges” means ship freight charges incurred by manufacturers for the shipment of their manufactured goods from Sabah or Sarawak to any port in Peninsular Malaysia.

RULE 3 DEDUCTION
3 For the purposes of ascertaining the adjusted income of a person from his business for the basis period for a year of assessment, there shall be allowed, in addition to any deduction allowable under section 33 of the Act, a further deduction equal to the amount of any freight charges incurred in that basis period.
INCOME TAX (DEDUCTION FOR CORPORATE DEBT RESTRUCTURING EXPENDITURE) RULES 2000

PU (A) 49

[26 January 2000]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Corporate Debt Restructuring Expenditure) Rules 2000.
1(2) These Rules shall be deemed to have come into operation on 30 October 1999.

RULE 2 INTERPRETATION
2(2) In these Rules, “corporate debt restructuring expenditure” means any expenditure incurred in respect of a corporate debt restructuring scheme completed between 30 October 1999 until 31 December 2000 under the supervision of the Corporate Debt Restructuring Committee of the Central Bank of Malaysia or under Pengurusan Danaharta Nasional Berhad.

RULE 3 DEDUCTION
3 For the purposes of ascertaining the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed a deduction of any corporate debt restructuring expenditure incurred in that basis period for that year of assessment.

RULE 4 NON-APPLICATION
4 These Rules shall not apply to any expenditure allowable under paragraph 33(1)(a), 33(1)(b) or 33(1)(c) of the Act.
INCOME TAX (ACCELERATED CAPITAL ALLOWANCES) (RECYCLING OF WASTES) RULES 2000
PU (A) 505

[29 December 2000]

IN exercise of the powers conferred by paragraph 154(1)(b) and section 42 of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowances) (Recycling of Wastes) Rules 2000.
1(2) These Rules shall have effect from the year of assessment 2001.

RULE 2 APPLICATION
2 These Rules shall apply in respect of the qualifying plant expenditure incurred on the provision of plant or machinery for the purposes of the business of a manufacturing company which are used exclusively or otherwise for the recycling of wastes or for the further processing of the wastes into a finished product.

RULE 3 INTERPRETATION
3 For the purposes of these Rules, “qualifying plant expenditure” means capital expenditure incurred under paragraph 2 of Schedule 3 to the Act.

RULE 4 INITIAL ALLOWANCE
4 The initial allowance under paragraph 10 of Schedule 3 to the Act shall be equal to two-fifths of the qualifying plant expenditure.

RULE 5 ANNUAL ALLOWANCE
5 The annual allowance under paragraph 15 of Schedule 3 to the Act shall be equal to one-fifth of the qualifying plant expenditure.

RULE 6 NON-APPLICATION
6 These Rules shall not apply to a company—
(a) for the period during which the company has been granted any incentives (except for deductions for promotion of exports) under the Promotion of Investments Act 1986 [Act 327];
(b) for the period during which the company has been given reinvestment allowance under Schedule 7A to the Act.
INCOME TAX (ACCELERATED CAPITAL ALLOWANCES) (REINVESTMENT IN A QUALIFYING PROJECT) RULES 2000

IN exercise of the powers conferred by paragraph 154(1)(b) and section 42 of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowances) (Reinvestment in a Qualifying Project) Rules 2000.

1(2) These Rules shall have effect from the year of assessment 2001.

RULE 2 APPLICATION

2 These Rules shall apply in respect of the qualifying plant expenditure incurred on the provision of plant or machinery for the purposes of a qualifying project in respect of a promoted activity or a promoted product or an agricultural project and used for the purposes of the business.

RULE 3 INTERPRETATION

3 For the purposes of these Rules—

“promoted activity or promoted product” means any activity or product promoted under section 4 of the Promotion of Investments Act 1986 [Act 327];

“qualifying plant expenditure” means capital expenditure incurred under paragraph 2 of Schedule 3 to the Act;

“agricultural project” has the meaning as defined under paragraph 8(c) in respect of activities listed under paragraph 9 (aa) until (ff) of Schedule 7A to the Act;

“qualifying project” has the meaning as defined under paragraph 8(a) of Schedule 7A to the Act.

RULE 4 INITIAL ALLOWANCE

4 The initial allowance under paragraph 10 of Schedule 3 to the Act shall be equal to two-fifths of the qualifying plant expenditure.

RULE 5 ANNUAL ALLOWANCE

5 The annual allowance under paragraph 15 of Schedule 3 to the Act shall be equal to one-fifth of the qualifying plant expenditure.
RULE 6  NON-APPLICATION

6 These Rules shall not apply to a company—

(a) for the period during which the company has been granted reinvestment allowance under Schedule 7A to the Act;

(b) for the period during which the company has been granted pioneer status or investment tax allowance under the Promotion of Investments Act 1986 in respect of the same promoted activity or promoted product;

(c) for the year of assessment in which it fails to submit a copy of the letter from the Malaysian Industrial Development Authority confirming the promoted activity or promoted product undertaken in respect of a qualifying project.
INCOME TAX (DEDUCTION FOR INFORMATION TECHNOLOGY-RELATED EXPENDITURE) RULES 2000

PU (A) 51

[26 January 2000]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Information Technology-Related Expenditure) Rules 2000.

1(2) These Rules shall have effect for the year of assessment 2000 in respect of the basis period ending in the year 2000 (current year basis) and subsequent years of assessment.

RULE 2 INTERPRETATION

2 In these Rules, “information technology-related expenditure” means any operating expenditure on the use of information technology for the improvement of management or production processes.

RULE 4 NON-APPLICATION

4 These Rules shall not apply to—

(a) any expenditure allowable under paragraph 33(1)(a), 33(1)(b) or 33(1)(c) of the Act;

(b) qualifying plant expenditure which has been granted the initial and annual allowances under the Income Tax (Qualifying Plant Allowances) (Computers and Information Technology Equipment) Rules 1998 [PU(A) 187/98];

(c) qualifying plant expenditure which has been granted the initial and annual allowances under the Income Tax (Qualifying Plant Allowances) (Cost of Provision of Computer Software) Rules 1999 [PU (A) 272/99].

RULE 3 DEDUCTION

3 For the purposes of ascertaining the adjusted income of a person from his business for the basis period for a year of assessment, there shall be allowed a deduction in respect of any information technology-related expenditure incurred by him in that basis period for that business.
INCOME TAX (QUALIFYING PLANT ANNUAL ALLOWANCES) RULES 2000

PU (A) 52

[26 January 2000]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Qualifying Plant Annual Allowances) Rules 2000.

1(2) These Rules shall have effect for the year of assessment 2000 in respect of the basis period ending in the year 2000 (current year basis) and subsequent years of assessment.

RULE 2 ANNUAL ALLOWANCES

2(1) Annual allowances under paragraph 15 of Schedule 3 to the Act on qualifying plant expenditure on the assets set out in column (1) of the Schedule to these Rules shall be calculated at the respective rates set out in column (2).

2(2) Notwithstanding subrule (1), where an asset has been allowed an annual allowance at a higher rate in accordance with the Income Tax (Qualifying Plant Annual Allowances) Rules 1968 [PU 154/68] the annual allowance for that asset shall be calculated at that higher rate.

2(3) Expenditure on assets or parts of assets with a life span not exceeding two years shall be allowed on replacement basis.

RULE 3 REVOCATION

3 The Income Tax (Qualifying Plant Annual Allowances) Rules 1968 are revoked.

SCHEDULE

(Rule 2)

<table>
<thead>
<tr>
<th>(1) Assets</th>
<th>(2) Rates (per cent)</th>
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<tr>
<td>Motor vehicles, heavy machinery</td>
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</tr>
<tr>
<td>Plant and machinery</td>
<td>14</td>
</tr>
<tr>
<td>Others</td>
<td>10</td>
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</table>

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
INCOME TAX (ACCELERATED CAPITAL ALLOWANCES) (CONSERVATION OF ENERGY) RULES 2001

PU (A) 82

[7 March 2001]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following order:

RULE 1 CITATION AND COMMENCEMENT

1(1) This order may be cited as the Income Tax (Accelerated Capital Allowances) (Conservation of Energy) Rules 2001.

1(2) These Rules shall have effect from the year of assessment 2001.

RULE 2 APPLICATION

2 These Rules shall apply to a company in respect of qualifying plant expenditure incurred in the basis period for a year of assessment on the provision of plant or machinery as certified by the Ministry of Energy, Communications and Multimedia as plant or machinery used exclusively for the conservation of energy.

RULE 3 INTERPRETATION

3 For the purpose of these Rules “qualifying plant expenditure” means capital expenditure incurred under paragraph 2 of Schedule 3 to the Act.

RULE 4 INITIAL ALLOWANCE

4 Initial allowance under paragraph 10 of Schedule 3 to the Act, shall be equal to two-fifth of the qualifying plant expenditure.

RULE 5 ANNUAL ALLOWANCE

5 Annual allowance under paragraph 15 of Schedule 3 to the Act, shall be equal to one-fifth of the qualifying plant expenditure.
RULE 6  NON-APPLICATION

6  These Rules shall not apply to a company—

(a) for the period during which the company has been granted any incentives except for deductions for promotion of exports under the Promotion of Investments Act 1986 [Act 327]; or

(b) for the period during which the company has been given reinvestment allowance under Schedule 7A of the Act.
INCOME TAX (DEDUCTION FOR CORPORATE DEBT RESTRUCTURING EXPENDITURE) RULES 2001

[20 September 2001]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Corporate Debt Restructuring Expenditure) Rules 2001.
1(2) These Rules shall be deemed to have come into operation on 1 January 2001.

RULE 2 INTERPRETATION
2 In these Rules, “corporate debt restructuring expenditure” means any expenditure incurred in respect of a corporate debt restructuring scheme completed between 1 January 2001 until 31 December 2001 under the supervision of the Corporate Debt Restructuring Committee of the Central Bank of Malaysia or under Pengurusan Danaharta Nasional Berhad.

RULE 3 DEDUCTION
3 For the purposes of ascertaining the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed a deduction of any corporate debt restructuring expenditure incurred in that basis period for that year of assessment.

RULE 4 NON-APPLICATION
4 These Rules shall not apply to any expenditure allowable under paragraph 33(1)(a), 33(1)(b) or 33(1)(c) of the Act.
INCOME TAX (DEDUCTIONS FOR PROMOTION OF EXPORT OF HIGHER EDUCATION) RULES 2001

[7 June 2001]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deductions for Promotion of Export of Higher Education) Rules 2001.

1(2) These Rules shall have effect for the year of assessment 1996 and subsequent years of assessment.

RULE 2 INTERPRETATION

2 For the purpose of these Rules, “a company” means a company incorporated under the Companies Act 1965 [Act 125] with the primary purpose of establishing, managing and owning a private higher educational institution which is registered with the Ministry of Education Malaysia.

RULE 3 COMPANY ELIGIBLE FOR DEDUCTION

3(1) Every company which carries on the business of providing higher education in Malaysia and resident in Malaysia for the basis year for a year of assessment shall be eligible for the deduction under these Rules for that year of assessment.

3(2) A company which is eligible for a deduction under these Rules shall not be eligible for a deduction under the Income Tax (Deductions for Promotion of Export of Services) Rules 1999 [PU (A) 193/99].

RULE 4 DEDUCTIONS

4(1) Subject to these Rules, for the purpose of ascertaining under the Act the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed as a deduction any outgoings and expenses of the kind described in subrule 4(2) which were incurred—

(a) by that company during that basis period with respect to that business; and

(b) primarily and principally for the purpose of promoting the export of higher education.

4(2) The outgoings and expenses referred to in subrule 4(1) are—

(a) expenses incurred in respect of market research for the purpose of the export of higher education;

(b) the cost of tender preparations for the purpose of the export of higher education;

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
(c) the cost of preparing technical information for the export of higher education;

(d) expenses by way of fares in respect of travel to a country outside Malaysia by a representative of the company being a travel necessarily undertaken for the promotion of export of higher education or participating in education fairs for the purpose of promoting the export of higher education which are held outside Malaysia and approved by the Ministry of Education Malaysia and actual expenses subject to a maximum of three hundred ringgit per day for accommodation and a maximum of one hundred and fifty ringgit per day for sustenance for the whole of the period commencing with the representative’s departure from Malaysia and ending with his return to Malaysia;

(e) expenses directly incurred for participating in education fairs for the purpose of promoting the export of higher education approved by the Ministry of Education Malaysia other than those expenses specified in paragraph 4(2)(d);

(f) expenses for the cost of maintaining sales office overseas for the purpose of promoting the export of higher education; and

(g) expenses incurred in respect of publicity and advertisement in any media outside Malaysia for the promotion of the export of higher education.

4(3) The deduction allowed under these Rules shall be in addition to any deduction allowable under section 33 of the Act.

4(4) No deduction shall be allowed under these Rules in respect of any outgoings, expenses or other payments which are—

(a) of the kind mentioned in subsection 39(1) of the Act; or

(b) incurred by a company having a place of business and subject to tax in the country where such outgoings and expenses were incurred.

4(5) Where the amount of any outgoings and expenses, the whole of which would have been allowable as a deduction under these Rules but for this paragraph, exceed the amount which in the opinion of the Director General would reasonably be expected to be incurred in the ordinary course of the business with respect to which those outgoings and expenses were incurred, the Director General may to the extent of that excess disallow that amount as a deduction under these Rules.

4(6) For the purpose of subrule 4(1), where two basis periods overlap, the period common to both shall be deemed to fall in the first basis period only.
INCOME TAX (DEDUCTION FOR PROMOTION OF EXPORT OF SERVICES) RULES 2002

PU (A) 114

[13 March 2002]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Promotion of Export of Services) Rules 2002.

1(2) These Rules shall have effect from the year of assessment 2002.

RULE 2 COMPANY ELIGIBLE FOR DEDUCTION

2 Every company resident in Malaysia for the basis year for a year of assessment shall be eligible for the deduction under these Rules for that year of assessment.

RULE 3 DEDUCTION

3(1) Subject to these Rules, for the purpose of ascertaining under the Act the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed as a deduction any outgoings and expenses of the kind described in subparagraph (2) which were incurred—

(a) by the company during that basis period with respect to the business; and

(b) primarily and principally for the purpose of promoting the export of services.

3(2) The outgoings and expenses referred to in subparagraph (1) are—

(a) expenses incurred in respect of feasibility studies for overseas projects identified for the purpose of tender;

(b) expenses incurred in respect of participation in a trade or industrial exhibitions in Malaysia or overseas which is approved by the Malaysia External Trade Development Corporation;

(c) expenses incurred in respect of participation in exhibitions held in a Malaysian Permanent Trade and Exhibition Centre overseas which is approved by the Malaysia External Trade Development Corporation;

History
Para 3(2)(b) amended by PU (A) 272/2005, para 2(a)(i), in operation from the year of assessment 2005 by inserting “which is approved by the Malaysia External Trade Development Corporation” after “overseas”.

Para 3(2)(c) amended by PU (A) 272/2005, para 2(a)(ii), in operation from the year of assessment 2005 by inserting “which is approved by the Malaysia External Trade Development Corporation” after “overseas”.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
(d) expenses by way of air fares in respect of travel to a country outside Malaysia by a representative of the Company; and

(e) actual expenses subject to a maximum of three hundred ringgit per day for accommodation and a maximum of one hundred and fifty ringgit per day for sustenance of the whole of the period commencing with the representative’s departure from Malaysia and ending with his return to Malaysia.

3(3) The deduction allowed under these Rules shall be in addition to any deduction allowable under section 33 of the Act.

3(4) No deduction shall be allowed under these Rules in respect of any outgoings, expenses or other payments which are—

(a) of the kind mentioned in subsection 39(1) of the Act; or

(b) incurred by a company having a place of business and subject to tax in the country where such outgoings or expenses were incurred.

3(5) Where the amount of any outgoings and expenses, the whole of which would have been allowable as a deduction under these Rules, exceed the amount which in the opinion of the Director General would reasonably be expected to be incurred in the ordinary course of the business with respect to the outgoings and expenses that were incurred, the Director General may not allow the excess amount as a deduction under these Rules.

RULE 4 NON-APPLICATION

4 The deduction under paragraph 3 shall not apply to a company which is eligible to claim a deduction under the Income Tax (Deduction for Promotion of Export of Higher Education) Rules 2001 [P. U. (A) 185/2001].

History
Para 4 inserted by PU (A) 272/2005, para 2(b), in operation from the year of assessment 2005.
INCOME TAX (DEDUCTION FOR PROMOTION OF EXPORTS) RULES 2002

PU (A) 115

[13 March 2002]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Promotion of Exports) Rules 2002.
1(2) These Rules shall have effect from the year of assessment 2002.

RULE 2 INTERPRETATION
2 In these Rules, unless the context otherwise requires—
“virtual trade show” means an international virtual trade show as verified by the Malaysia External Trade Development Corporation (MATRADE);
“trade portal” means a trade portal for the promotion of local products as verified by the Malaysia External Trade Development Corporation (MATRADE).

RULE 3 COMPANY ELIGIBLE FOR DEDUCTION
3 Every company resident in Malaysia for the basis year for a year of assessment shall be eligible for the deduction under these Rules for that year of assessment.

RULE 4 DEDUCTION
4(1) Subject to these Rules, for the purpose of ascertaining under the Act the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed as a deduction any outgoings and expenses of the kind described in subparagraph (2) which were incurred—
(a) by the company during that basis period with respect of the business; and
(b) primarily and principally for the purpose of promoting the exports.
4(2) The outgoings and expenses referred to in subparagraph (1) are—
(a) expenses incurred in respect of participation in a virtual trade show;
(b) expenses incurred in respect of participation in a trade portal; and
(c) costs of maintaining warehouse overseas.
4(3) The deduction allowed under these Rules shall be in addition to any deduction allowable under section 33 of the Act.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
4(4) No deduction shall be allowed under these Rules in respect of any outgoings, expenses or other payments which are—

(a) of the kind mentioned in subsection 39(1) of the Act; or

(b) incurred by a company having a place of business and subject to tax in the country where such outgoings or expenses were incurred.

4(5) Where the amount of any outgoings and expenses, the whole of which would have been allowable as a deduction under these Rules, exceed the amount which in the opinion of the Director General would reasonably be expected to be incurred in the ordinary course of the business with respect to the outgoings and expenses that were incurred, the Director General may not allow the excess amount as a deduction under these Rules.
INCOME TAX (DEDUCTION FOR PROMOTION OF EXPORTS) (NO. 3) RULES 2002

PU (A) 117

[13 March 2002]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Promotion of Exports) (No. 3) Rules 2002.

1(2) These Rules shall have effect from the year of assessment 2002.

RULE 2 COMPANY ELIGIBLE FOR DEDUCTION

2 Every company resident in Malaysia for the basis year for a year of assessment shall be eligible for the deduction under these Rules for that year of assessment.

RULE 3 DEDUCTION

3(1) Subject to these Rules, for the purpose of ascertaining under the Act the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed as a deduction any outgoings and expenses of the kind described in subparagraph (2) which were incurred—

(a) by the company during that basis period with respect to the business; and

(b) primarily and principally for the purpose of promoting the exports.

3(2) The outgoings and expenses referred to in subparagraph (1) are—

(a) expenses incurred in respect of hotel accommodation up to a maximum of three nights subject to a maximum of three hundred ringgit per day; and

(b) expenses incurred in respect of sustenance up to a maximum of three nights subject to a maximum of one hundred and fifty ringgit per day,

provided to potential importers who have been invited to Malaysia.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
RULE 4 QUALIFICATION FOR DEDUCTION

4 To qualify for a deduction under rule 3, the company claiming the deduction shall satisfy the following conditions:

(a) the potential importers are invited to Malaysia as a follow-up to trade and investment mission organized by the Government agencies or industrial associations or trade associations; and

(b) provide proof of participation as verified by the Malaysia External Trade Development Corporation (MATRADE) that the company had participated in a trade and investment mission organized by Government agencies or industrial associations or trade associations in the period preceding twelve months from the date of the potential importer’s visit to Malaysia.
INCOME TAX (DEDUCTION FOR CORPORATE DEBT RESTRUCTURING EXPENDITURE) RULES 2002
PU (A) 306

[13 July 2002]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Corporate Debt Restructuring Expenditure) Rules 2002.
1(2) These Rules are deemed to have come into operation on 1 January 2002.

RULE 2 DEDUCTION
2(1) For the purposes of ascertaining the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed a deduction of any corporate debt restructuring expenditure incurred in that basis period for that year of assessment.
2(2) For the purposes of subparagraph (1), “corporate debt restructuring expenditure” means any expenditure incurred in respect of a corporate debt restructuring scheme completed between 1 January 2002 until 30 June 2002 under the supervision of the Corporate Debt Restructuring Committee of the Central Bank of Malaysia or under Pengurusan Danaharta Nasional Berhad.

RULE 3 NON-APPLICATION
3 These Rules shall not apply to any expenditure allowable under paragraph 33(1)(a), 33(1)(b) or 33(1)(c) of the Act.
INCOME TAX (DEDUCTION FOR ADVERTISING EXPENDITURE ON MALAYSIAN BRAND NAME GOODS) RULES 2002

PU (A) 62

[24 January 2002]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Advertising Expenditure on Malaysian Brand Name Goods) Rules 2002.

1(2) These Rules shall be deemed to have effect from the year of assessment 1998 and subsequent years of assessment in relation to advertising expenditure specified in paragraph 3(a).

1(3) These Rules shall have effect from the year of assessment 2002 and subsequent years of assessment in relation to payment of professional fees specified in paragraph 3(b) made to a company resident in Malaysia.

RULE 2 INTERPRETATION

2 In these Rules, unless the context otherwise requires—

“approved international sporting event” means an international sporting event approved by the Minister charged with the responsibility for sports;

“export quality” in relation to exported Malaysian brand name goods, means at least 20 per centum of the total sales of the Malaysian brand name goods in the relevant year of assessment is exported;

“Malaysian brand name” means a brand name that is registered as a trade mark in Malaysia or in any country outside Malaysia under the law relating to trade marks to a registered proprietor that is a company incorporated in Malaysia where at least 70 per centum of the issued share capital of the company is Malaysian owned;

“approved international trade exhibition” means an international trade exhibition approved by the Malaysian External Trade Development Corporation;

“approved international trade conference” means an international trade conference approved by the Malaysian External Trade Development Corporation.

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Rule 2
RULE 3 QUALIFYING ADVERTISING EXPENDITURE

For the purposes of these Rules, “qualifying advertising expenditure” means expenditure incurred within Malaysia in respect of—

(a) the cost of advertising Malaysian brand name goods through—
   (i) advertisements on the internet where the host website is located in Malaysia;
   (ii) advertisements in magazines and newspapers where the magazines and newspapers are printed in Malaysia;
   (iii) advertisements on local licensed television stations;
   (iv) advertisements approved by the relevant local authority on advertisement hoardings located in Malaysia;
   (v) advertisements in trade publications where the trade publications are printed in Malaysia;
   (vi) advertisements in any form in the course of sponsoring an approved international sporting event held in Malaysia; and
   (vii) advertisements in any form in the course of sponsoring an approved international trade conference or an approved international trade exhibition held in Malaysia; and

(b) professional fees made to a company resident in Malaysia for advertising or promoting Malaysian brand name goods on behalf of the company which is the registered proprietor of the Malaysian brand name.

RULE 4 ALLOWABLE DEDUCTION

For the purpose of ascertaining the adjusted income of a company from its business for the basis period for the relevant year of assessment under the Act, a company that satisfies the conditions specified in rule 5 shall be allowed, as a deduction, any qualifying expenditure specified under rule 3 incurred by the company in respect of Malaysian brand name goods.

4(2) The deduction allowed under these Rules shall be in addition to any deduction allowable under section 33 of the Act.

RULE 5 QUALIFICATION FOR DEDUCTION

History

R. 5 renumbered as r. 5(1) by PU (A) 171/2007, r. 2(a), in operation from the year of assessment 2007. R. 5 formerly read:

“RULE 5 QUALIFICATION FOR DEDUCTION

To qualify for a deduction under rule 4, the company claiming the deduction shall satisfy the following conditions:

(a) the company is a company incorporated in Malaysia and at least 70 per centum of the issued share capital of the company is Malaysian owned;

(b) the company is the registered proprietor of the Malaysian brand name used in the advertisement;

(c) the Malaysian brand name goods are of export quality;

(d) the expenditure incurred in advertising the Malaysian brand name goods must be incurred within Malaysia;

(e) the expenditure incurred on professional fees must be incurred within Malaysia; and

(f) the expenditure incurred in advertising the Malaysian brand name goods or on professional fees must be of a kind allowable under section 33 of the Act.”
5(1) To qualify for a deduction under rule 4, the company claiming the deduction shall satisfy the following conditions:

(a) the company is a company incorporated in Malaysia and at least 70 per centum of the issued share capital of the company is Malaysian owned;

(b) the company is the registered proprietor or related to the registered proprietor of the Malaysian brand name used in the advertisement;

(c) the Malaysian brand name goods are of export quality;

(d) the expenditure incurred in advertising the Malaysian brand name goods must be incurred within Malaysia;

(e) the expenditure incurred on professional fees must be incurred within Malaysia; and

(f) the expenditure incurred in advertising the Malaysian brand name goods or on professional fees must be of a kind allowable under section 33 of the Act.

5(2) For the purpose of paragraph 5(1)(b), the company is related to the registered proprietor of the Malaysian brand name used in the advertisement if more than fifty percent of the paid-up capital in respect of ordinary shares of—

(a) the company is directly or indirectly (through the medium of other companies resident and incorporated in Malaysia) owned by the registered proprietor of the Malaysian brand name used in the advertisement;

(b) the registered proprietor of the Malaysian brand name used in the advertisement are directly or indirectly (through the medium of other companies resident and incorporated in Malaysia) owned by that company; or

(c) that company and the registered proprietor of the Malaysian brand name used in the advertisement are directly or indirectly owned by another company resident and incorporated in Malaysia;

Provided that only one of the related company shall be eligible for the deduction under these Rules in the basis period for each year of assessment.

History

R. 5(1)(b) substituted by PU (A) 171/2007, r. 2(b), in operation from the year of assessment 2007. R. 5(1)(b) formerly read:

"(b) the company is the registered proprietor of the Malaysian brand name used in the advertisement;"

R. 5(2) inserted by PU (A) 171/2007, r. 2(c), in operation from the year of assessment 2007.

RULE 6 REVOCATION


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INCOME TAX (DEDUCTION FOR COST OF ACQUISITION OF PROPRIETARY RIGHTS) RULES 2002

PU (A) 63

[24 January 2002]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Cost of Acquisition of Proprietary Rights) Rules 2002.

1(2) These Rules shall have effect from the year of assessment 2002.

RULE 2 APPLICATION

2 These Rules shall apply in respect of the cost of acquisition of proprietary rights used for the purposes of the business of a manufacturing company and which at least seventy-per centum of the issued share capital of the company is Malaysian-owned.

RULE 3 INTERPRETATION

3 For the purposes of these Rules—

“proprietary rights” means patents, industrial design or trademarks which are granted or registered under the relevant written laws;

“cost of acquisition of proprietary rights” means payment for the purchase of the proprietary rights inclusive of consultancy fees, legal fees and stamp duties incurred but does not include any payment of royalty as defined under section 2 of the Act.

RULE 4 EXPENDITURE ON COST OF ACQUISITION OF PROPRIETARY RIGHTS DEEMED INCURRED

4 For the purpose of a deduction under rule 5—

(a) the cost of acquisition of proprietary rights shall be deemed to be incurred on the date the cost becomes payable; and

(b) in relation to the cost of acquisition of proprietary rights incurred prior to the commencement of business, such cost shall be deemed to be incurred on the date of the commencement of the business.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
RULE 5 DEDUCTION

5(1) Subject to subparagraph (2), for the purposes of ascertaining the adjusted income of a manufacturing company which has incurred cost of acquisition of proprietary rights in the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to one-fifth of the cost of acquisition of the proprietary rights for that year of assessment and for each of the four following years of assessment.

5(2) For the purposes of ascertaining the adjusted income of the subsidiary company, where the proprietary rights are transferred or purchased from the holding company which is the manufacturing company referred to in subparagraph (1), there shall be allowed to that subsidiary company a deduction of an amount equal to one-fifth of the original cost of acquisition of the proprietary rights for each year of assessment, subject to the amount of the cost of acquisition that is unallowed to the holding company.

5(3) Where the proprietary rights cease to be used in the basis period for a year of assessment no deduction shall be made for that year of assessment.

RULE 6 COST OF ACQUISITION OF PROPRIETARY RIGHTS INCURRED PRIOR TO THE YEAR OF ASSESSMENT 2002

6 Subject to subrules 5(2) and 5(3), where a manufacturing company has incurred cost of acquisition of proprietary rights in the basis period for any year of assessment from the year of assessment 1997 to the year of assessment 2001, a deduction of an amount equal to one-tenth of the original cost of acquisition of the proprietary rights shall be allowed for each of the years of assessment commencing from the year of assessment the cost of acquisition of the proprietary rights was incurred, and a deduction of an amount equal to one-fifth of the original cost of acquisition of the proprietary rights shall be allowed for the year of assessment 2002 and subsequent years of assessment, subject to the amount of the cost of acquisition remaining unallowed to the company.

RULE 7 REVOCATION

7 Income Tax (Deduction for Cost of Acquisition of Proprietary Rights) Rules 1999 [PU (A) 127/99] published in the Gazette on 5 April 1999 is revoked.
INCOME TAX (DEDUCTION FOR PROMOTION OF EXPORT OF PROFESSIONAL SERVICES) RULES 2003

PU (A) 124

[8 April 2003]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Promotion of Export of Professional Services) Rules 2003.

1(2) These Rules are deemed to have effect from the year of assessment 2003.

RULE 2 INTERPRETATION

2 In these Rules, “professional services” means services as specified in the Schedule.

RULE 3 PERSON ELIGIBLE FOR DEDUCTION

3 Every person resident in Malaysia for the basis year for a year of assessment shall be eligible for the deduction under these Rules for that year of assessment.

RULE 4 DEDUCTION

4(1) Subject to these Rules, for the purpose of ascertaining under the Act the adjusted income of a person from his business for the basis period for a year of assessment, there shall be allowed a deduction on any outgoings and expenses of the kind described in subrule (2) which were incurred—

(a) by the person during that basis period with respect to the business; and

(b) primarily and principally for the purpose of promoting the export of professional services.

4(2) The outgoings and expenses referred to in subrule (1) are expenses incurred in respect of—

(a) feasibility studies for overseas projects identified for the purpose of tender;

(b) tender preparations which includes the preparation of models made by the person which is used in the bidding of international contracts as verified by the Professional Services Development Corporation Sdn. Bhd. for the purpose of the export of professional services;

History
Para 4(2)(b) substituted by PU (A) 270/2005, para 2(a), in operation from the year of assessment 2005. Para 4(2)(b) formerly read: “(b) tender preparations for the purpose of the export of professional services;”

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
(ba) preparation of models made by the person which is used for participation in an international competition as verified by the Professional Services Development Corporation Sdn. Bhd. for the purpose of the export of professional services; and

History

(bb) payment made by the person to a company resident in Malaysia for the preparation of models referred to in paragraphs (b) and (ba);

History

(c) market research for the purpose of the export of professional services;
(d) preparing technical information for the export of professional services;
(e) participation in a trade or industrial exhibition in Malaysia or overseas which is approved by the Malaysia External Trade Development Corporation;

History
Para 4(2)(e) amended by PU (A) 270/2005, para 2(c), in operation from the year of assessment 2005, by inserting “which is approved by the Malaysia External Trade Development Corporation” after “overseas”.

(f) participation in exhibitions held in a Malaysian Permanent Trade and Exhibition Centre overseas which is approved by the Malaysia External Trade Development Corporation;

History
Para 4(2)(f) amended by PU (A) 270/2005, para 2(d), in operation from the year of assessment 2005, by inserting “which is approved by the Malaysia External Trade Development Corporation” after “overseas”.

(g) air fares in relation to travel to a country outside Malaysia by a representative of the person being a travel necessarily undertaken for the promotion of the export of professional services;

(h) actual expenses for—
   (i) accommodation subject to a maximum of three hundred ringgit per day; and
   (ii) sustenance subject to a maximum of one hundred and fifty ringgit per day,
   for the whole of the period in respect of travel to a country outside Malaysia by a representative of the person commencing with the representative’s departure from Malaysia and ending with his return to Malaysia being a travel necessarily undertaken for the promotion of the export of professional services;

(i) maintaining sales office overseas for the purpose of promoting the export of professional services; and

(j) publicity and advertisement in any media outside Malaysia for the promotion of the export of professional services.

4(3) The deduction allowed under these Rules shall be in addition to any deduction allowable under section 33 of the Act.

4(4) No deduction shall be allowed under these Rules in respect of any outgoings, expenses or other payments which are—

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Rule 4(4)
(a) of the kind mentioned in subsection 39(1) of the Act; or
(b) incurred by a person having a place of business and subject to tax in the country
where such outgoings or expenses were incurred.

4(5) Where the amount of any outgoings and expenses the whole of which would have
been allowable as a deduction under these Rules, exceed the amount which in the opinion
of the Director General would reasonably be expected to be incurred in the ordinary
course of the business with respect to the outgoings and expenses that were incurred, the
Director General may not allow the excess amount as a deduction under these Rules.

RULE 5 NON-APPLICATION

5 These Rules shall not apply to a person who qualifies for a deduction allowed under
the following:

(a) Income Tax (Deductions for Promotion of Export of Services) Rules 1999 [PU (A)
193/1999]; or
(b) Income Tax (Deductions for Promotion of Export of Services) Rules 2002 [PU (A)
114/2002].

SCHEDULE

(i) Legal
(ii) Accounting (including taxation and management consultancy)
(iii) Architectural (including town planing and landscaping)
(iv) Engineering and integrated engineering services (including valuation and quantity
surveying)
(v) Medical and dental
INCOME TAX (DEDUCTION FOR COST OF DEVELOPING WEBSITE) RULES 2003

PU (A) 101

[25 March 2003]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Cost of Developing Website) Rules 2003.
1(2) These Rules are deemed to have effect from the year of assessment 2002.

RULE 2 DEDUCTION
2(1) Subject to these Rules, for the purpose of ascertaining under the Act the adjusted income from a business of a person resident in Malaysia who has incurred the cost of developing a website which is electronic commerce enabled for the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to one-fifth of that cost for that year of assessment and for each of the four following years of assessment.
2(2) For the purposes of subrule (1), “electronic commerce enabled” means a system of processes where transactions involving the transfer of information, products, services or payments can be made through electronic networks for an electronically confirmed consideration as verified by the Malaysian Communications and Multimedia Commission.

RULE 3 NON-APPLICATION
3 These Rules shall not apply to qualifying plant expenditure which has been granted the initial and the annual allowances with respect to—
   (a) computers and information technology equipment under the Income Tax (Qualifying Plant Allowances) (Computers and Information Technology Equipment) Rules 1998 [PU (A) 187/1998]; and
   (b) the provision of computer software under the Income Tax (Qualifying Plant Allowances) (Cost of Provision of Computer Software) Rules 1999 [PU (A) 272/1999].

RULE 4 REVOCATION
4 The Income Tax (Deduction for Cost of Developing Website) Rules 2002 [PU (A) 447/02] are revoked.
INCOME TAX (ACCELERATED CAPITAL ALLOWANCE) (CONSERVATION OF ENERGY) RULES 2003

PU (A) 349

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowance) (Conservation of Energy) Rules 2003.

1(2) These Rules are deemed to have effect from the year of assessment 2003.

RULE 2 INTERPRETATION

2 For the purposes of these Rules, “qualifying plant expenditure” means capital expenditure incurred under paragraph 2 of Schedule 3 to the Act.

RULE 3 APPLICATION

3 These Rules shall apply to a company in respect of qualifying plant expenditure incurred in the basis period for a year of assessment on the provision of plant or machinery as certified by the Ministry of Energy, Communications and Multimedia as a plant or machinery used exclusively for the conservation of energy of its business.

RULE 4 INITIAL ALLOWANCE

4 Initial allowance provided under paragraph 10 of Schedule 3 to the Act, shall be equal to two-fifth of the qualifying plant expenditure.

RULE 5 ANNUAL ALLOWANCE

5(1) Subject to subparagraph (2), annual allowance provided under paragraph 15 of Schedule 3 to the Act shall be equal to three-fifth of the qualifying plant expenditure.

5(2) Where a company had incurred qualifying plant expenditure and has been allowed an annual allowance under the Income Tax (Accelerated Capital Allowance) (Conservation of Energy) Rules 2001 [PU (A) 82/2001], the annual allowance for the year of assessment 2003 shall be the amount of that qualifying plant expenditure reduced by the total allowances allowed under these Rules.
RULE 6 NON-APPLICATION

6 These Rules shall not apply to a company—

(a) for the period during which the company has been granted any incentives except for deductions for promotion of exports under the Promotion of Investment Act 1986 [Act 327]; or

(b) for the period during which the company had been given reinvestment allowance under Schedule 7A of the Act.

RULE 7 REVOCATION

INCOME TAX (DEDUCTION FOR COST ON ACQUISITION OF A FOREIGN OWNED COMPANY) RULES 2003

PU (A) 310

[5 August 2003]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Cost on Acquisition of a Foreign Owned Company) Rules 2003.
1(2) These Rules are deemed to have come into operation on 21 September 2002.

RULE 2 INTERPRETATION
2 In these Rules, unless the context otherwise requires—

“acquisition of foreign owned company” means acquisition of a foreign owned company located outside Malaysia for the purpose of acquiring high technology for production within the country or for acquiring new export markets for local products as approved by the Malaysian Industrial Development Authority;

“local owned company” means a resident company in Malaysia which is established under the Companies Act 1965 [Act 125] and involved in manufacturing, trading or marketing activities of local products where—

(a) for a company which is not listed on the stock exchange established under subsection 8(2) of the Securities Industry Act 1983 [Act 280], at least sixty per cent of its equity is directly owned by Malaysian; or

(b) for a company which is listed on the stock exchange established under subsection 8(2) of the Securities Industry Act 1983—

(i) at least fifty per cent of its equity is directly owned by the Malaysian; and

(ii) at least sixty per cent of its equity is directly owned by the Malaysian on the first day of listing on the stock exchange;

History
Definition of “local owned company” substituted by PU (A) 81/2008, r. 2, deemed to have come into operation from the year of assessment 2005. The definition of “local owned company formerly read: “local owned company” means a company incorporated under the Company’s Act 1965 [Act 125] with at least 60% Malaysian equity ownership and involved in manufacturing, trading or marketing activities.”

“pioneer company” has the same meaning as defined under section 2 of the Promotion of Investments Act 1986 [Act 327].

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
RULE 3 DEDUCTION

3(1)  In ascertaining the adjusted income from the business of a locally owned company which has incurred cost of acquisition of a foreign owned company in the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to one-fifth of that cost for that year of assessment and for each of the four following years of assessment.

3(2)  For the purpose of deduction under subrule (1), the cost of acquisition of a foreign owned company is deemed to be incurred in the basis period for the year of assessment in which the date of completion of the acquisition falls as verified by the Malaysian Industrial Development Authority.

3(3)  Where the cost of acquisition of a foreign owned company is incurred by a pioneer company, the pioneer company may make an election that the deduction referred to in subrule (1) be allowed for the first year of assessment and four subsequent years of assessment in the post pioneer period.

3(4)  Where the acquired foreign owned company is disposed of within five years from the date of completion of the acquisition, the annual allowance shall be withdrawn in the respective years of assessment such allowance has been allowed.

RULE 4 NON-APPLICATION

4  These Rules shall not apply to a company which submits its application to Malaysian Industrial Development Authority after 31 December 2008.

History
R. 4 inserted by PU (A) 81/2008, r. 3, deemed to have come into operation from the year of assessment 2005.
INCOME TAX (DEDUCTION FOR EXPENDITURE ON LEAVE PASSAGE) 
RULES 2003 
PU (A) 350 

[28 August 2003]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Expenditure on Leave Passage) Rules 2003.
1(2) These Rules are deemed to have come into operation from the year of assessment 2003.

RULE 2 DEDUCTION
2(1) In ascertaining the adjusted income of a person from his business in the basis period for a year of assessment, a deduction shall be made from the gross income in respect of expenditure incurred in the provision of a benefit or amenity to an employee in relation to a leave passage within Malaysia.
2(2) For the purpose of subparagraph (1), the amount of deduction for expenditure on leave passage shall be—
   (a) in respect of expenditure incurred from 1 June 2003 until 31 May 2004; and
   (b) twice the amount of expenditure referred to in that subparagraph.
INCOME TAX (DEDUCTION FOR INCORPORATION EXPENSES) RULES 2003

PU (A) 475

[15 December 2003]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Incorporation Expenses) Rules 2003.

1(2) These Rules come into operation from the year of assessment 2004.

RULE 2 DEDUCTION

2(1) For the purpose of ascertaining the adjusted income from a business for the basis period for a year of assessment of a company which is incorporated in Malaysia—

(a) on or after 13 September 2003 and having authorized capital of not more than RM2,500,000; or

(b) on or after 1 January 1973 but prior to 13 September 2003 and having authorized capital of not more than RM250,000,

there shall be allowed a deduction of an amount equal to the expenditure incurred by that company in relation to its incorporation.

History

R. 2(1) substituted by PU (A) 472/2005, r. 2, in operation from the year of assessment 2004. R. 2(1) formerly read:

"2(1) For the purpose of ascertaining the adjusted income from a business for the basis period for a year of assessment of a company which is incorporated in Malaysia on or after 13 September 2003 and having authorized capital of not more than RM2,500,000 there shall be allowed a deduction of an amount equal to the expenditure incurred by that company in relation to its incorporation."

2(2) Incorporation expenses referred to in subparagraph (1) shall be the following:

(a) the cost of preparing and printing the memorandum of association, the articles of association and the prospectus, and of circulating and advertising the prospectus;

(b) the cost of registering the company and the statutory documents, together with fees and stamp duties payables thereon;

(c) the cost of drawing up the preliminary contracts and stamp duties payable thereon;

(d) the cost of printing debentures and stamp duty (if any) payable thereon and of share certificates and letters of allotment;

(e) the cost of the seal of the company; and

(f) underwriting commission.

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Rule 2(2)
2(3) For the purpose of subparagraph (1), any incorporation expenditure incurred by the company shall be deemed to have been incurred in the basis period for a year of assessment in which the business of that company commences.

2(4) In relation to a company which has an authorized capital of more than RM250,000 and not more than RM2,500,000 and has incurred incorporation expenditure during the period 13 September 2003 until 31 December 2003 and that period forms part of the basis period for the year of assessment 2003, that incorporation expenditure shall be deemed to have been incurred in the basis period for the year of assessment 2004.

RULE 3 REVOCATION

INCOME TAX (DEDUCTIONS FOR PAYMENT OF LEGAL AND CONSULTANCY SERVICES) RULES 2003

IN exercise of the powers conferred by subsection 154(1)(b) of the Income Tax Act 1967 [Act 53], the Director General makes the following order:

RULE 1 CITATION AND COMMENCEMENT
1(1) This order may be cited as the Income Tax (Deductions for Payment of Legal and Consultancy Services) Rules 2003.
1(2) These Rules are deemed to have come into operation on 3 July 2001.

RULE 2 PERSON ELIGIBLE FOR DEDUCTION
2 A bumiputera entrepreneur resident in Malaysia for the basis year for a year of assessment shall be eligible for a deduction under these Rules for that year of assessment.

RULE 3 DEDUCTION
3 For the purpose of ascertaining the adjusted income of bumiputera entrepreneur from his business for the basis year period for a year of assessment, there shall be allowed a deduction of any payment incurred in that basis period in respect of legal and consultancy services provided under the Tabung Haji Pemulihan dan Pembangunan Usahawan (TPPU) programme managed by the ERF Sdn. Bhd.

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Rule 3
INCOME TAX (INDUSTRIAL BUILDING ALLOWANCE) (OLD FOLKS CARE CENTRE) RULES 2003
PU (A) 143

[5 May 2003]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Industrial Building Allowance) (Old Folks Care Centre) Rules 2003.
1(2) These Rules are deemed to have effect from the year of assessment 2003.

RULE 2 APPLICATION
2(1) These Rules shall apply to a person in respect of qualifying building expenditure incurred in the basis period for a year of assessment for the purpose of his business relating to the construction or purchase of a building used as an old folk care centre approved by the Social Welfare Department.
2(2) For the purposes of subrule (1), “qualifying building expenditure” means capital expenditure incurred under paragraph 3 of Schedule 3 to the Act.

RULE 3 ALLOWANCE
3 The amount of the allowance under paragraph 80 of Schedule 3 to the Act, shall be equal to one tenth of the qualifying building expenditure for that year of assessment and each year for the nine following years of assessment.
INCOME TAX (PRESCRIBED TRANSACTIONS) RULES 2003
PU (A) 472

[15 December 2003]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Prescribed Transactions) Rules 2003.
1(2) These Rules are deemed to have effect from the year of assessment 2003.

RULE 2 PRESCRIBED TRANSACTION
2 Minister prescribes an asset backed debt securities transaction as a transaction under subparagraph 36(1)(a)(iv) to the Act.
INCOME TAX (DEDUCTION FOR EXPENDITURE IN EMPLOYING UNEMPLOYED GRADUATES) RULES 2004
PU (A) 266/2004

[21 July 2004]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Expenditure in Employing Unemployed Graduates) Rules 2004.
1(2) These Rules come into operation from the year of assessment 2004.

RULE 2 DEDUCTION
2(1) In ascertaining the adjusted income of a person who is resident in Malaysia from his business in a basis period for a year of assessment from the year of assessment 2004 until the year of assessment 2005, subject to subrule (2), there shall be allowed a deduction of any amount of basic salary paid by such person to his employee pursuant to his terms of employment.
2(2) The employee referred to in subrule (1) shall satisfy all of the following conditions:
   (a) the employee is unemployed graduate who is registered with the Economic Planning Unit, Prime Minister’s Department;
   (b) the employee is employed on or after 13 September 2003; and
   (c) the employee has never been employed by any employer who has enjoyed the deduction under this Rules [sic].
2(3) The deduction allowed under subrule (1) shall be in addition to the deduction allowed under section 33 of the Act.
INCOME TAX (DEDUCTION FOR IMPLEMENTATION OF ROSETTANET) RULES 2004

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Implementation of RosettaNet) Rules 2004.

1(2) These Rules are deemed to have effect from the year of assessment 2002.

RULE 2 INTERPRETATION

2 In these Rules, unless the context otherwise requires—

‘‘local manufacturer’’ means a company which is—
(a) incorporated in Malaysia and at least 60 per cent of the issued shared capital of the company is owned by Malaysian nationals;
(b) carrying on manufacturing activities; and
(c) adopting and implementing RosettaNet; and

‘‘qualifying company’’ means—
(a) a company which is a member of RosettaNet Malaysia Berhad and which is assisting a local manufacturer to adopt and implement RosettaNet; or
(b) a company, association or statutory body which is a member of RosettaNet Malaysia Berhad and which is assisting RosettaNet Malaysia Berhad.

RULE 3 COMPANY ELIGIBLE FOR DEDUCTION

3 A qualifying company which is resident in Malaysia for the basis year for a year of assessment shall be eligible for the deduction under these Rules for that year of assessment.

RULE 4 DEDUCTION

4 Subject to these Rules, for the purpose of ascertaining under the Act the adjusted income of a qualifying company from its business for the basis period for a year of assessment, there shall be allowed as a deduction an amount equivalent to the cost of the...
expenses of the kind specified in the Schedule incurred by that qualifying company for
the purposes of implementation of RosettaNet as verified by the Small and Medium
Industries Development Corporation (SMIDEC).

RULE 5 REVOCATION

5 The Income Tax (Deduction For Implementation of RosettaNet) Rules 2002 [PU (A)
316/2002] is revoked.

SCHEDULE

1. Cost of new computer hardware, software and networking device provided by a qualifying
   company to RosettaNet Malaysia Berhad.
2. Cost of new office equipment provided by a qualifying company to RosettaNet Malaysia
   Berhad.
3. Basic salary of employees on secondment from a qualifying company to RosettaNet
   Malaysia Berhad for a period of not more than three years.
4. Basic salary of employees on secondment from a qualifying company to a local
   manufacturer for a period of two to six months.
5. Cost relating to fees, travelling expenses, accommodation of trainers and rental of facilities
   provided by a qualifying company for the provision of training to the employees of a local
   manufacturer of not more than RM100,000.00.
INCOME TAX (ACCELERATED CAPITAL ALLOWANCES) (POWER QUALITY EQUIPMENT) RULES 2005

[18 February 2005]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowance) (Power Quality Equipment) Rules 2005.
1(2) This Rules is deemed to have effect from the year of assessment 2005.

RULE 2 INTERPRETATION

2 For the purposes of these Rules, “qualifying plant expenditure” means capital expenditure incurred under paragraph 2 of Schedule 3 to the Act.

RULE 3 APPLICATION

3 These Rules shall apply to a company in respect of qualifying plant expenditure incurred in the basis period for a year of assessment on the provision of equipment as certified by the Ministry of Energy, Water and Communications, Malaysia as an equipment used for its own business exclusively to control the quality of electric power.

RULE 4 INITIAL ALLOWANCE

4 An initial allowance provided under paragraph 10 of Schedule 3 to the Act shall be equal to one-fifth of the qualifying plant expenditure.

RULE 5 ANNUAL ALLOWANCE

5 An annual allowance provided under paragraph 15 of Schedule 3 to the Act shall be equal to two-fifth of the qualifying plant expenditure.

RULE 6 NON-APPLICATION

6 These Rules shall not apply to a company—
(a) for the period during which the company has been granted any incentives except for deductions for promotion of exports under the Promotion of Investment Act 1986 [Act 327]; or
(b) for the period during which the company had been given reinvestment allowance under Schedule 7A of the Act.
INCOME TAX (ACCELERATED CAPITAL ALLOWANCE) (MACHINERY AND EQUIPMENT FOR AGRICULTURE SECTOR) RULES 2005

PU (A) 188

[10 April 2005]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowance) (Machinery and Equipment for Agriculture Sector) Rules 2005.
1(2) These Rules shall have effect from the year of assessment 2005.

History
R. 1(2) inserted by PU (A) 283/2005, as corrigendum.

RULE 2 INTERPRETATION
2 For the purposes of these Rules—
“qualifying plant expenditure” means capital expenditure incurred under paragraph 2 of Schedule 3 to the Act; and
“agriculture” has the meaning assigned to it under section 18 of the Income Tax Act 1967 but does not include forest plantation.

RULE 3 APPLICATION
3 These Rules shall apply to a company in respect of qualifying plant expenditure incurred in the basis period for a year of assessment on the provision of machinery and equipment as determined by the Minister as machinery and equipment used for the purpose of its agriculture business.

RULE 4 INITIAL ALLOWANCE
4 An initial allowance provided under paragraph 10 of Schedule 3 to the Act shall be equal to one-fifth of the qualifying plant expenditure.

RULE 5 ANNUAL ALLOWANCE
5 An annual allowance provided under paragraph 15 of Schedule 3 to the Act shall be equal to two-fifth of the qualifying plant expenditure.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
RULE 6 NON-APPLICATION

6 These Rules shall not apply to a company—

(a) for the period during which the company has been granted to any incentives except for deductions for promotion of exports under the Promotion of Investment Act 1986 [Act 327]; or

(b) for the period during which the company had been given reinvestment allowance under Schedule 7A of the Act.
INCOME TAX (DEDUCTION FOR CASH CONTRIBUTION AND SPONSOR OF A CULTURAL OR ARTS SHOW HELD IN FEDERAL TERRITORY KUALA LUMPUR) RULES 2005
PU (A) 380

[8 September 2005]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53] the Minister makes the following rules:

RULE 1 CITATION AND CommENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Cash Contribution and Sponsor of a Cultural or Arts Show Held in Federal Territory Kuala Lumpur) Rules 2005.
1(2) These Rules are deemed to have effect from the year of assessment 2005.

RULE 2 INTERPRETATION
2 For the purposes of these Rules unless the context otherwise requires—
   “cultural or arts show” means a stage performance approved by the Ministry of Culture, Arts and Heritage and organized with the participation of foreign nationals who have made at least three performances in foreign countries other than their own;
   “foreign national” means an individual who is not a Malaysian citizen.

RULE 3 DEDUCTION
3 For the purposes of ascertaining the adjusted income of a company incorporated under the Companies Act 1965 [Act 125] from its business in the basis period for a year of assessment, there shall be allowed a deduction equivalent to the amount of cash contribution and sponsorship in the form of cash incurred in respect of a cultural or arts show which is held in Federal Territory Kuala Lumpur.

RULE 4 NON-APPLICATION
4 These Rules shall not apply to a company which has made a claim for deduction under paragraph 34(6)(k) of the Act equivalent to the whole or a portion of the amount of contribution made to a cultural or arts show.
INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF ASSET BACKED SECURITIES) RULES 2005

PU (A) 321

[2 August 2005]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Expenditure On Issuance of Asset Backed Securities) Rules 2005.

1(2) These Rules are deemed to have come into operation on 3 July 2004.

RULE 2 DEDUCTION

2(1) For the purpose of ascertaining the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to the expenditure incurred on the issuance of asset backed securities from 3 July 2004 until the year of assessment 2007.

2(2) For the purpose of subparagraph (1)—
“asset backed securities” means private debt securities or Islamic securities that are issued pursuant to a securitisation transaction; and
“securitisation transaction” means an arrangement approved by the Securities Commission pursuant to section 32 of the Securities Commission Act 1993 [Act 498] which involves the transfer of assets or risks to a third party where such transfer is funded by the issuance of debt securities to investors.

RULE 3 NON-APPLICATION

3 These Rules shall not apply to any expenditure allowable under—
(a) paragraph 33(1)(a), 33(1)(b) or 33(1)(c) of the Act; and
(b) the Income Tax (Deduction for Expenditure on Issuance Of Islamic Securities) Rules 2005 [P.U. (A) 316/2005].

RULE 4 REVOCATION

INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF ISLAMIC SECURITIES) RULES 2005
PU (A) 320

[2 August 2005]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Expenditure On Issuance of Islamic Securities) Rules 2005.
1(2) These Rules are deemed to have come into operation on 3 July 2004.

RULE 2 DEDUCTION
2(1) For the purpose of ascertaining the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to the expenditure incurred on the issuance of Islamic securities from 3 July 2004 until the year of assessment 2007.
2(2) For the purposes of subparagraph (1), “Islamic securities” means Islamic securities which adopt the principles of mudharabah, musyarakah and ijarah.

RULE 3 REVOCATION
INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF ISLAMIC SECURITIES PURSUANT TO ISTISNA’ PRINCIPLE) RULES 2005

PU (A) 322

[2 August 2005]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Expenditure on Issuance of Islamic Securities Pursuant To Istisna’ Principle) Rules 2005.
1(2) These Rules are deemed to have come into operation on 3 July 2004.

RULE 2 DEDUCTION
2(1) For the purpose of ascertaining the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to the expenditure incurred on the issuance of Islamic securities pursuant to istisna’ principle from 3 July 2004 until the year of assessment 2007.
2(2) For the purpose of subparagraph (1), any expenditure on the issuance of Islamic securities pursuant to istisna’ principle incurred by the company prior to the commencement of business shall be deemed to be incurred in the basis period for a year of assessment in which the business of that company commences.

RULE 3 REVOCATION
INCOME TAX (QUALIFYING FARM EXPENDITURE) RULES 2005

PU (A) 289

[14 July 2005]

In exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Qualifying Farm Expenditure) Rules 2005.

1(2) These Rules come into operation from the year of assessment 2005.

RULE 2 APPLICATION

2 The qualifying farm expenditure under paragraph 2 of Schedule 4A to the Act in respect of a business of a person relating to the approved forest plantation project as specified under item 3 of the First Schedule to the Income Tax (Approved Agricultural Projects) Order 2002 [P.U. (A) 61/2002] shall include capital expenditure incurred on—

(a) cost of preparing the forest management plan;
(b) cost of Environmental Impact Assessment;
(c) fees related to the procurement of timber certification; and
(d) cost of surveying (boundary and compartmental demarcation).
INCOME TAX (DEDUCTION FOR INVESTMENT IN A PROJECT OF COMMERCIALISATION OF RESEARCH AND DEVELOPMENT FINDINGS) RULES 2005

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Investment in a Project of Commercialisation of Research and Development Findings) Rules 2005.
1(2) These Rules are deemed to have come into operation on 11 September 2004.

RULE 2 INTERPRETATION
2 For the purpose of these Rules, unless the context otherwise requires—
``research and development finding’’ means research and development findings in the resource-based industry wholly owned by a public research institute or public institute of higher learning in Malaysia;
``investment’’ means investment in the form of cash or holding of shares in a related company;
``commercialisation’’ means a process of transforming research and development findings into a product or process that has an industrial application or that is marketable;
``related company’’ means a company in which at least 70 per centum of the issued share capital is directly owned by the company that made the investment for the purpose of a project of commercialisation;
``tax relief period’’ has the same meaning as specified in the Promotion of Investments Act 1986 [Act 327].

RULE 3 DEDUCTION
3(1) Subject to these Rules, for the purpose of ascertaining the adjusted income of a company incorporated under the Companies Act 1965 [Act 125] and resident in Malaysia from its business, there shall be allowed as a deduction in the basis period for a year of assessment an amount equivalent to the value of investment made for the sole purpose of financing a project on commercialisation of research and development findings in the basis period for that year of assessment in a related company.
3(2) The investment referred to in subrule (1) shall be made for a period and up to an amount as approved by the Minister.

RULE 4 CONDITION FOR DEDUCTION

4 To qualify for a deduction under rule 3, the company claiming that deduction shall satisfy the following conditions:

(a) the application for approval for the project of commercialisation shall be made to the Malaysian Industrial Development Authority on or after 11 September 2004;

(b) the company is a company incorporated in Malaysia under the Companies Act 1965 [Act 125]; and

(c) the project of commercialisation shall commence within one year from the date of approval issued by the Malaysian Industrial Development Authority.

RULE 5 CESSATION OF DEDUCTION

5 Where an investment is made by a company for the purpose of the commercialisation of research and development findings is given a deduction under these Rules, that deduction shall cease in the basis period for a year of assessment in which the tax relief period of the related company commences in respect of that project.
INCOME TAX (DEDUCTION FOR INVESTMENT IN A VENTURE COMPANY) RULES 2005

PU (A) 76

[14 February 2005]

IN exercise of the powers conferred by paragraphs 33(1)(d) and 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Investment In a Venture Company) Rules 2005.

1(2) These Rules are deemed to have effect from the year of assessment 2003.

RULE 2 INTERPRETATION

2 In this Rules—

“individual” means an individual who has a business source;

“seed capital financing” means of financing provided by a company or an individual to a venture company for the purposes of research, assessment and development of an initial concept or prototype;

“early stage financing” means a financing provided by a company or an individual to a venture company as—

(a) capital expenditure or working capital to initiate commercialization of a technology or product;

(b) additional capital expenditure or additional working capital to increase production capacity, marketing or product development; or

(c) an interim financing for the purpose of being listed on the official list of a stock exchange;

“start-up financing” means a financing provided by a company or an individual to a venture company for product development and initial marketing;

“Securities Commission” means the Securities Commission established under the Securities Commission Act 1993 [Act 498];

“related company” has the meaning as assigned to it under section 2 of the Promotion of Investments Act 1986 [Act 327];
“venture company” means a company incorporated under the Companies Act 1965 [Act 125], which is—

(a) resident in Malaysia for the basis year for a year of assessment; and
(b) involved in utilizing the seed capital financing, start-up financing or early stage financing for—
   (i) activities or products promoted under the Promotion of Investment Act 1986;
   (ii) technology-based activities listed under the MESDAQ Market of Bursa Malaysia;
   (iii) Industrial Research and Development Grant Scheme; or
   (iv) Multimedia Super Corridor Research and Development Grant Scheme.

RULE 3 DEDUCTION
3(1) In ascertaining the adjusted income of a company or an individual who is resident in Malaysia from his business for a basis period for a year of assessment, there shall be allowed a deduction an amount equivalent to the value of investment made in the basis period in a venture company.

3(2) For the purpose of a deduction under subrule (1), the investment made shall be deemed to be incurred on the date the investment is disposed as certified by the Securities Commission.

RULE 4 CONDITIONS TO QUALIFY FOR THE DEDUCTION
4 To qualify for the deduction under subrule (1), the company or individual shall obtain certification from the Securities Commission confirming that—

(a) the investment was in the form of the holding of shares which at the time of acquisition are not listed for quotation in the official list of a stock exchange;
(b) the investment, in relation to a company, was not made in a venture company which is its related company at the point of first investment;
(c) the investment was made for seed capital financing, start-up financing or early stage financing;
(d) it had provided an early stage financing to a venture company which is involved in activities which are not listed under the MESDAQ Market of Bursa Malaysia as technology-based activities from the seed capital or start-up stage where such early stage financing was provided as—
   (i) additional capital expenditure or additional working capital to increase production capacity, marketing or product development; or
   (ii) an interim financing for the purpose of being listed on the official list of a stock exchange; and
(e) the investment was made at least two years prior to the date of its disposal.
RULE 5  NON-APPLICATION
5  These Rules shall not apply to a venture capital company to which the Income Tax (Exemption) (No. 11) Order 2005 [P.U. (A) 75/2005] applies for the whole of the exempt period provided under the said Order.

RULE 6  REVOCATION AND SAVINGS
6(1)  The Income Tax (Deduction For Investment In A Venture Company) Rules 2001 [P.U. (A) 212/2001] which are referred to in this rule as the “repealed Rules”, are revoked with effect from the year of assessment 2003.
6(2)  A company or an individual who has made an investment in the basis period for the year of assessment 2001 or the year of assessment 2002 and complied with the provisions of the repealed Rules but has not applied for a deduction under the repealed Rules shall be entitled to apply under these Rules.
INCOME TAX (DEDUCTION FOR UNEMPLOYED GRADUATES ALLOWANCES) RULES 2005

PU (A) 387

[28 September 2005]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Unemployed Graduates Allowances) Rules 2005.
1(2) These Rules are deemed to have come into operation on 1 February 2004.

RULE 2 INTERPRETATION
2 For the purposes of these Rules, unless the context otherwise requires—
   “training institution” means an institution which conducts training programme;
   “banking institution” means a commercial bank, finance company or merchant bank licensed under the Banking and Financial Institutions Act 1989 [Act 372] or an Islamic bank licensed under the Islamic Banking Act 1983 [Act 276];
   “trainee” means an unemployed graduate of Malaysian citizen who undergoes full duration of a training programme;
   “operator” means an operator registered under the Takaful Act 1984 [Act 312];
   “training programme” means a training programme conducted under the Banking and Insurance Industries Training Scheme for Unemployed Graduates;
   “insurance company” means an insurance company licensed under the Insurance Act 1996 [Act 553]

RULE 3 DEDUCTION
3(1) In ascertaining the adjusted income of a banking institution or an insurance company or a takaful business operator who is resident in Malaysia from his business for a basis period for a year of assessment, there shall be allowed a deduction of amount of allowances [sic] paid to a trainee for undergoing training programme for the period from 1 February 2004 until 31 January 2007.
3(2) For the purpose of qualifying for the deduction under these Rules, the banking institution or insurance company or takaful business operator claiming the deduction shall produce a letter from the training institution certifying that the trainee has undergone such training programme and the amount of allowances incurred is in relation to the trainee undergoing such training programme.
3(3) The amount of deduction allowed under subrule (1) shall be equivalent to twice the amount of allowances allowed under these Rules.
INCOME TAX (DEDUCTION FOR INVESTMENT IN AN APPROVED FOOD PRODUCTION PROJECT) RULES 2006
PU (A) 55

[12 January 2006]

IN exercise of the powers conferred by paragraphs 154(1)(b) and 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction For Investment In An Approved Food Production Project) Rules 2006.
1(2) These Rules are deemed to have come into effect from the year of assessment 2001.

RULE 2 INTERPRETATION
2 For the purposes of these Rules, unless the context otherwise requires—
   “investment” means an investment in the form of cash or holding of shares in a related company;
   “approved food production project” has the same meaning as defined in paragraph 11 of Schedule 4C to the Act;
   “related company” means a company where—
   (a) prior to 11 September 2004, 100 per centum of its issued share capital are directly owned; or
   (b) on or after 11 September 2004, at least 70 per centum of its issued share capital are directly owned,
by a company that made the investment for the purpose of an approved food project.

RULE 3 DEDUCTION
3(1) Subject of these Rules, for the purpose of ascertaining the adjusted income of a company incorporated under the Companies Act 1965 [Act 125] and resident in Malaysia from its business, there shall be allowed as a deduction in the basis period for a year of assessment an amount equivalent to the value of investment made in the project which is approved by the Minister in that basis period for the sole purpose of financing an approved food production project.
3(2) In subrule (1)—
   (a) the approval by the Minister shall be made in relation to a new project undertaken by a related company in respect of the approved food production project; and
   (b) the investment shall be made for a period and up to an amount as approved by the Minister.
RULE 4 NON-APPLICATION

4 These Rules shall not apply to—

(a) the application for approval for the approved food production project made to Ministry of Agriculture and Agro-Based Industry after 30 September 2005;

(b) a company which has been granted exemption for an approved food production project under the Income Tax (Exemption) (No. 9) Order 2006; or

(c) a company which has been granted exemption for an approved food production project the Income Tax (Exemption) (No. 10) Order 2006.

RULE 5 CESSATION OF DEDUCTION

5 Where an investment is made by a company for the purpose of the approved food production project is deducted under these Rules, that deduction shall be ceased in the basis period for a year of assessment in which the period of exemption of the related company commences in respect of its statutory income from that project.

RULE 6 REVOCATION

6 The Income Tax (Deduction For Investment In An Approved Food Production Project) Rules 2001 [*P.U. (A) 81/2001*] is revoked.
INCOME TAX (ACCELERATED CAPITAL ALLOWANCE) (MOULD FOR THE PRODUCTION OF INDUSTRIALISED BUILDING SYSTEM COMPONENT) RULES 2006

[7 June 2006]

In exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowances) (Mould for the Production of Industrialised Building System Component) Rules 2006.
1(2) These Rules shall have effect from the year of assessment 2006.

RULE 2 INTERPRETATION
2 In these Rules unless the context otherwise requires—
“mould” means pre-cast concrete mould;
“qualifying plant expenditure” means capital expenditure incurred under paragraph 2 of Schedule 3 to the Act;
“industrialised building system” means building systems in which structural components are manufactured in a controlled condition such as in a factory or on site, transported and assembled into a structure with minimal site works.

RULE 3 APPLICATION
3 These Rules shall apply in respect of the qualifying plant expenditure incurred in the basis period for a year of assessment on the purchase of mould used in the production of industrialised building system component for the purposes of the business of a manufacturing company or a construction company.

RULE 4 INITIAL ALLOWANCE
4 An initial allowance provided under paragraph 10 of Schedule 3 to the Act shall be equal to two-fifth of the qualifying plant expenditure.

RULE 5 ANNUAL ALLOWANCE
5 An annual allowance provided under paragraph 15 of Schedule 3 to the Act shall be equal to one-fifth of the qualifying plant expenditure.
INCOME TAX (DEDUCTION FOR AUDIT EXPENDITURE) RULES 2006

[17 March 2006]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Audit Expenditure) Rules 2006.

1(2) These Rules shall have effect from the year of assessment 2006.

RULE 2 DEDUCTION

2 For the purpose of ascertaining the adjusted income of a company from its business in the basis period for a year of assessment, there shall be allowed a deduction of an amount equivalent to the amount of statutory audit fees expenditure incurred in that basis period.
INCOME TAX (DEDUCTION FOR ESTABLISHMENT EXPENDITURE OF REAL ESTATE INVESTMENT TRUST OR PROPERTY TRUST FUND) RULES 2006

[2 March 2006]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Establishment Expenditure of Real Estate Investment Trust or Property Trust Fund) Rules 2006.
1(2) These Rules are deemed to have effect from the year of assessment 2006.

RULE 2 INTERPRETATION
2 In these Rules, unless the context otherwise requires—
“establishment expenditure” means legal, valuation and consultancy fees for purpose of establishing the unit trust prior to approval by the Securities Commission; and
“unit trust” means unit trust which is subsequently approved by the Securities Commission as Real Estate Investment Trust or Property Trust Fund.

RULE 3 DEDUCTION
3(1) For the purpose of ascertaining the adjusted income of a unit trust from its business for the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to the amount of establishment expenditure incurred by that unit trust.
3(2) For the purpose of subrule (1), any establishment expenditure incurred by the unit trust shall be deemed to have been incurred in the basis period for a year of assessment in which the business of that unit trust commenced.
INCOME TAX (DEDUCTION FOR EXPENDITURE INCURRED FOR THE DEVELOPMENT AND COMPLIANCE OF NEW COURSES BY PRIVATE HIGHER EDUCATION INSTITUTIONS) RULES 2006

PU (A) 184

[3 May 2006]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Expenditure Incurred for the Development and Compliance of New Courses by Private Higher Education Institutions) Rules 2006.

1(2) These Rules have effect from the year of assessment 2006.

RULE 2 INTERPRETATION

2 In these Rules, unless the context otherwise requires—

“compliance fees” means the application and approval fees in respect of new courses;

“private higher education institution” has the same meaning as assigned to it under section 2 of the Private Higher Educational Institutions Act 1996 [Act 555];

“new courses” means courses as verified by the Ministry of Higher Education;

“date of completion of the new course” means the date of approval in respect of the new courses issued by the Ministry of Higher Education.

RULE 3 DEDUCTION

3(1) In ascertaining the adjusted income from the business of a private higher education institution which has incurred expenditure for the development and compliance of new courses in the basis period for a year of assessment, there shall be allowed a deduction an amount equal to one-third of that expenditure for that year of assessment and for each of the two following years of assessment.
3(2) The expenditure referred to in subrule (1) are expenditure incurred in respect of—
(a) market survey or needs analysis;
(b) external consultation and curriculum preparation;
(c) preparation of collaborative agreements with third parties;
(d) validation of new courses;
(e) staff training in respect of conducting the approved new courses; and
(f) compliance fees.

3(3) For the purpose of the deduction under subrule (1), the expenditure for the development and compliance of new courses are deemed to be incurred in the basis period for the year of assessment in which the date of completion of the new course falls.
INCOME TAX (INDUSTRIAL BUILDING ALLOWANCE) (APPROVED MULTIMEDIA SUPER CORRIDOR (MSC) STATUS COMPANY) RULES 2006

PU (A) 202

[17 May 2006]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Industrial Building Allowance) (Approved Multimedia Super Corridor (MSC) Status Company) Rules 2006.

1(2) These Rules shall have effect from the year of assessment 2006.

RULE 2 INTERPRETATION

2 In these Rules, unless the context otherwise requires—

“approved MSC activities” means activities which are approved by the Multimedia Development Corporation Sdn. Bhd.;

“building” means a new building that provides a world-class physical and information infrastructure as determined by the Multimedia Development Corporation Sdn. Bhd. which has not been occupied by any company before the commencement of these Rules and located in the Cyberjaya Flagship Zone but does not include building for the purpose of living accommodation;

“Cyberjaya Flagship Zone” means the Cyberjaya Flagship Zone in Cyberjaya as determined by the Multimedia Development Corporation Sdn. Bhd.;

“qualifying building expenditure” means capital expenditure incurred under paragraph 3 of Schedule 3 to the Act;

“approved MSC status company” means a company which has been awarded MSC status by the Government of Malaysia and carries on approved MSC activities.

RULE 3 APPLICATION

3(1) These Rules shall apply to the owner of a building, the construction or purchase of the building in the Cyberjaya Flagship Zone which is used for the purpose of his business as an approved MSC status company or rent it out to an approved MSC status company in respect of qualifying building expenditure incurred for the approved MSC activities.

3(2) For the purpose of subrule (1), any qualifying expenditure incurred by the owner of building is deemed to have been incurred in the basis period for a year of assessment in which the building is first being occupied by an approved MSC status company.

Thornton’s Malaysian Tax Commentaries Rule 3(2)
3(3) For the purpose of these Rules, the renting of building under subrule 3(1) shall be regarded as carrying on a business and the income from the renting activity shall be charged to tax pursuant to paragraph 4(a) of the Act.

RULE 4 ALLOWANCE
4 The amount of allowance under paragraph 80 of Schedule 3 to the Act shall be equal to one tenth of the qualifying building expenditure for that year of assessment and each year for the nine following years of assessment.

RULE 5 CONDITION TO QUALIFY FOR THE ALLOWANCE
5 To qualify for the allowance under rule 4, the building under subrule 3(1) shall be first occupied by an approved MSC status company.

RULE 6 NON-APPLICATION
6 For the purpose of these Rules, the provisions of sections 60F and 60FA of the Act shall not apply.

History
Para 6 amended by PU (A) 317/2006, as corrigendum, by substituting “60F” and “60FA” for “60A” and “60F” respectively.
INCOME TAX (DEDUCTION ON THE COST OF ISSUANCE OF THE ISLAMIC SECURITIES) RULES 2007

PU (A) 176

[12 April 2007]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction on the Cost of Issuance of The Islamic Securities) Rules 2007.
1(2) These Rules shall have effect from the year of assessment 2007.

RULE 2 INTERPRETATION
2 In these Rules—
   “Islamic securities” means Islamic securities which adopt the principles of Mudharabah, Musyarakah, Ijarah or Istisna’ approved by the Securities Commission;
   “Securities Commission” means the Securities Commission established under the Securities Commission Act 1993 [Act 498];
   “company” means a company incorporated under the Companies Act 1965 [Act 125] that establishes a special purpose company solely for the purpose of issuance of the Islamic securities;
   “special purpose company” means a company incorporated under the Companies Act 1965 and established solely for the purpose of complying with syariah requirement in the issuance of Islamic securities.

RULE 3 DEDUCTION
3 For the purpose of ascertaining the adjusted income of a company resident in Malaysia from his business in the basis period for a year of assessment, there shall be allowed a deduction of an amount equivalent to the cost of issuance of the Islamic securities incurred by the special purpose company.
INCOME TAX (INDUSTRIAL BUILDING ALLOWANCE) (BIONEXUS STATUS COMPANY) RULES 2007
PU (A) 374

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1  CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Industrial Building Allowance) (BioNexus Status Company) Rules 2007.
1(2) These Rules are deemed to have come into operation on 2 September 2006.

RULE 2  INTERPRETATION
2 In these Rules, unless the context otherwise requires—
“incurred” has the same meaning assigned to it in paragraphs 46 and 55 of Schedule 3 to the Act;
“Malaysian Biotechnology Corporation Sdn. Bhd.” means a company incorporated under the Companies Act 1965 [Act 125] whose function is for the purpose of developing the biotechnology industry in Malaysia;
“qualifying building expenditure” means capital expenditure incurred on the construction or purchase of a building under paragraph 3 of Schedule 3 of the Act but does not include capital expenditure incurred on buildings used for storage or as living accommodation which are provided wholly or partly for the use of a director or an individual who is a member of the management, administrative or clerical staff;
“new business” means the first approved business undertaken by a BioNexus status company;
“expansion project” means a project undertaken by a BioNexus status company in expanding its existing approved business and that business—
(a) has been granted exemption under the Income Tax (Exemption) (No. 17) Order 2007 [P.U. (A) 371/2007] or the Income Tax (Exemption) (No. 18) Order 2007 [P.U. (A) 372/2007]; and
(b) involves new investment;
“life sciences” means any of several branches of science, such as biology, medicine, anthropology or ecology, which deal with living organisms and their organization, life processes and relationships to each other and their environment;
“BioNexus status company” means a company incorporated under the Companies Act 1965 which is engaged in a business of life sciences.

Rule 1(1)
RULE 3 APPLICATION

3(1) These Rules shall apply in respect of qualifying building expenditure incurred by a company resident in Malaysia which has been approved by the Minister as a BioNexus status company in the basis period for a year of assessment used for the sole purpose of its new business or expansion project, as the case may be.

3(2) For the purpose of subrule (1), any qualifying building expenditure incurred by a BioNexus status company prior to the commencement of its new business or expansion project, as the case may be, shall be deemed to have been incurred on the date the business or project commences.

3(3) The first qualifying building expenditure incurred shall be on a date determined by the Malaysian Biotechnology Corporation Sdn. Bhd. and the date shall not be earlier than 2 September 2006.

RULE 4 ALLOWANCE

4(1) An amount of allowance under paragraph 80 of Schedule 3 of the Act shall be allowed to a BioNexus status company equals to one tenth of the qualifying building expenditure for a year of assessment and for each of the following nine years of assessment.

4(2) Where a building qualifies for the allowance under subrule (1) and such building is disposed of within two years from the date of completion or acquisition of the building, the allowance which have been made by the company shall be withdrawn in the basis period for the year of assessment that building is disposed.
INCOME TAX (DEDUCTION FOR ALLOWANCES UNDER THE CAPITAL MARKET GRADUATES TRAINING SCHEME) RULES 2007

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Allowances under the Capital Market Graduates Training Scheme) Rules 2007.

1(2) These Rules are deemed to have come into operation on 2 September 2006.

RULE 2 INTERPRETATION

2 In these Rules, unless the context otherwise requires—

“trainee” means an unemployed graduate of Malaysian citizen who undergoes full duration of a training scheme;

“training scheme” means the Capital Market Graduate Training Scheme for the Unemployed Graduates certified by the Securities Commission from 2 September 2006 until 31 December 2008;

“Securities Commission” means the Securities Commission established under the Securities Commission Act 1993 [Act 498];

“company” means a company incorporated in Malaysia under the Companies Act 1965 [Act 125] which participates in the training scheme.

RULE 3 DEDUCTION

3(1) In ascertaining the adjusted income of a company resident in Malaysia from his business for a basis period for a year of assessment, there shall be allowed a deduction of an amount of allowances paid to a trainee for undergoing the training scheme, for a period of three (3) years from the date of certification of that training scheme.

3(2) For the purpose of qualifying for the deduction under these Rules, the company claiming the deduction shall produce a letter from the Securities Commission certifying that the trainee has undergone such training scheme and the amount of allowances incurred in relation to the trainee undergoing such training scheme.

3(3) The amount of deduction allowed under subrule (1) shall be equivalent to twice the amount of allowances allowed under these Rules.
RULE 4 REVOCATION
INCOME TAX (DEDUCTION FOR COST OF SPECTRUM ASSIGNMENT) RULES 2007

PU (A) 447

[27 December 2007]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Cost of Spectrum Assignment) Rules 2007.

1(2) These Rules have effect from the year of assessment 2007.

RULE 2 INTERPRETATION

2 In these Rules, unless the context otherwise requires—

``cost of spectrum assignment'' means the fee for the use of spectrum assignment paid to the Malaysian Communications and Multimedia Commission;

``spectrum assignment'' means the rights to use specified frequency bands for the provision of third-generation mobiles telecommunication services in Malaysia issued by the Malaysian Communications and Multimedia Commission;

``company'' means a company incorporated under the Companies Act 1965 [Act 125].

RULE 3 EXPENDITURE ON COST OF SPECTRUM ASSIGNMENT DEEMED INCURRED

3 For the purpose of a deduction under rule 4, in relation to the cost of spectrum assignment incurred prior to the effective year of assessment of these Rules, such cost shall be deemed incurred in year of assessment 2007 and subsequent years of assessment and shall be allowed as a deduction equally for twelve years of assessment.

RULE 4 DEDUCTION

4(1) In ascertaining the adjusted income of a company resident in Malaysia from its business in the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to the cost of spectrum assignment incurred by that company.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
4(2) The deduction as mentioned in subrule (1) shall be allowed for a period of twelve years of assessment from the year of assessment 2007 until 2018 and the amount of deduction for each year of assessment shall be determined in accordance with the following formula:

\[
\frac{A}{B}
\]

where A is the total cost of spectrum assignment; and

B is twelve years of assessment.

4(3) Where the spectrum assignment is cancelled by Malaysian Communication and Multimedia Commission in the basis period for a year of assessment before the expiration of the spectrum assignment, the deduction shall be continued until the expiration of the spectrum assignment provided that the amount claimed is restricted to the cost of spectrum assignment incurred during the spectrum assignment period which is cancelled.
INCOME TAX (DEDUCTION FOR INVESTMENT IN A BIONEXUS STATUS COMPANY) RULES 2007
PU (A) 373

CCH Note:

[2 September 2007]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Investment in a BioNexus Status Company) Rules 2007.
1(2) These Rules are deemed to have come into operation on 1 May 2005.

RULE 2 INTERPRETATION
2 In these Rules, unless the context otherwise requires—
   “qualifying person” means—
   (a) a company incorporated under the Companies Act 1965 [Act 125]; or
   (b) an individual who is a Malaysian citizen, resident and has business source;
   “investment” means an investment in the form of cash or holding of issued shares capital in a BioNexus status company;
   “Malaysian Biotechnology Corporation Sdn. Bhd.” means a company incorporated under the Companies Act 1965 whose function is for the purpose of developing the biotechnology industry in Malaysia;
   “early stage” means the stage of initiate commercialization of a technology or product, increasing product capacity, product development and marketing;
   “seed capital stage” means the stage of research, assessment and development of an initial concept or prototype;
   “new business” means the first approved business undertaken by a BioNexus status company;
   “life sciences” means any of several branches of science, such as biology, medicine, anthropology or ecology, which deal with living organisms and their organization, life processes and relationships to each other and their environment;
   “BioNexus status company” means a company incorporated under the Companies Act 1965 which is engaged in a business of life sciences.

Rule 1(1)
RULE 3 DEDUCTION

3(1) Subject to these Rules, for the purpose of ascertaining the adjusted income of a qualifying person resident in Malaysia from its business, there shall be allowed a deduction in the basis period for a year of assessment an amount equivalent to the value of investment made by the qualifying person in a company which has been approved by the Minister as a BioNexus status company.

3(2) The investment referred to in subrule (1)—

(a) shall be made for a period and up to the amount as approved by the Minister;
(b) shall be for the sole purpose of financing activities at seed capital stage or early stage of a new business; and
(c) shall not be disposed of within five years from the date of last investment made if such investment is in the form of holding of issued shares capital.

3(3) Investment made by the qualifying person prior to the commencement of a new business shall be deemed to be incurred on a date the new business commences and that date shall be determined by the Malaysian Biotechnology Corporation Sdn. Bhd.

3(4) Where a qualifying person who has made an investment in the form of issued shares capital and claimed a deduction in respect of that investment under subrule (1) receives an amount as consideration for the disposal of such shares, the amount so received by that qualifying person shall be added in ascertaining his adjusted income for the year of assessment in the basis period in which that amount was received:

Provided that—

(a) the amount so added shall not exceed the total deductions allowed in relation to that investment; and
(b) this subrule shall not apply where the disposal of such shares take place after five years from the date of last investment in the form of issued shares capital is made in the BioNexus status company.

RULE 4 CONDITIONS TO QUALIFY FOR THE DEDUCTION

4 For a qualifying person to qualify to get a deduction under rule 3, the qualifying person shall have made an application through the Malaysian Biotechnology Corporation for approval from the Minister on or after 1 May 2005.

RULE 5 CESSATION OF DEDUCTION

5 Where an investment is made by a qualifying person for the sole purpose of financing activities at seed capital stage or early stage of a new business is deducted under these Rules, the deduction shall cease to apply to the qualifying person in the basis period for a year of assessment upon a BioNexus status company carried out by the qualifying person has its first statutory income.
INCOME TAX (DEDUCTION FOR PROMOTION OF EXPORTS) RULES 2007

[28 December 2006]

IN exercise of the powers conferred by paragraph 151(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Promotion of Exports) Rules 2007.
1(2) These Rules are deemed to have come into operation from the year of assessment 2006.

RULE 2 COMPANY ELIGIBLE FOR DEDUCTION
2 Every company resident in Malaysia in the basis period for a year of assessment shall be eligible for a deduction under these Rules for that year of assessment.

RULE 3 DEDUCTION
3(1) In ascertaining the adjusted income of a company from its business in the basis period for a year of assessment, there shall be allowed as a deduction any outgoings and expenses of the kind described in subrule (2) which were incurred—

(a) by the company in the basis period for that year of assessment in respect of that business; and

(b) primarily and principally for the purpose of promoting the exports of goods or agricultural products manufactured, produced, processed, graded or sorted and assembled in Malaysia.
3(2) The outgoings and expenses referred to in subrule (1) are expenses in respect of registration of patents, trademarks and product licensing overseas.
3(3) The amount of deduction allowed under subrule (1) shall be equivalent to twice the amount of outgoings and expenses allowed under these Rules.

RULE 4 REVOCATION
INCOME TAX (DEDUCTION ON EXPENDITURE FOR ESTABLISHMENT OF AN ISLAMIC STOCK BROKING BUSINESS) RULES 2007

PU (A) 65

[25 January 2007]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction on Expenditure for Establishment of an Islamic Stock Broking Business) Rules 2007.

1(2) These Rules are deemed to have come into operation on 2 September 2006.

RULE 2 INTERPRETATION

2 In these Rules—

“Bursa Malaysia” means a stock exchange established under subsection 8(2) of the Securities Industry Act 1983 [Act 280];

“establishment expenditure” means consultancy and legal fees, cost of feasibility study, cost of market research, and cost of obtaining license and business approval for the purpose of establishing an Islamic stock broking business;

“Islamic stock broking company” means a company incorporated under the Companies Act 1965 [Act 125] and is a dealer licensed under the Securities Industry Act 1983 which operates an Islamic stock broking business approved by the Bursa Malaysia.

RULE 3 DEDUCTION

3(1) For the purpose of ascertaining the adjusted income of an Islamic stock broking company resident in Malaysia from its business in the basis period for a year of assessment, there shall be allowed a deduction of an amount equivalent to the amount of establishment expenditure incurred by that company.

3(2) The establishment expenditure incurred by the company referred to in subrule 3(1) shall be deemed to have been incurred in the basis period for a year of assessment in which the business of that company commenced.
RULE 4 CONDITIONS TO QUALIFY FOR THE DEDUCTION

4(1) An application for approval for the Islamic stock broking business shall be made to the Bursa Malaysia from 2 September 2006 until 31 December 2015.

History

4(2) The company referred to in subrule 3(1) shall commence the Islamic stock broking business within two years from the date of approval by the Bursa Malaysia.
INCOME TAX (DEDUCTION OF PRE-COMMENCEMENT OF BUSINESS
EXPENSES RELATING TO EMPLOYEE RECRUITMENT) RULES 2008

PU (A) 361

[17 September 2008]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction of Pre-Commencement of Business Expenses relating to Employee Recruitment) Rules 2008.

1(2) These Rules have effect from the year of assessment 2009.

RULE 2 DEDUCTION

2(1) In ascertaining the adjusted income of a person resident in Malaysia from its business in the basis period for a year of assessment, there shall be allowed as deduction expenses incurred by that person in respect of recruitment of employees prior to the commencement of its business.

2(2) For the purposes of subrule (1), expenses incurred shall be—

(a) expenses on the recruitment of employees to enable the person to commence its business;

(b) expenses of the kind allowable under section 33 of the Act relating to the recruitment of employees; and

(c) expenses incurred within the period of one year prior to the commencement of its business.

2(3) The expenses incurred under this paragraph shall be deemed to be incurred on the day the business commences.
INCOME TAX (DEDUCTION OF TAX ON THE DISTRIBUTION OF INCOME OF A FAMILY FUND, FAMILY RE-TAKAFUL FUND OR GENERAL FUND) RULES 2008

PU (A) 188

[12 May 2008]

IN exercise of the powers conferred by paragraph 154(1)(b) and subsection 109E(6) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction of Tax on the Distribution of Income of a Family Fund, Family Re-Takaful Fund or General Fund) Rules 2008.

1(2) These Rules are deemed to have come into operation on 1 January 2008.

RULE 2 INTERPRETATION

2 In these Rules, unless the context otherwise requires—

“operator” has the meaning assigned to it in subsection 60AA(23) of the Act;

“participant” has the meaning assigned to it in subsection 60AA(23) of the Act; and

“takaful” has the meaning assigned to it in section 2 of the Takaful Act 1984 [Act 312].

RULE 3 DEDUCTION OF TAX

3(1) Where a takaful operator distributes or credits any amount of income which is deemed to be derived from Malaysia to a participant other than a participant which is a resident company, the takaful operator shall, upon distributing or crediting the amount, deduct from a proportion of that amount, tax at a rate applicable to that proportion.

3(2) The deduction of tax referred to in subrule (1) shall apply to profits distributed or credited out of family fund, family re-takaful fund or general fund under section 60AA of the Act.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
3(3) For purposes of subrule (1), the tax to be deducted shall be ascertained in accordance with the following formula:

(a) in the case of sharing of investment income—

\[
\left( \frac{A}{C} \right) \times B \times D
\]

A is the proportion of profits from investments distributed or credited to the participant out of the operator’s family fund, family re-takaful fund or general fund;

B is the net taxable investment income;

C is the total of the net investment income; and

D is the rate of tax applicable as provided in Part XI of Schedule 1 to the Act;

(b) in the case of sharing of investment income and underwriting profits—

\[
\left( \frac{E}{G} \right) \times F \times H
\]

E is the participant share of profits distributed or credited to the participant out of the operator’s family fund, family re-takaful fund or general fund;

F is the net taxable investment income;

G is the total of the net investment income and underwriting profits; and

H is the rate of tax applicable as provided in Part XI of Schedule 1 to the Act.
INCOME TAX (ACCELERATED CAPITAL ALLOWANCE) (INFORMATION AND COMMUNICATION TECHNOLOGY EQUIPMENT) RULES 2008

PU (A) 358

[12 September 2008]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowance) (Information and Communication Technology Equipment) Rules 2008.

1(2) These Rules shall have effect from the year of assessment 2009 until the year of assessment 2013, except rule 7.

1(3) Rule 7 shall have effect from the year of assessment 2009 until the year of assessment 2015.

RULE 2 INTERPRETATION

2 In these Rules, ‘‘Information and communication technology equipment’’ means the information and communication technology equipment as specified in the Schedule.

RULE 3 APPLICATION

3 These Rules shall apply to a person resident in Malaysia in respect of capital expenditure incurred in the basis period for a year of assessment from a source consisting of his business in relation to the purchase of any information and communication technology equipment used for the purpose of that business.

RULE 4 DEEMING PROVISION RELATING TO HIRE PURCHASE AGREEMENT

4 Where the person referred to in rule 3 incurs capital expenditure under a hire purchase agreement on the purchase of any information and communication technology equipment for the purpose of a business of his, such person shall be taken to be the owner of such equipment and the capital expenditure incurred by such person on such equipment in the basis period for a year of assessment shall be taken to be the capital portion of any installment payment (or, where there is more than one such payment, of the aggregate of those payments) made by such person under such hire purchase agreement in that period.
RULE 5 INITIAL ALLOWANCE
5 The person referred to in rule 3 qualifies for the initial allowance provided in paragraph 10 of Schedule 3 of the Act which shall be equal to one-fifth of the capital expenditure incurred for the purchase of the information and communication technology equipment.

RULE 6 ANNUAL ALLOWANCE
6 The person referred to in rule 3 qualifies for the annual allowance provided in paragraph 15 of Schedule 3 of the Act which shall be equal to four-fifth of the capital expenditure incurred for the purchase of the information and communication technology equipment.

RULE 7 NON-APPLICATION
7(1) These Rules shall not apply to a person if in the basis period for a year of assessment—
   (a) the person has been granted any incentive under the Promotion of Investments Act 1986 [Act 327]; or
   (b) the person has been granted reinvestment allowance under Schedule 7A of the Act.
7(2) Where the person referred to in rule 3 sells, conveys, transfers, assigns or alienates with or without consideration the information and communication technology equipment at any time within two years from the date of the purchase of such equipment, the allowances made under rules 5 and 6 in respect of such equipment shall be withdrawn in the basis period for the year of assessment in which such person sells, conveys, transfers, assigns or alienates the equipment with or without consideration.

RULE 8 REVOCATION AND TRANSITIONAL
8(2) Notwithstanding subrule (1), the Rules revoked under that subrule shall apply to any qualifying expenditure incurred in the basis period for the year of assessment prior to 2009 under the revoked Rules.

SCHEDULE
[Rule 2]

Access Control System
Banking Systems
Barcode Equipment
Bursters/Decollators
Cables and Connectors
Computer Assisted Design (CAD)
Computer Assisted Manufacturing (CAM)
Computer Assisted Engineering (CAE)
Card Readers
Computers and Components
Central Processing Unit (CPU)
Storage
Screen
Printers
Scanner/Reader
Accessories
Communications and Network
Software system or software package
INCOME TAX (DEDUCTION FOR COST OF OBTAINING CHAIN OF CUSTODY CERTIFICATION FROM MALAYSIAN TIMBER CERTIFICATION COUNCIL) RULES 2008

[17 January 2008]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Cost of Obtaining Chain of Custody Certification from Malaysian Timber Certification Council) Rules 2008.

1(2) These Rules are deemed to have effect from the year of assessment 2007.

RULE 2 INTERPRETATION

2 For the purpose of these Rules, ‘‘a company’’ means a company—
(a) incorporated under the Companies Act 1965 [Act 125];
(b) resident in Malaysia; and
(c) engages in the manufacturing of wood-based product.

RULE 3 DEDUCTION

3 For the purpose of ascertaining the adjusted income of a company from its business in the basis period for a year of assessment, there shall be allowed a deduction of an amount equivalent to the cost of obtaining Chain of Custody Certification from the Malaysian Timber Certification Council.
INCOME TAX (ACCELERATED CAPITAL ALLOWANCE) (BUS) RULES 2008

PU (A) 356

[12 September 2008]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowance) (Bus) Rules 2008.

1(2) These Rules shall have effect from the year of assessment 2009 until the year of assessment 2011, except rule 7.

1(3) Rule 7 shall have effect from the year of assessment 2009 until the year of assessment 2013.

RULE 2 INTERPRETATION

2 In these Rules, ‘bus’ means the bus specified in the Schedule.

RULE 3 APPLICATION

3(1) These Rules shall apply to any person—

(a) who resides in Malaysia;

(b) who has incurred capital expenditure for the purchase of a bus specified in the Schedule as the first registered owner in the basis period for a year of assessment from a source consisting of his business in relation to the commercial transportation; and

(c) who is a holder of a public service vehicle licence issued under the Commercial Vehicles Licensing Board Act 1987 [Act 334] or who is a holder of the tourism vehicle licence issued under the Tourism Vehicles Licensing Act 1999 [Act 594], as the case may be, for a bus specified in the Schedule.

3(2) The bus purchased by a person referred to in subrule (1)—

(a) shall be used for commercial transportation of passengers or conveyance of tourists;

(b) shall be locally assembled or constructed, as defined in Motor Vehicles (Registration and Licensing) Rules 1959 [L.N. 173/1959]; and

(c) is not a recondition bus.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
RULE 4 DEEMING PROVISION RELATING TO HIRE PURCHASE AGREEMENT

4 Where the person referred to in subrule 3(1) incurs capital expenditure under a hire purchase agreement on the purchase of a bus for the purpose of a business of his, such person shall be taken to be the owner of that bus and the capital expenditure incurred by such person on such bus in the basis period for the year of assessment shall be taken to be capital portion of any installment payment (or, where there is more than one such payment, of the aggregate of those payments) made by such person under such hire purchase agreement in that period.

RULE 5 INITIAL ALLOWANCE

5 The person referred to in rule 3 qualifies for the initial allowance provided under paragraph 10 of Schedule 3 of the Act which shall be equal to one-fifth of the capital expenditure incurred for the purchase of the bus.

RULE 6 ANNUAL ALLOWANCE

6 The person referred to in rule 3 qualifies for the annual allowance provided under paragraph 15 of Schedule 3 of the Act which shall be equal to four-fifth of the capital expenditure incurred for the purchase of such bus.

RULE 7 NON-APPLICATION

7 Where the person referred to in rule 3 sells, conveys, transfers, assigns or alienates with or without consideration the bus purchased by him at any time within two years from the date of the purchase of the bus, the allowances provided under rules 5 and 6 shall be withdrawn in the basis period for the year of assessment in which such person sells, conveys, transfers, assigns or alienates the bus with or without consideration.

SCHEDULE

[Rule 2]

- Stage bus
- Charter bus
- Express bus
- Mini bus
- Employees bus
- Feeder bus
- School bus
- Excursion bus

Thornton’s Malaysian Tax Commentaries Sch
INCOME TAX (ACCELERATED CAPITAL ALLOWANCE) (PLANT AND MACHINERY) RULES 2008

PU (A) 357

[12 September 2008]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowance) (Plant and Machinery) Rules 2008.

1(2) These Rules shall have effect from the year of assessment 2009 until the year of assessment 2010, except rule 6.

1(3) Rule 6 shall have effect from the year of assessment 2009 until the year of assessment 2012.

RULE 2 APPLICATION

2 These Rules shall apply to a company—

(a) which is incorporated in Malaysia and has a paid up capital in respect of ordinary shares of two million five hundred thousand ringgit and less at the beginning of the basis period for a year of assessment;

(b) which is resident in Malaysia; and

(c) which has incurred capital expenditure for the purchase of a plant and machinery in the basis period for a year of assessment from a source consisting of its business for the purpose of that business.

RULE 3 DEEMING PROVISION RELATING TO HIRE PURCHASE AGREEMENT

3 Where the company referred to in rule 2 incurs capital expenditure under a hire purchase agreement on the purchase of a plant and machinery for the purpose of a business of it, such company shall be taken to be the owner of that plant and machinery and the capital expenditure incurred by such company on such plant and machinery in the basis period for the year of assessment shall be taken to be capital portion of any installment payment (or, where there is more than one such payment, of the aggregate of those payments) made by such company under such hire purchase agreement in that period.
RULE 4 INITIAL ALLOWANCE
4 The company referred to in rule 2 qualifies for the initial allowance provided under paragraph 10 of Schedule 3 of the Act which shall be equal to one-fifth of the capital expenditure incurred for the purchase of the plant and machinery.

RULE 5 ANNUAL ALLOWANCE
5 The company referred to in rule 2 qualifies for the annual allowance provided under paragraph 15 of Schedule 3 of the Act which shall be equal to four-fifth of the capital expenditure incurred for the purchase of the plant and machinery.

RULE 6 NON-APPLICATION
6(1) These Rules shall not apply to—
   (a) a company where—
      (i) more than fifty per cent of the paid up capital in respect of ordinary shares of
the company is directly or indirectly owned by a related company;
      (ii) more than fifty per cent of the paid up capital in respect of ordinary shares of
the related company is directly or indirectly owned by the first mentioned
company; or
      (iii) more than fifty per cent of the paid up capital in respect of ordinary shares of
the first mentioned company and the related company is directly or
indirectly owned by another company; or
   (b) a company which has been granted any incentive under the Promotion of
Investment Act 1986 [Act 327] or reinvestment allowance under Schedule 7A of
the Act in the basis period for a year of assessment; or
   (c) a company which is qualified for an allowance under paragraph 19A of Schedule 3
of the Act in the basis period for a year of assessment and has made a claim in
respect of such allowance.

6(2) For the purpose of subrule (1), “related company” means a company which has a
paid up capital in respect of ordinary shares of more than two million and five hundred
thousand ringgit at the beginning of the basis period for a year of assessment.

6(3) Where the company referred to in rule 2 sells, conveys, transfers, assigns or
alienates with or without consideration the plant and machinery purchased by the
company at any time within two years from the date of the purchase of that plant and
machinery, the allowances provided under rules 4 and 5 shall be withdrawn in the basis
period for a year of assessment in which such person sells, conveys, transfers, assigns or
alienates the plant and machinery with or without consideration.
INCOME TAX (ACCELERATED CAPITAL ALLOWANCE) (SECURITY CONTROL EQUIPMENT AND MONITOR EQUIPMENT) RULES 2008
PU (A) 359

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowance) (Security Control Equipment and Monitor Equipment) Rules 2008.
1(2) These Rules shall have effect from the year of assessment 2009 until the year of assessment 2012, except rule 7.
1(3) Rule 7 shall have effect from the year of assessment 2009 until the year of assessment 2014.

RULE 2 INTERPRETATION
2 In these Rules “security control equipment” and “monitor equipment” means the security control equipment and monitor equipment as specified in the Schedule.

RULE 3 APPLICATION
3 These Rules shall apply to—
(a) an individual resident in Malaysia, in respect of capital expenditure incurred by such individual in the basis period for a year of assessment from a source consisting of a business in relation to the installation of any security control equipment [other than the Global Positioning System (GPS) in item 10 of the Schedule for vehicle tracking] at any building of permanent structure used for the purpose of that business; or
(b) a company incorporated under the Companies Act 1965 [Act 125] which is resident in Malaysia, in respect of capital expenditure incurred by such company in the basis period for a year of assessment from a source consisting of a business in relation to the installation of—
   (i) any security control equipment [other than the Global Positioning System (GPS) in item 10 of the Schedule for vehicle tracking] for a factory of such company provided that such company is a company approved under the Industrial Co-ordination Act 1975 [Act 156]; or
   (ii) any Global Positioning System (GPS) for vehicle tracking for a container lorry of company bearing Carrier Licence A and for a cargo lorry of the

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd

company bearing Carrier Licence A or C issued under the Commercial Vehicles Licensing Board Act 1987 [Act 334] used for the business purposes of such company.

**RULE 4 DEEMING PROVISION RELATING TO HIRE PURCHASE AGREEMENT**

4 Where the individual or a company referred to in rule 3 incurs capital expenditure under a hire purchase agreement on the installation of any security control equipment and monitor equipment for the purposes of a business of his or its, such individual or company shall be taken to be the owner of such equipments and the capital expenditure incurred by such individual or company on such equipments in the basis period for a year of assessment shall be taken to be the capital portion of any installment payment (or, where there is more than one such payment, of the aggregate of those payments) made by the individual or company under such hire purchase agreement in that period.

**RULE 5 INITIAL ALLOWANCE**

5 The individual or company referred to in rule 3 qualifies for the initial allowance provided under paragraph 10 of Schedule 3 to the Act which shall be equal to one-fifth of the capital expenditure incurred for the installation of such security control equipment and monitor equipment.

**RULE 6 ANNUAL ALLOWANCE**

6 The individual or company referred to in rule 3 qualifies for the annual allowance provided under paragraph 15 of Schedule 3 to the Act which shall be equal to four-fifth of the capital expenditure incurred for the installation of such security control equipment or monitor equipment.

**RULE 7 NON-APPLICATION**

7(1) These Rules shall not apply to a company if in the basis period for a year of assessment—

(a) the individual or the company has been granted any incentive under the Promotion of Investments Act 1986 [Act 327]; or

(b) the individual or the company has been granted reinvestment allowance under Schedule 7A of the Act.

7(2) Where the individual or company referred to in rule 3 sells, conveys, transfers, assigns or alienates the security control equipment and monitor equipment with or without consideration at any time within two years from the date of purchase of that equipments, an allowance made under rules 5 and 6 in respect of that equipments shall be withdrawn in the basis period for a year of assessment in which such individual or company sells, conveys, transfers, assigns or alienates the equipments with or without consideration.

**RULE 8 REVOCATION**


Thornton’s Malaysian Tax Commentaries Rule 8(1)
8(2) Notwithstanding subrule (1), the Rules revoked under that subrule shall apply to any qualifying expenditure incurred in the basis period for the year of assessment prior to the year of assessment 2009 under the revoked Rules.

**SCHEDULE**

[Rule 2]

- Anti-theft alarm system
- Infra-red motion detection system
- Siren
- Access control system
- Close circuit television
- Video surveillance system
- Security camera
- Wireless camera transmitter
- Time lapse recording and video motion detection equipment
- Global Positioning System (GPS) for vehicle tracking
INCOME TAX (ADVANCE RULING) RULES 2008

PU (A) 41

[31 January 2008]

IN exercise of the powers conferred by paragraphs 154(1)(eb) and (ec) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Advance Ruling) Rules 2008.
1(2) These Rules shall be deemed to have come into operation on 1 January 2007.

RULE 2 SCOPE OF ADVANCE RULING
2(1) The Director General shall, on an application made by any person, make an advance ruling on how any provision of the Act applies or would apply to the person and to the arrangement for which the advance ruling is sought.
2(2) Notwithstanding subrule (1), the Director General may make an advance ruling on how any provision of the Act applies to the arrangement specified in an application whether or not reference was made to that provision in the application.
2(3) An advance ruling under subrule (1) or (2) shall be issued for arrangements that are seriously contemplated by the person applying for a ruling under subrule (1).
2(4) The Director General shall not make an advance ruling that authorises or requires the Minister or the Director General—
   (a) to impose or remit a penalty;
   (b) to remit any tax due and payable;
   (c) to approve any application under the Act;
   (d) to inquire into the correctness of any return or other information supplied by any person;
   (e) to prosecute any person; or
   (f) to recover any debt owing by any person.

RULE 3 CIRCUMSTANCES WHERE AN ADVANCE RULING SHALL NOT BE ISSUED
3 The Director General shall not make an advance ruling in the following circumstances:

   (a) where at the time the application for advance ruling is made or at any time before the advance ruling is issued, the person applying for the advance ruling has entered into or effected the arrangement for which the advance ruling is sought;
   (b) where the application for advance ruling is frivolous, vexatious or based on hypothetical situations;
(c) where the matter on which the advance ruling is sought—
   (i) involves the interpretation of any foreign law; or
   (ii) is being dealt with, or in the Director General’s opinion should be dealt with, by one or both competent authorities of the parties to an agreement to avoid double taxation;

(d) where an advance ruling has already been issued on how the relevant provision of the Act applies to the person who sought the advance ruling and the arrangement relating to it, and the advance ruling sought would apply to the same period or a year of assessment to which the existing advance ruling issued earlier applies;

(e) where the Director General is undertaking an audit or investigation on how any provision of the Act applies to the person applying for advance ruling or to any other person, in respect of an arrangement similar to the arrangement which is the subject of the application, during any period for which the advance ruling sought would apply if the advance ruling is made;

(f) where in the opinion of the Director General the person applying for the advance ruling has not provided sufficient information as requested by the Director General;

(g) where the application for the advance ruling would require the Director General to form an opinion as to a generally accepted accounting principle or to form an opinion as to a commercially acceptable practice;

(h) where the matter on which the advance ruling is sought involves an advance pricing arrangement or a tax avoidance scheme;

(i) where the advance ruling sought would involve an interpretation of a provision in the Act that has not been enacted or would require a regulation and the particular regulation has not been made; or

(j) where in the opinion of the Director General it would be unreasonable to make an advance ruling in view of the resources available to the Director General.

**RULE 4 CIRCUMSTANCES WHERE AN ADVANCE RULING IS DECLINED**

4 The Director General may decline to make an advance ruling in the following circumstances:

(a) where the application for the advance ruling would require the Director General to determine any question of fact;

(b) where the Director General considers that the correctness of the advance ruling would depend on the making of assumptions, whether in respect of future event or any other matter;

(c) where the matter on which the advance ruling is sought is subject to an appeal under section 99 of the Act, whether in relation to the person applying for the advance ruling or any other person; or

(d) where the person applying for the advance ruling has outstanding debts in respect of fees payable under rule 17 relating to earlier advance ruling applications by the same person.
RULE 5 NOTIFICATION OF NON-ISSUANCE OF AN ADVANCE RULING

5 The Director General shall, where he has not made an advance ruling under rule 3 or where he has declined to make an advance ruling under rule 4, notify the person applying for the advance ruling in writing of his decision and reasons therefore.

RULE 6 PERSON WHO MAY APPLY FOR AN ADVANCE RULING

6(1) A person may, in his own right or on behalf of a person who is yet to come into legal existence, apply to the Director General for an advance ruling on how a provision of the Act applies, or would apply, to—

(a) the person making the application or the person who is yet to come into legal existence, as the case may be; and

(b) an arrangement for which the advance ruling is sought.

6(2) Two or more persons may jointly apply, or a person on behalf of two or more persons who are yet to come into legal existence may apply, to the Director General for an advance ruling on how any provision of the Act applies, or would apply, to each person in respect of an arrangement.

6(3) In this rule, “person who is yet to come into legal existence” means a person who is not registered or allowed to act under any law.

RULE 7 APPLICATION FOR AN ADVANCE RULING

7(1) An application for an advance ruling shall be made in the form as determined by the Director General.

7(2) For the purpose of subrule (1), the Director General may require the person who applies for an advance ruling to submit, among others, the following particulars:

(a) the identity of the person applying for the advance ruling;

(b) a complete description of all relevant facts and documents relating to the arrangement in respect of which the advance ruling is sought;

(c) a statement identifying the relevant provisions of the Act in respect of which the advance ruling is sought;

(d) the proposition of law, if any, which is relevant to the issues raised in the application;

(e) a statement whether a previous application has been made on the same or any similar arrangement by the person applying for the advance ruling and the result of any such application; and

(f) any other particulars as may be required by the Director General.

7(3) The Director General may waive the requirement to provide any of the information required in the form referred to in subrule (2) if the Director General considers that it would be unreasonable to require the person making the application to provide such information.

7(4) Any person making an application for advance ruling may, at any time before the advance ruling is issued, withdraw his application by notice in writing to the Director General.

Thornton’s Malaysian Tax Commentaries

Rule 7(4)
RULE 8  POWER TO REQUEST FOR FURTHER INFORMATION

8  The Director General may, at any time, request for any further information relevant to the application for an advance ruling from the person making the application.

RULE 9  DIRECTOR GENERAL MAY MAKE ASSUMPTIONS

9(1) Where the Director General considers that the correctness of an advance ruling would depend on assumptions being made about a future event or other matter, the Director General may make such assumptions as the Director General considers to be most appropriate.

9(2) The Director General shall not make any assumption about any future event or other matter where the person applying for the advance ruling can provide any information on such future event or other matter.

RULE 10  FORM AND NATURE OF AN ADVANCE RULING

10(1) An advance ruling made by the Director General shall state the following:

(a) that it is an advance ruling made under section 138B of the Act;
(b) the identity of the person, the provision of the Act and the arrangement as specified in the application to which the advance ruling applies;
(c) how the provision of the Act applies to the arrangement and to the person to which the advance ruling applies;
(d) the period or year of assessment for which the advance ruling applies;
(e) the material assumptions about future events or other matters made by the Director General; and
(f) the conditions, if any, stipulated by the Director General to which the advance ruling is subject.

10(2) The Director General shall notify the issuance of an advance ruling by sending a copy of the advance ruling to the person who made the application for the advance ruling.

10(3) Upon receipt of a notification under subrule (2), the person who made the application for the advance ruling may, three months prior to the end of the period or year of assessment stated in the advance ruling or any other period approved by the Director General, apply in writing for an extension of the period or year of assessment to which the advance ruling applies.

RULE 11  WITHDRAWAL OF AN ADVANCE RULING BY THE DIRECTOR GENERAL

11(1) The Director General may, at any time, withdraw an advance ruling by notifying the person to whom the ruling applies, in writing of such withdrawal.

11(2) The advance ruling is withdrawn from the date or year of assessment specified in the notice of withdrawal.

11(3) The date referred to in subrule (2) shall not be earlier than the date on which the person to whom the ruling applies could reasonably be expected to receive the notice of withdrawal.

Rule 8
11(4) Where the Director General withdraws an advance ruling, such advance ruling shall not apply to any arrangement entered into or effected on or after the date of withdrawal but the advance ruling shall continue to apply in relation to any arrangement subsisting for the remainder of the period specified in the advance ruling to which the advance ruling applies which has been entered into or effected before the date specified in the notice of withdrawal.

RULE 12 ERRORS IN AN ADVANCE RULING

12 No advance ruling shall be void or affected by any typographical or other minor error if the error does not in substance and effect change the meaning of the advance ruling.

RULE 13 AMENDMENTS OF THE ACT

13 Where a provision of the Act is repealed or amended, an advance ruling shall cease to apply to the extent that the repeal or amendment affects the application of such provision in the advance ruling.

RULE 14 APPLICATION NOT TO AFFECT OBLIGATIONS OR POWERS

14(1) Any person making an application under subrule 2(1) shall not be absolved from complying with any obligation or requirement under the Act.

14(2) The power of the Director General to make or amend any assessment under the provisions of the Act shall not be affected notwithstanding any advance ruling issued by the Director General.

RULE 15 DISCLOSURE OF AN ADVANCE RULING IN THE RETURN

15(1) Where an advance ruling has been issued to any person and the person is required to furnish a return under the Act for any year of assessment that relates to the period applicable under the advance ruling, that person shall, in preparing the return, take into account the manner in which a provision of the Act is applied to an arrangement pursuant to such advance ruling.

15(2) For the purpose of subrule (1), the person to whom the advance ruling applies shall disclose in the return—

(a) the issuance of the advance ruling;

(b) whether or not he has relied on the advance ruling in preparing and providing the return; and

(c) any material change to the arrangement to which in the advance ruling applies.

RULE 16 FINALITY OF AN ADVANCE RULING

16(1) An advance ruling issued to any person for the purpose of any arrangement shall be final.

16(2) No appeal shall be lodged by any person against any advance ruling.
RULE 17 FEES FOR AN ADVANCE RULING

17(1) The fees specified in respect of an application for an advance ruling are as follows:

(a) a non-refundable application fee of five hundred ringgit, which shall accompany the application;

(b) a further fee, calculated at one hundred and fifty ringgit per hour or part thereof, beyond the first four hours, spent in consideration of the application by the Director General, including any time spent by the Director General in consulting the person who is making the application for the ruling; and

(c) reimbursement fees in respect of—

(i) any fees incurred by the Director General for obtaining external advice in relation to any advance ruling with the consent of the person making the application for the advance ruling; and

(ii) any other costs and reasonable disbursements incurred by the Director General in relation to the advance ruling.

17(2) Where any person making an application for an advance ruling withdraws the application before the ruling is issued by the Director General, such person shall be liable to pay all the fees and costs due to the Director General and incurred by the Director General relating to the application for the advance ruling before the Director General receives notice of the withdrawal.

17(3) The Director General shall ensure, in so far as is reasonably practicable, that every effort is made to minimise the fees which a person is liable to pay in respect of an application for an advance ruling.

17(4) Any fees imposed under these Rules shall be recoverable as a debt due to the Government.

17(5) The Director General may at his discretion in exceptional cases, waive in whole or part any fee payable by person making an application for an advance ruling except for fees payable under paragraph (1)(a).
INCOME TAX (SET-OFF FOR TAX CHARGED ON ACTUARIAL SURPLUS) RULES 2008

[21 April 2008]

IN exercise of the powers conferred by paragraph 154(1)(b) and subsection 110B(4) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Set-off for Tax Charged on Actuarial Surplus) Rules 2008.
1(2) These Rules come into operation from the year of assessment 2008.

RULE 2 INTERPRETATION
2 In these Rules, unless the context otherwise requires—
   “insurer” has the meaning assigned to it in subsection 60(11) of the Act;
   “non-participating fund” means a fund in respect of life policies not conferring any right to share in the actuarial surplus where all the profit distribution from that surplus is transferred to the shareholders’ fund; and
   “participating fund” means a fund in respect of participating life policies where profit distribution from the actuarial surplus is shared between the shareholder and policy holder.

RULE 3 TAX SET-OFF
3(1) Where in a basis period for a year of assessment, an amount of actuarial surplus from the life fund of an insurer is transferred to the shareholders’ fund pursuant to subsection 60(3A) or (4A) of the Act, any amount of tax charged on the portion of that surplus shall be set-off against the tax charged on the chargeable income from the shareholders’ fund of that insurer in respect of life business.
3(2) The amount of tax charged on the portion of the surplus referred to in subrule (1), in respect of a participating fund and a non-participating fund shall be ascertained in accordance with the following formula:

\[
\begin{align*}
\frac{A \times B \times D}{C} + \frac{E \times F \times H}{G}
\end{align*}
\]

Thornton’s Malaysian Tax Commentaries

Rule 3(2)
where (a) in the case of non-participating fund—

A is the actuarial surplus transferred in a basis period for a year of assessment;
B is the net income from investment and net proceeds from realization of investments or any rights arising from them in that basis period in respect of life fund;
C is B plus surplus arising from premiums; and
D is the rate of tax applicable as provided under Part VIII of Schedule 1 to the Act.

(b) in the case of participating fund—

E is the actuarial surplus transferred in a basis period for a year of assessment;
F is the net income from investment and net proceeds from realization of investments or any rights arising from them in respect of life fund attributable to the shareholders’ fund in that basis period;
G is F plus surplus arising from premiums in respect of life fund attributable to the shareholders’ fund in that basis period; and
H is the rate of tax applicable as provided under Part VIII of Schedule 1 to the Act.
INCOME TAX (DEDUCTION FOR PROMOTION OF MALAYSIA INTERNATIONAL ISLAMIC FINANCIAL CENTRE) RULES 2009

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Promotion of Malaysia International Islamic Financial Centre) Rules 2009.
1(2) These Rules shall have effect from year of assessment of 2011 until year of assessment 2015.

RULE 2 DEDUCTION
2(1) Subject to these Rules, for the purpose of ascertaining an adjusted income of a person as defined in paragraph 7(c) resident in Malaysia from its business for a basis period for a year of assessment, a deduction shall be allowed for any outgoings and expenses as described in subrule (2) which were incurred by that person in the basis period relating to his or it business for promoting Malaysia as an international Islamic financial centre.
2(2) The outgoings and expenses referred to in subrule (1) are—
   (a) expenses incurred in respect of market research and feasibility study;
   (b) the cost of preparing technical information to a person outside Malaysia relating to the type of services offered but excluding expenses for giving technical information to that person after purchase;
   (c) expenses directly incurred for participating in an event, as defined in paragraph 7(a), other than expenses specified in paragraph (d);
   (d) expenses by way of fares in respect of travel to a country outside Malaysia by a representative of a person for the purpose of any event and the actual expenses are subject to—
      (i) a maximum of three hundred ringgit per day for accommodation; and
      (ii) a maximum of one hundred and fifty ringgit per day for sustenance,

Thornton’s Malaysian Tax Commentaries Rule 2(2)
for the whole period commencing from the representative’s departure from Malaysia and ending with his return to Malaysia for participating in the event;

(e) expenses incurred for the cost of maintaining sales office overseas provided that the sales office has been approved by the Malaysia International Islamic Financial Centre Secretariat;

(f) expenses verified by the Malaysia International Islamic Financial Centre Secretariat which is incurred for participating in an event other than those specified in paragraphs (c) and (d); and

(g) expenses incurred in respect of publicity and advertisement in any media outside Malaysia.

2(3) The deduction allowed under these Rules shall be in addition to any deduction under section 33 of the Act.

2(4) No deduction shall be allowed under these Rules in respect of any outgoings and expenses—

(a) which are specified in subsection 39(1) of the Act; and

(b) which are incurred by a person which has a place of business and subject to tax in the country where such outgoings or expenses were incurred.

2(5) Where the total amount of any outgoings and expenses which would have been allowed as a deduction under these Rules exceeds the amount which in the opinion of the Director General of Inland Revenue would reasonably be expected to be incurred in the ordinary course of business, the Director General of Inland Revenue may disallow that amount, to the extent of that excess, as a deduction under these Rules.

2(6) For the purpose of subrule (1), where two basis periods overlap, the period common to both periods shall be deemed to fall in the first basis period only.

2(7) In this rule—

(a) “event” means an event for promoting Malaysia as an international Islamic financial centre which is organized in the following forms:

(i) a Global Islamic Finance Forum organized by or on behalf of Malaysia International Islamic Financial Centre Secretariat; and

(ii) any exhibition, conference, promotional fair, seminar, summit, road show or meeting or any participation in relation to the Global Islamic Finance Forum which will be held inside or outside Malaysia as approved by the Malaysia International Islamic Financial Centre Secretariat;

(b) “Malaysia International Islamic Financial Centre Secretariat” means a secretariat established by the Central Bank of Malaysia pursuant to the Malaysia International Islamic Financial Centre initiatives; and

(c) “person” means—

Rule 2(3) Commerce Clearing House (Malaysia) Sdn Bhd
(i) a person approved by the Malaysia International Islamic Financial Centre Secretariat who establishes, manages and owns a private higher educational institution registered with the Ministry of Higher Education that provides professional courses in Islamic finance;

(ii) a person licensed, registered or approved by the Securities Commission under the Capital Markets and Services Act 2007 [Act 671];

(iii) a person licensed under the Islamic Banking Act 1983 [Act 276];

(iv) a person licensed under the Banking and Financial Institutions Act 1989 [Act 372];

(v) a person registered under the Takaful Act 1984 [Act 312];

(vi) Bursa Malaysia Berhad and its related companies; or

(vii) such other persons as the Malaysia International Islamic Financial Secretariat may approve.
INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF ISLAMIC SECURITIES) RULES 2009

PU (A) 420

[23 November 2009]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Expenditure on Issuance of Islamic Securities) Rules 2009.

1(2) These Rules shall have effect from the year of assessment 2011 until the year of assessment 2015 in respect of the approval for the issuance of Islamic securities under paragraph 2(1)(a).

1(3) These Rules shall have effect from the year of assessment 2010 until the year of assessment 2015 in respect of the approval for the issuance of Islamic securities under paragraph 2(1)(b).

RULE 2 DEDUCTION

2(1) For the purpose of ascertaining the adjusted income of a company resident in Malaysia and a company incorporated under the Offshore Companies Act 1990 [Act 441], from its business for the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to the expenditure incurred on the issuance of Islamic securities approved, as the case may be, by—

(a) the Securities Commission; or

(b) the Labuan Offshore Financial Services Authority established under section 3 of the Labuan Offshore Financial Services Authority Act 1996 [Act 545].

2(2) The Islamic securities referred to in subrule 2(1) shall be pursuant to the principle of mudharabah, musyarakah, ijarah or istisna’ or any other Syariah principle approved by the Minister.

History

R. 2(2) amended by PU (A) 363/2011, as corrigendum, by substituting “musyarakah” for “musyakarah”.

R. 2(2) amended by PU (A) 296/2010, as corrigendum, by substituting “Islamic securities” for “deduction”.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
INCOME TAX (DEDUCTION FOR COST OF PREPARATION OF CORPORATE KNOWLEDGE-BASED MASTER PLAN) RULES 2009

[23 November 2009]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Cost of Preparation of Corporate Knowledge-Based Master Plan) Rules 2009.

1(2) These Rules are deemed to have come into operation from the year of assessment 2003 and subsequent years of assessment subject to rule 3.

RULE 2 APPLICATION

2(1) These Rules apply to a company—

(a) incorporated under the Companies Act [Act 125] and is resident in Malaysia; and

(b) approved by the responsible Minister to participate in a strategic knowledge-intensive activity—

(i) based on the corporate knowledge based master plan referred to in subrule 3(1); and

(ii) which the application for participation in the activity is made by the company to the responsible Minister on or after 21 September 2002 but not later than 31 December 2011.

History
R. 2(1)(b) amended by PU (A) 295/2010, as corrigendum, by substituting ‘‘responsible Minister’’ for ‘‘Minister’’ wherever appearing.

2(2) The strategic knowledge-intensive activity referred to in paragraph (1)(b) shall be a promoted activity under the Promotion of Investment Act 1986 [Act 327] which is approved by the Minister charged with such responsibility under such Act.

RULE 3 DEDUCTION

3(1) In ascertaining the adjusted income of a company referred to in subrule 2(1) from its business for the basis period for a year of assessment in the basis period for a year of assessment, there shall be allowed as deduction the cost incurred by that company in the basis period for a year of assessment for the preparation of the corporate knowledge-based master plan which shall be the corporate strategic knowledge plan used for the
business of a company verified by the Malaysian Industrial Development Authority established under the Malaysian Industrial Development Authority (Incorporation) Act 1965 [Act 397].

3(2) For the purposes of subrule (1), the cost incurred shall be deemed to be incurred in the basis period for a year of assessment in which the corporate knowledge-based master plan is implemented.

3(3) The corporate knowledge-based master plan referred to in these Rules shall be implemented within two years from the date of verification by the Malaysian Industrial Development Authority as required under subrule (1).

3(4) Any cost incurred by the company in the preparation of subsequent corporate knowledge-based master plan shall only be allowed as a deduction after a period of three years from the end of the basis period for a year of assessment where the company is deemed to have incurred the cost under subrule (2).
IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

**RULE 1 CITATION AND COMMENCEMENT**

1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowance) (Plant and Machinery) Rules 2009.

1(2) These Rules have effect for the year of assessment 2009 and subsequent years of assessment.

**RULE 2 APPLICATION**

2 These Rules apply to a person—

(a) who is a resident in Malaysia; and

(b) who for the purpose of a business of his incurs qualifying plant expenditure under Schedule 3 of the Act on or after 10 March 2009 but not later than 31 December 2010.

**RULE 3 DEEMING PROVISION RELATING TO HIRE PURCHASE AGREEMENT**

3 Where the person referred to in rule 2 incurs qualifying plant expenditure under a hire purchase agreement, such person shall be taken to be the owner of the plant and machinery in respect of which the qualifying plant expenditure was incurred and that qualifying plant expenditure incurred by such person in the basis period for the year of assessment shall be taken to be the capital portion of any instalment payment (or, where there is more than one such payment, of the aggregate of those payments) made by such person under such hire purchase agreement in that period.

**RULE 4 INITIAL ALLOWANCE**

4 The person referred to in rule 2 qualifies for an initial allowance under paragraph 10 of Schedule 3 of the Act for the qualifying plant expenditure which shall be equal to one-fifth of the expenditure.

**RULE 5 ANNUAL ALLOWANCE**

5 The person referred to in rule 2 qualifies for an annual allowance under paragraph 15 of Schedule 3 of the Act for the qualifying plant expenditure which shall be equal to two-fifths of the expenditure.
RULE 6 NON-APPLICATION

These Rules shall not apply to a person who in the period on or after 10 March 2009 but not later than 31 December 2010—

(a) has been granted any incentive under the Promotion of Investments Act 1986 [Act 327];
(b) has made a claim for reinvestment allowance under Schedule 7A of the Act;
(c) has been granted any exemption under paragraph 127(3)(b) or subsection 127(3A) of the Act; or
(d) qualifies for an allowance at a higher fraction under the Act or any rules made under section 154 of the Act.
INCOME TAX (DEDUCTION FOR COST OF TRAINING FOR EMPLOYEES) RULES 2009

[1 July 2009]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Cost of Training for Employees) Rules 2009.
1(2) These Rules shall have effect from the year of assessment 2009 until the year of assessment 2012.

RULE 2 DEDUCTION
2(1) In ascertaining the adjusted income of a person resident in Malaysia from its business in a basis period for a year of assessment, there shall be allowed a deduction in respect of cost of training incurred by that person for the purposes of upgrading and developing the technical skills of his employees.
2(2) For the purpose of subrule (1), “training” means training under the programme of—
   (a) post graduate course in information technology and communication, electronics or life sciences;
   (b) post basic course in nursing or allied healthcare; or
   (c) aircraft maintenance engineering,
approved by the Minister.
2(3) The deduction under these Rules shall be in addition to any deduction allowable under section 33 of the Act.

RULE 3 NON-APPLICATION
3 These Rules shall not apply if a person has made a claim to Perbadanan Sumber Manusia Berhad for cost of training referred to in subrule 2(1).
INCOME TAX (DEDUCTION FOR EXPENDITURE ON REGISTRATION OF PATENT AND TRADE MARK) RULES 2009

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Expenditure on Registration of Patent and Trade Mark) Rules 2009.
1(2) These Rules shall have effect from the year of assessment 2010 until the year of assessment 2014.

RULE 2 INTERPRETATION

2(1) In these Rules—

``trade mark’’ has the same meaning assigned to it under the Trade Marks Act 1976 [Act 175];

``patent’’ means an exclusive right granted for an invention under the Patents Act 1983 [Act 291];

``company’’ has the same meaning assigned to it under the Companies Act 1965 [Act 125];

``related company’’, in relation to a company, means a company—

(a) the operations of which are or can be controlled, either directly or indirectly, by the first-mentioned company;

(b) which controls or can control, either directly or indirectly, the operations of the first-mentioned company; or

(c) the operations of which are or can be controlled, either directly or indirectly, by a person who control or can control, either directly or indirectly, the operations of the first-mentioned company.

RULE 3 DEDUCTION

3(1) For the purpose of ascertaining the adjusted income of a qualifying person as specified in subrule (4) from his business for the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to the qualifying expenditure incurred by the qualifying person on the registration of trade mark or patent in Malaysia, as the case may be.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
3(2) The qualifying expenditure incurred by a qualifying person referred to in subrule (1) shall be deemed to have been incurred in the basis period for a year of assessment in which the qualifying person obtained the certificate of registration of a trade mark or the certificate of grant of a patent, as the case may be.

3(3) The qualifying expenditure referred to in these Rules shall be the following:
(a) in respect of a trade mark under the Trade Mark Act 1976—
(i) an application for registration of a mark;
(ii) a certificate of registration of a trade mark; and
(iii) fee for service of an agent registered and authorized to undertake trade mark registration; and
(b) in respect of a patent under the Patents Act 1983—
(i) an application for grand of a patent;
(ii) a request for substantive examination or modified substantive examination;
(iii) a certificate of grant of a patent; and
(iv) fee for service of an agent registered and authorized to undertake patent registration.

3(4) A qualifying person under these Rules shall be as follows:
(a) a company which has a paid-up capital in respect of ordinary share of two million and five hundred thousand ringgit and less at the beginning of the basis period for a year of assessment but shall not include—
(i) a company where fifty per cent of its paid up capital in respect of ordinary share of the company is directly or indirectly owned by a related company;
(ii) a company where fifty per cent of the paid-up capital in respect of ordinary shares of a related company is directly or indirectly owned by the first mentioned company; and
(iii) a company where fifty per cent of the paid-up capital in respect of ordinary shares of the company and a related company is directly or indirectly owned by another company;
(b) an enterprise in the manufacturing industry, manufacturing related services industry and agro-based industry, resident in Malaysia, which at the end of the basis period for a year of assessment—
(i) has not more than one hundred and fifty full-time employees; or
(ii) has achieved annual sales of not more than twenty-five million ringgit; and
(c) an enterprise in the services industries, primary agriculture, information and communication technology industry, resident in Malaysia, which at the end of the basis period for a year of assessment—
(i) has not more than fifty full-time employees; or
(ii) has achieved annual sales of not more than five million ringgit.
INCOME TAX (DEDUCTION FOR INVESTMENT IN AN APPROVED FOREST PLANTATION PROJECT) RULES 2009

[23 November 2009]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Investment in an Approved Forest Plantation Project) Rules 2009.

1(2) These Rules are deemed to have come into operation on 21 May 2003 and shall have effect subject to its application as prescribed in rule 3.

RULE 2 INTERPRETATION

2 In these Rules—

“investment” means investment in the form of cash or paid-up capital in respect of ordinary shares in a related company;

“forest plantation project” means the project referred to in rule 3;

“related company” means a company—

(a) incorporated under the Companies Act 1965 [Act 125] and is resident in Malaysia;

(b) which expended the investment in undertaking a forest plantation project; and

(c) exempted under the Income Tax (Exemption) (No. 11) Order 2009;

“qualifying company” means a company incorporated under the Companies Act 1965 and resident in Malaysia which directly owns—

(a) prior to 11 September 2004, one hundred per cent of the paid-up capital in respect of ordinary shares of the related company; or

(b) on or after 11 September 2004, at least seventy percent of the paid-up capital in respect of ordinary shares of the related company.

RULE 3 APPLICATION

3(1) Subject to subrule (2), these Rules shall apply to the first forest plantation project undertaken by a related company for the species as specified in the Schedule.

3(2) The application to undertake the forest plantation project referred to in subrule (1) shall be made to the Minister through the Minister charged with the responsibility for that project on or after 21 May 2003 but not later than 31 December 2011.
RULE 4 DEDUCTION

4(1) In ascertaining the adjusted income of a qualifying company from its business in the basis period for a year of assessment, there shall be allowed a deduction of an amount equivalent to the value of investment in a forest plantation project on the date the investment is made in the related company.

4(2) The investment referred to in subrule (1)—
   (a) shall be made for a period and up to the amount, as approved by the Minister, through the Minister charged with the responsibility for the forest plantation project;
   (b) shall be for the sole purpose of financing a forest plantation project; and
   (c) shall not be disposed of within five years from the date of the last investment if such investment is in a form of paid-up capital in respect of ordinary shares.

4(3) The investment made by the qualifying company prior to the commencement of a forest plantation project shall be deemed to have been incurred on the date the forest plantation project commences.

4(4) Subject to subrules (5) and (6), where a qualifying company which has made an investment in the form of paid-up capital in respect of ordinary shares and claimed a deduction in respect of that investment under subrule (1), receives any consideration for the disposal of such shares, the value of consideration so received by that qualifying company shall be added in ascertaining his adjusted income for the year of assessment in the basis period in which that consideration was received.

4(5) The value of the consideration referred to in subrule (4) shall not exceed the total deduction allowed in relation to that investment.

4(6) Subrule (4) shall not apply where the disposal of the shares referred to in subrule (4) takes place after five years from the date of the last investment of paid-up capital in respect of ordinary shares is made in the related company.

RULE 5 CESSATION OF DEDUCTION

5 Where an investment is made by a qualifying company for the sole purpose of financing a forest plantation project is deducted under these Rules, the deduction shall cease to apply to the qualifying company in the basis period for a year of assessment upon which the related company has its first statutory income.

SCHEDULE

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<td>Bintangor</td>
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Gigantochloa ligulata  
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<td></td>
<td>Shorea macrantha</td>
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<td>Shorea stenoptera, Shorea seminis</td>
<td>Engkabang gading</td>
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<tr>
<td></td>
<td>and other Engkabang species</td>
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<td>Engkabang terendak</td>
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<td></td>
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### Income Tax (Deduction for Investment in an Approved Forest Plantation Project) Rules 2009

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INCOME TAX (REQUEST FOR INFORMATION) RULES 2009

PU (A) 311

[25 August 2009]

IN exercise of the powers conferred by subsection 132(2) and paragraph 154(1)(c) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Request for Information) Rules 2009.
1(2) These Rules come into force on 26 August 2009.

RULE 2 INTERPRETATION
2 In these Rules—
“bank” means—
(a) a bank, finance company, or a banking and finance company licensed or deemed to be licensed under the Banking and Financial Institutions Act 1989 [Act 372];
(b) an Islamic bank licensed or deemed to be licensed under the Islamic Banking Act 1983 [Act 276]; and
(c) a prescribed institution under the Development Financial Institutions Act 2002 [Act 618];
“information” means an information required to be disclosed pursuant to the article on exchange of information of a double taxation arrangement;
“double taxation arrangement” means an arrangement as declared under section 132 of the Act;
“competent authority” means the duly authorized servant or agent of a government of any territory outside Malaysia with which the Government of Malaysia has entered into a double taxation arrangement.

RULE 3 REQUEST FOR INFORMATION
3(1) Subject to these Rules, a competent authority may request from the Director General for information of a person to whom the double taxation arrangement entered into by the government of such competent authority with the Government of Malaysia relates.
3(2) The Director General may refuse the request under subrule (1) if the information requested is in relation to a person who is not related to the double taxation arrangement.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
3(3) The competent authority shall state in the request made under subrule (1) the following particulars:

(a) the name and designation of the competent authority;
(b) the purpose of the request;
(c) the name and identification or reference number of the person in relation to whom the information is requested for; and
(d) the details of the information requested.

3(4) The Director General may require any other information from the competent authority which the Director General deems necessary.

3(5) Upon receipt of the request under subrule (1), the Director General may by notice under section 81 of the Act, require the person referred to in the request to provide the information as requested by the competent authority within the time specified in the notice.

3(6) Any person to whom a notice is issued under subrule (5) who, without any reasonable excuse, fails to comply with such notice commits an offence under section 120 of the Act.

RULE 4 REQUEST FOR INFORMATION FROM A BANK

4(1) The requirement under this rule shall be subject to the following provisions:

(a) paragraph 99(1)(i) of the Banking and Financial Institutions Act 1989;
(b) subsection 34(3) of the Islamic Banking Act 1983; and
(c) paragraph 120(k) of the Development Financial Institutions Act 2002.

4(2) Where a competent authority fails to obtain any information of any person under rule 3, the competent authority may make a request for the information from the bank which has the information of such person through the Director General.

4(3) Where the competent authority makes a request under subrule (2), the competent authority shall in addition to the particulars referred to in subrule 3(3), state other particulars which include the bank account number, type of bank account, and the name and address of the bank in which the account of the person whose information is required, is maintained.

4(4) Upon receipt of the request under subrule (2), the Director General may by notice under section 81 of the Act require a bank which has the information of such person to provide the information as requested by the competent authority.

4(5) Any bank which has the information of a person to whom the double taxation arrangement entered into by the government of such competent authority with the Government of Malaysia relates, and to which a notice issued under subrule (4), which, without any reasonable excuse, fails to comply with such notice commits an offence under section 120 of the Act.
INCOME TAX (RENOVATION OR REFURBISHMENT EXPENDITURE)
RULES 2010
PU (A) 20

[30 December 2009]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Renovation or Refurbishment Expenditure) Rules 2010.
1(2) These Rules shall have effect for the years of assessment 2009, 2010 and 2011.

RULE 2 RENOVATION OR REFURBISHMENT EXPENDITURE
2(1) The renovation or refurbishment expenditure incurred for the purpose of paragraph 8B of Schedule 3 of the Act are expenditure incurred for the purposes specified in the First Schedule.
2(2) The purposes specified in the First Schedule shall not include the purposes specified in the Second Schedule in which renovation or refurbishment expenditure are incurred.

SCHEDULE
FIRST SCHEDULE
[subrule 2(1)]

General electrical installation
Lighting
Gas system
Water system
Kitchen fittings
Sanitary fittings
Door, gate, window, grill and roller shutter
Fixed partitions
Flooring
Wall covering
False ceiling and cornices
Ornamental features or decorations excluding fine art
Canopy or awning

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
Fitting room or changing room
Children play area
Recreational room for employee

SECOND SCHEDULE
[subrule 2(2)]

Designer fee
Professional fee
Purchase of antique (purchase of an object or work of art which, represents a previous era in human society, is a collectable item due to its age, rarity, craftsmanship or other unique features and appreciates in value over time).
INCOME TAX (DEDUCTION FOR CONTRIBUTION TO RETIREMENT FUND) RULES 2010

PU (A) 31

[25 January 2010]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Contribution to Retirement Fund) Rules 2010.
1(2) These Rules are deemed to have effect from the year of assessment 2003 and subsequent years of assessment.

RULE 2 INTERPRETATION
2 In these Rules, “company” means a company incorporated under the Companies Act 1965 [Act 125] and resident in Malaysia.

RULE 3 DEDUCTION
3(1) In ascertaining the adjusted income of a company from its business in the basis period for a year of assessment, there shall be allowed as a deduction expenses incurred by that company in respect of contribution made by the company to the retirement fund established under the Retirement Fund Act 2007 [Act 662], in relation to a member of the public service who has been conferred with pensionable status and given the approval by the Public Service Department to be seconded to and serve in the company.
3(2) For the purpose of subrule (1), the deduction shall be allowed to the extent of the amount of contribution not exceeding nineteen per cent of the actual last drawn monthly salary received by the member of the public service before his employment in the company.
INCOME TAX (DEDUCTION FOR PREMIUM FOR EXPORT CREDIT INSURANCE BASED ON TAKAFUL CONCEPT) RULES 2010

PU (A) 428

[1 December 2010]

In exercise of the powers conferred by paragraph 154(1)(b) Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Premium for Export Credit Insurance based on Takaful Concept) Rules 2010.

1(2) These Rules shall have effect for the year of assessment 2011 until subsequent years of assessment.

RULE 2 DEDUCTION

2(1) In ascertaining the adjusted income of a person from its business in the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to the premium incurred by that person for export credit insurance based on takaful concept.

2(2) The premium referred to in subrule (1) shall be paid to a company approved by the Minister.

2(3) The deduction under these Rules shall be in addition to any deduction allowable under section 33 of the Income Tax Act 1967.
INCOME TAX (DETERMINATION OF KNOWLEDGE WORKER, QUALIFIED ACTIVITY AND SPECIFIED REGION) RULES 2010

PU (A) 344

[29th September 2010]

In exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Determination of Knowledge Worker, Qualified Activity and Specified Region) Rules 2010.

1(2) These Rules shall have effect from the year of assessment 2010.

RULE 2 APPLICATION

2 These Rules shall apply to—

(a) a qualified person who has made an application to the Minister, through the Iskandar Regional Development Authority, to be subject to tax under paragraph 1 of Part XIV of Schedule 1 of the Act and whose application has been approved by the Minister;

(b) the application, referred to in paragraph (a), made on or after 24 October 2009 but not later than 31 December 2015; and

(c) the income received by the qualified person from an employment with a designated company beginning from 1 January 2010.

RULE 3 INTERPRETATION

3 In these Rules, unless the context otherwise requires—

“qualified person” means a qualified person as provided for under rule 4;

“Iskandar Regional Development Authority” means the Authority established under the Iskandar Regional Development Authority Act 2007 [Act 664];

“BioNexus status company” means a company incorporated under the Companies Act 1965 [Act 125] which is engaged in a business of life sciences and approved by the Minister;

“IDR status company” means a company—

(a) incorporated under the Companies Act 1965 and resident in Malaysia which undertakes qualified activity in specified region; and

(b) approved by the Minister;
“MSC status company” means a company which has been awarded, subject to the conditions of the award, MSC status by the Government of Malaysia;

“designated company” means a designated company as provided under rule 5;

“Iskandar Development Region” has the same meaning assigned to it under the Iskandar Regional Development Authority Act 2007.

RULE 4 QUALIFIED PERSON

4(1) A qualified person is an individual who—
(a) is a Malaysian citizen or foreign citizen;
(b) is a knowledge worker as provided in paragraph 6(a);
(c) has not derived any employment income in Malaysia for at least three years prior to the date of application made under paragraph 2(a);
(d) is employed in a qualified activity by a designated company and whose employment commences on or after 24 October 2009 but not later than 31 December 2015; and
(e) is residing within the Iskandar Development Region.

4(2) Notwithstanding subrule (1), the Minister may determine any other period for the purpose of paragraph (c).

RULE 5 DESIGNATED COMPANY

5(1) “Designated company” means a company—
(a) which is—
(i) granted the IDR status, BioNexus status or MSC status; or
(ii) incorporated under the Companies Act 1965 and resident in Malaysia; and
(b) which undertakes a qualified activity in the specified region within Iskandar Development Region.

5(2) Notwithstanding subrule (1), the Minister may determine any other condition that shall be fulfilled by the designated company.

RULE 6 KNOWLEDGE WORKER, QUALIFIED ACTIVITY AND SPECIFIED REGION

6 For the purposes of these Rules—
(a) a knowledge worker is a qualified person who—
(i) holds a degree or masters degree in any professional or technical field from a college, institution or university recognized by the Government of Malaysia and has at least ten years working experience in any of the qualified activity; or
(ii) holds a doctoral degree in any professional or technical field from a college, institution or university recognized by the Government of Malaysia and has at least five years working experience in any of the qualified activity.
and has fulfilled any other criteria as may be determined by the Minister:

Provided that the Minister may, at his discretion in exceptional cases, waive any of the criteria in paragraph (a) from being applicable to any qualified person;

(b) a qualified activity is as specified in the Schedule; and

(c) specified regions are Nusajaya, Western Gate Development, Johor Bahru Central Business District, Eastern Gate Development and Skudai-Senai within the Iskandar Development Region.

RULE 7 CHARGEABLE INCOME

7 Where a qualified person has income in respect of employment with a designated company in the basis period for a year of assessment, the chargeable income of that qualified person which is subject to tax under Part XIV Schedule 1 of the Act shall be ascertained in accordance with the following formula:

\[
\frac{A}{B} \times C
\]

where

- \(A\) is the gross income from employment with the designated company;
- \(B\) is the total of gross income from all sources;
- \(C\) is the chargeable income from all sources:

Provided that in a case of a combined assessment under subsection 45(2) of the Act, the total gross income from all sources shall include income from the wife or husband, as the case may be.

SCHEDULE

[Paragraph 6(b)]

Biotechnology

(a) Agri biotechnology
   - crop biotechnology
   - natural product discovery and commercialisation
   - livestock biotechnology
   - aquaculture and marine biotechnology
   - contract research service (CRS) providers in agriculture

(b) Industrial biotechnology
   - biofuel
   - bio remediation
   - biocatalyst and enzymes
   - fine and specialty chemicals
   - biomaterials
   - bioreactors
(c) Healthcare biotechnology
   - contract manufacturing organization for healthcare biotechnology sector
   - contract research organization (CRO)
     - clinical research organizations
     - contract research and manufacturing services (CRAMS)
   - biopharmaceuticals and pharmaceuticals
   - drug discovery and drug delivery systems
   - medical devices and “in-vitro” molecular diagnostic kits
   - stem cell, tissue engineering and genetic engineering
   - vaccines
   - bioinformatics

Green technology
(a) Energy sector
   (i) Energy supply sector
      - power generation
      - renewable energy
      - supply side management
      - co-generation
   (ii) Energy utilization sector
      - energy efficiency
      - demand side management
(b) Building sector
   - design
   - construction
   - management and maintenance
   - demolition of buildings
(c) Water and waste management sector
   - management and utilization of water resources
   - waste water treatment
   - solid waste and sanitary landfill
(d) Transport sector
   - transportation infrastructure
   - vehicles
   - biofuels
   - public road transport

Educational services
(a) universities
(b) colleges
(c) skills training institutions
(d) R&D institutions
(e) regional training centres

Healthcare services
- (a) hospitals and traditional complementary medicine centers
- (b) integrated dental and orthodontic services
- (c) healthcare research and development
- (d) integrated laboratory services

Creative industries and related services
- (a) creative and design services
- (b) creative management services
- (c) film and television
  - pre-production
  - production
  - post-production
  - distribution
- (d) games and animation
  - content creation
  - production
  - post-production
  - distribution
- (e) online and mobile content generation and advertising
- (f) online and mobile content aggregation and enablers
- (g) creative research and development
- (h) distribution and marketing of creative content
- (i) integrated media and content services
- (j) visual and performing arts

Financial advisory and consulting services
- (a) Islamic financial services
- (b) business process outsourcing/offshoring
- (c) corporate consultancy and advisory services

Logistic services
- (a) integrated supply chain services
- (b) high value supply chain services and solutions

Tourism
- (a) hotels
- (b) theme parks, amusement and family entertainment centres and cultural centres
- (c) conference centres and exhibition centres
- (d) regional operation of hotel and leisure services
INCOME TAX (INDUSTRIAL BUILDING ALLOWANCE) (BUILDING UNDER PRIVATISATION PROJECT AND PRIVATE FINANCING INITIATIVES) RULES 2010

[13 April 2010]

In exercise of the powers conferred by paragraph 154(1)(b) and paragraph 80 Third Schedule of the Income Tax Act 1967 [Act 53], the Minister makes rules as follows:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Industrial Building Allowance) (Building under Privatisation Project and Private Financing Initiatives) Rules 2010.
1(2) These Rules shall have effect from the year of assessment 2009.

RULE 2 INDUSTRIAL BUILDING FOR THE PURPOSES OF THE SCHEDULE 3 OF THE ACT
2 In these Rules, a building constructed—
   (a) under a privatisation project and private financing initiatives approved by the Privatisation/PFI Committee, Public Private Partnership Unit, Prime Minister’s Department; and
   (b) pursuant to an agreement entered into between a person and the Government of Malaysia or statutory body on a build-lease-maintain-transfer basis and for which no consideration has been paid by the Government of Malaysia or statutory body to that person,

shall be treated as an industrial building for the purposes of the Schedule 3 of the Act.

RULE 3 APPLICATION
3(1) These Rules shall apply in respect of qualifying building expenditure incurred by a person who is a resident in Malaysia for the purposes of his business under paragraph 3 of Schedule 3 of the Act for the building referred to in rule 2.
3(2) For the purpose of the application of subrule (1)—
   (a) the balance of residual expenditure under paragraph 68 of Schedule 3 of the Act shall be reduced by the amount of any compensation received by such person; and
   (b) the disposal value of the asset shall be taken to be zero when the agreement referred to in paragraph 2(b) expires.
RULE 4 INITIAL ALLOWANCE
4 The amount of initial allowance under paragraph 12 of Schedule 3 of the Act shall be equal to one-tenth of the capital expenditure incurred for the construction of the building referred to in rule 2.

RULE 5 ANNUAL ALLOWANCE
5 The amount of annual allowance under paragraph 80 of Schedule 3 of the Act shall be equal to three-fiftieths of the capital expenditure incurred for the construction of the building referred to in rule 2.
INCOME TAX (DEDUCTION RELATING TO TRANSACTION WITH NON-MEMBERS FOR CLUB, ASSOCIATION OR SIMILAR INSTITUTION) RULES 2011

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction Relating to Transaction with Non-Members for Club, Association or Similar Institution) Rules 2011.
1(2) These Rules have effect from the year of assessment 2009.

RULE 2 INTERPRETATION
2 In these Rules, unless the context otherwise requires—
"outgoings or expenses" means expenses of the kind allowable under section 33 of the Act;
"non-members" in relation to a body of persons, means those person who are not entitled to vote at a general meeting of the body at which effective control is exercised over its affairs;
"capital allowances" means capital allowances to be made under Schedule 3 of the Act in respect of common asset used by members and non-members of a person;
"person" means a body of persons which carry on a club, association or similar institution to which section 53A of the Act applies.

RULE 3 DEDUCTION
3(1) In ascertaining the adjusted income of a person relating to transaction with non-members for a basis period for a year of assessment, there shall be allowed a deduction pursuant to subsection 53A(5) in respect of outgoings or expenses incurred by that person in the basis period for a year of assessment and the amount of deduction shall be determined in accordance with the following formula:

$$A \times \frac{B}{C}$$

where $A$ is the amount of outgoings or expenses incurred by the person in the basis period for a year of assessment;
B is the gross income from transaction with non-members of the person in the basis period for a year of assessment; and
C is the gross income from transaction with both members and non-members of the person in the basis period for a year of assessment.

3(2) In ascertaining the statutory income of a person relating to transaction with non-members for a basis period for a year of assessment, there shall be deducted from the adjusted income capital allowances made by that person in the basis period for a year of assessment pursuant to subsection 53A(5) and the amount of deduction shall be determined in accordance with the following formula:

\[ D \times \frac{E}{F} \]

where
\[ D \] is the capital allowances made by the person for the basis period for a year of assessment;
\[ E \] is the gross income from transaction with non-members of the person in the basis period for a year of assessment; and
\[ F \] is the gross income from transaction with both members and non-members of the person in the basis period for a year of assessment.

3(3) Where a person is entitled for deduction under subsection 44(6) of the Act for a basis period for a year of assessment, the portion of gift of money to be deducted from the aggregate income relating to transaction with non-members for the basis period for a year of assessment shall be determined in accordance with the following formula:

\[ G \times \frac{H}{I} \]

where
\[ G \] is the gift of money made by the person for the basis period for a year of assessment;
\[ H \] is the aggregate income from transaction with non-members of the person in the basis period for a year of assessment; and
\[ I \] is the aggregate income from transaction with both members and non-members of the person in the basis period for a year of assessment.

Provided that the amount to be deducted shall not exceed seven per cent of the aggregate income of the person for the basis period for that year of assessment.

Rule 3(2) Commerce Clearing House (Malaysia) Sdn Bhd
[I July 2011]

INCOME TAX (EXCHANGE OF INFORMATION) RULES 2011

PU (A) 219

IN exercise of the powers conferred by subsection 132(2) and paragraph 154(1)(c) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION

1 These rules may be cited as the Income Tax (Exchange of Information) Rules 2011.

RULE 2 INTERPRETATION

2 For the purpose of these Rules, unless the context otherwise requires—

“bank” means—

(a) a bank, finance company, or a banking and finance company licensed or deemed to be licensed under the Banking and Financial Institutions Act 1989 [Act 372];

(b) an Islamic bank licensed or deemed to be licensed under the Islamic Banking Act 1983 [Act 276]; and

(c) a prescribed institution under the Development Financial Institutions Act 2002 [Act 618];

“information” means an information required to be disclosed pursuant to the article on exchange of information of a double taxation arrangement;

“double taxation arrangement” means an arrangement as declared under section 132 of the Act;

“competent authority” means the duly authorized servant or agent of a government of any territory outside Malaysia with which the Government of Malaysia has entered into a double taxation arrangement.

RULE 3 REQUEST FOR INFORMATION

3(1) Subject to these Rules, a competent authority may request from the Director General for information of a person to whom the double taxation arrangement entered into by the government of such competent authority with the Government of Malaysia relates.

3(2) The request referred to in subrule (1) shall state the following items:

(a) the identity of the person under examination or investigation;

(b) the period for which the information is requested;

(c) a statement of the information sought including the details and form as the competent authority wishes to receive the information from the Director General;

(d) the tax purpose for which the information is requested;
(e) the grounds for believing that the information requested is found in Malaysia or is in the possession or control of a person within the jurisdiction of Malaysia;

(f) to the extent known, the name and address of any person believed to be in possession of the requested information;

(g) a statement that the request is in conformity with the law and administrative practices of the territory of the competent authority, that if the requested information was within the jurisdiction of the territory of the competent authority, then the competent authority would be able to obtain the information pursuant to the laws of its own territory or in accordance with the normal course of administrative practice and is in conformity with the double taxation arrangement; and

(h) a statement that the competent authority has pursued all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties.

3(3) Where the request mentioned in subrule (1) is received, the Director General may by notice under section 81 of the Act, require the person referred to in the request to provide the information as requested by the competent authority within the time specified in the notice.

3(4) Any person to whom a notice is issued under subrule (3) who, without any reasonable excuse, fails to comply with such notice commits an offence under section 120 of the Act.

RULE 4 INFORMATION HELD BY A BANK

4(1) The requirement under this rule shall be subject to the following provisions:

(a) paragraph 99(1)(i) of the Banking and Financial Institutions Act 1989;

(b) subsection 34(3) of the Islamic Banking Act 1983; and

(c) paragraph 120(k) of the Development Financial Institutions Act 2002.

4(2) Where the Director General fails to obtain information of any person under rule 3, the Director General may, by notice under section 81 of the Act, require a bank which has the information of such person to provide the information as requested by the competent authority.

4(3) Notwithstanding subrules 3(3) and 4(2), the Director General may make a request from a bank, information of a person referred to under rule 3 without first making a request from that person.

4(4) Any bank which has the information of a person to whom the double taxation arrangement entered into by the government of the territory of such competent authority with the Government of Malaysia relates, and to which a notice is issued under subrule (2), which, without any reasonable excuse, fails to comply with such notice commits an offence under section 120 of the Act.

RULE 5 REVOCATION

INCOME TAX (DEDUCTION FOR IMPLEMENTATION OF ROSETTANET) (REVOCATION) RULES 2011
PU (A) 405

[24 November 2011]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Implementation of RosettaNet) (Revocation) Rules 2011.
1(2) These Rules shall have effect from the year of assessment 2012.

RULE 2 REVOCATION
INCOME TAX (DEDUCTION FOR CONTRIBUTION TO UNIVERSAL SERVICE PROVISION FUND) RULES 2011

PU (A) 158

[15 April 2011]

IN exercsise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Contribution to Universal Service Provision Fund) Rules 2011.
1(2) These Rules shall be deemed to have effect from the year of assessment 2002.

RULE 2 INTERPRETATION
2 In these Rules—
``Commission'' means the Malaysian Communications and Multimedia Commission established under section 4 of the Malaysian Communications and Multimedia Commission Act 1998 [Act 589];
``USP Fund'' means Universal Service Provision Fund established under section 204 of the Communications and Multimedia Act 1998 [Act 588];
``designated service'' means designated service as defined in regulation 2 of the Communications and Multimedia (Universal Service Provision) Regulations 2002 [P.U. (A) 419/2002];
``licensee'' means licensee as defined in regulation 2 of the Communications and Multimedia (Universal Service Provision) Regulations 2002.

RULE 3 DEDUCTION
3(1) Subject to subrules (2) and (3), for the purposes of ascertaining the adjusted income of a licensee resident in Malaysia from its business of providing designated services for the basis period for a year of assessment, there shall be allowed a deduction of an amount equivalent to the amount of contribution made by the licensee to the USP Fund, in the basis period for that year of assessment.
3(2) For the deduction under subrule (1), the licensee shall obtain verification from the Commission specifying—
   (a) the amount of contribution required to be paid; and
   (b) the date the contribution is due.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
3(3) Where the licensee makes the required contribution to the USP Fund in two equal instalments and the second instalment falls in the basis period of that licensee for the year of assessment following the year of assessment where the first instalment was made, that second instalment shall be allowed as a deduction in that following year of assessment.
INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF ISLAMIC SECURITIES PURSUANT TO PRINCIPLES OF MURABAHAH AND BAI’ BITHAMAN AJIL) RULES 2011
PU (A) 355

[6 October 2011]

In exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Expenditure on Issuance of Islamic Securities Pursuant to Principles of Murabahah and Bai’ Bithaman Ajil) Rules 2011.
1(2) These Rules have effect for the year of assessment 2011 until the year of assessment 2015.

RULE 2 INTERPRETATION
2 In these Rules, unless the context otherwise requires—
   “Islamic securities” means Islamic securities—
   (a) pursuant to the principle of Murabahah based on the concept of tawarruq; or
   (b) pursuant to the principle of Bai’ Bithaman Ajil based on the concept of tawarruq; or
   “company” means a company—
   (a) established under the Companies Act [Act 125];
   (b) established under the Labuan Companies Act 1990 [Act 441] and made an irrevocable election under section 3A of Labuan Business Activity Tax Act 1990 [Act 445] to be charged to tax in accordance with the Income Tax Act 1967.

RULE 3 DEDUCTION
3 For the purpose of ascertaining the adjusted income of a company resident in Malaysia from its business for the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to the expenditure incurred by that company for the issuance of Islamic securities approved by—
   (a) the Securities Commission established under the Securities Commission Act 1993 [Act 498]; or
   (b) the Labuan Financial Services Authority established under the Labuan Financial Services Authority Act 1996 [Act 545].

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF ISLAMIC SECURITIES) RULES 2011

[30 December 2011]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Expenditure on Issuance of Islamic Securities) Rules 2011.

1(2) These Rules shall have effect from the year of assessment 2012 until the year of assessment 2015.

RULE 2 INTERPRETATION

2 In these Rules —
“company” means a company—
(a) incorporated under the Companies Act 1965 [Act 125] or
(b) incorporated under the Labuan Companies Act 1990 [Act 441].

“Islamic securities” mean Islamic securities pursuant to the principle of Wakalah, comprising a mixed component of debt and asset.

RULE 3 DEDUCTION

3 For the purpose of ascertaining the adjusted income of a company resident in Malaysia from its business for the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to the expenditure incurred by that company for the issuance of the Islamic securities approved, as the case may be, by—
(a) the Securities Commission established under the Securities Commission Act 1993 [Act 498] or
(b) the Labuan Financial Services Authority established under the Labuan Financial Services Authority Act 1996 [Act 543].
INCOME TAX (DEDUCTION FOR INVESTMENT IN AN APPROVED FOOD PRODUCTION PROJECT) RULES 2011

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Investment in an Approved Food Production Project) Rules 2011.
1(2) These Rules are deemed to have come into operation on 1 October 2005.

RULE 2 INTERPRETATION
2 For the purposes of these Rules, unless the context otherwise requires—
“investment” means an investment in the form of cash or holding of paid-up share capital in respect of ordinary shares in a related company;
“approved food production project” means a project in relation to—
(a) planting of kenaf, vegetables, fruits, herbs or spices;
(b) aquaculture;
(c) rearing of cows, buffaloes, goats or sheep; or
(d) deep sea fishing,
and is deemed to be as a separate and distinct business;
“related company” means a company incorporated under the Companies Act 1965 [Act 125] where at least 70 per centum of its paid-up share capital in respect of ordinary shares are directly owned by a company that made an investment for the purpose of an approved food production project.

RULE 3 APPLICATION
3 These Rules shall apply to a company incorporated under the Companies Act 1965 and resident in Malaysia—
(a) who has made an investment in its related company undertaking a new approved food production project under the Income Tax (Exemption) (No. 3) Order 2011 [P.U. (A) 166/2011]; and
(b) who has made an application to the Minister through the Minister charged with the responsibility for an approved food production project, on or after 1 October 2005 but not later than 31 December 2015.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
RULE 4 DEDUCTION

4(1) Subject to these Rules, for the purpose of ascertaining the adjusted income of a company from its business, there shall be allowed as a deduction in the basis period for a year of assessment an amount equivalent to the value of investment for the sole purpose of financing the project referred to in paragraph 3(a) undertaken by the related company.

4(2) The value of investment referred to in subrule (1) which is claimed as a deduction—

(a) shall be equivalent to the expenditure incurred by the related company in the basis period for the same year of assessment;
(b) shall be made for a period and up to an amount as approved by the Minister through the Minister charged with the responsibility for the approved food production project; and
(c) shall not be disposed of within five years from the date of the last investment made if such investment is in the form of holding of paid-up share capital in respect of ordinary shares.

4(3) Subject to subrules (4) and (5), where a company which has made an investment in the form of holding of paid-up share capital in respect of ordinary shares and claimed a deduction in respect of that investment under subrule (1) receives an amount as consideration for the disposal of such shares, the amount so received by that company shall be added in ascertaining its adjusted income for the year of assessment in basis period in which that amount was received.

4(4) The amount referred to in subrule (3) shall not exceed the total deductions allowed in relation to that investment.

4(5) Subrule (3) shall not apply where the disposal of the shares referred to in subrule (3) take place after five years from the date of the last investment in the form of paid-up share capital in respect of ordinary shares is made in the related company.

RULE 5 CESSATION OF DEDUCTION

5 Where an investment is made by a company for the purpose of the project referred to in paragraph 3(a), that deduction to the company shall be ceased in the basis period for a year of assessment in which the period of exemption of the related company commences upon the related company having its first statutory income from that project.

RULE 6 NON-APPLICATION

6 These Rules shall not apply to a company—

(a) which has been granted an exemption for an approved food production project under the Income Tax (Exemption) (No. 3) Order 2011 [P.U. (A) 166/2011];
(b) which has been granted an exemption for an approved food production project under the Income Tax (Exemption) (No. 9) Order 2006 [P.U. (A) 50/2006]; or
(c) which has been granted an exemption for an approved food production project under the Income Tax (Exemption) (No. 10) Order 2006 [P.U. (A) 51/2006].
INCOME TAX (DEDUCTION FOR PAYMENT OF PREMIUM TO MALAYSIA DEPOSIT INSURANCE CORPORATION) RULES 2011
PU (A) 379

CCH Note: Income Tax (Deduction for Payment of Premium to Malaysia Deposit Insurance Corporation) Rules 2011 revoked by Income Tax (Deduction for Payment of Premium to Malaysia Deposit Insurance Corporation) Rules 2013 (PU (A) 131/2013), para 4, deemed to have effect from the year of assessment 2005 until the year of assessment 2010 for a financial institution provided in subsection 36(1) of the Malaysia Deposit Insurance Corporation Act 2011 [Act 720]; and from the year of assessment 2011 and subsequent years of assessment for a financial institution provided in subsection 36(1) and a takaful operator or an insurance company provided in subsection 36(2) of the Malaysia Deposit Insurance Corporation Act 2011 [Act 720].

[3 November 2011]

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Payment of Premium to Malaysia Deposit Insurance Corporation) Rules 2011.

1(2) These Rules are deemed to have effect from the assessment year of 2005 until the assessment year of 2010 in respect of paragraph 2(a).

1(3) These Rules shall have effect for the assessment year of 2011 and subsequent years of assessment in respect of paragraph 2(b).

RULE 2 APPLICATION

2 These Rules shall apply to a member institution who is—

(a) a financial institution under section 37 of the Malaysia Deposit Insurance Corporation Act 2005 [Act 642]; or

(b) a financial institution under paragraph 36(1)(b), a Takaful operator or an insurance company under subsection 36(2) of the Malaysia Deposit Insurance Corporation Act 2011 [Act 720].

RULE 3 DEDUCTION

3(1) For the purpose of ascertaining the adjusted income of a member institution from its business for a basic period for a year of assessment, there shall be allowed a deduction of an amount equivalent to the first premium or annual premium paid by that member institution to the Malaysia Deposit Insurance Corporation for that year of assessment.
Income Tax (Deduction for Payment of Premium to Malaysia Deposit Insurance Corporation) Rules 2011

3(2) For the purpose of subrule (1), the amount of deduction for premium paid shall be as determined under—

(a) sections 42, 43 and 44 of the Malaysia Deposit Insurance Corporation Act 2005 in respect of a member institution under paragraph 2(a); or

(b) sections 47, 48 and 49 or sections 71, 72 and 73 of the Malaysia Deposit Insurance Corporation Act 2011 in respect of a member institution under paragraph 2(b).
INCOME TAX (ADVANCE PRICING ARRANGEMENT) RULES 2012

PU (A) 133

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Rule 3(2) Commerce Clearing House (Malaysia) Sdn Bhd
INCOME TAX (ADVANCE PRICING ARRANGEMENT) RULES 2012
PU (A) 133

[7 May 2012]

IN exercise of the powers conferred by paragraph 154(1)(eb) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Advance Pricing Arrangement) Rules 2012.
1(2) These Rules are deemed to have come into operation on 1 January 2009.

RULE 2 INTERPRETATION
2 In these Rules—
“transfer pricing methodology” means the methodology provided in the Income Tax (Transfer Pricing) Rules 2012 [P.U. (A) 132/2012];
“taxpayer” means a person who is assessable and chargeable to tax under the Act;
“advance pricing arrangement” means an arrangement made to determine in advance the appropriate set of criteria to ascertain the arm’s length transfer prices of a covered transaction;
“Bilateral Advance Pricing Arrangement” and
“Multilateral Advance Pricing Arrangement” means advance pricing arrangements provided under section 132 of the Act;
“Unilateral Advance Pricing Arrangement” means an advance pricing arrangement provided under section 138C of the Act;
“Competent Authority” means the Competent Authority referred to in any arrangement made under section 132 of the Act;
“covered period” means the basis period for a year of assessment covered under the advance pricing arrangement;
“covered transaction” means a cross border transaction covered in the advance pricing arrangement.

RULE 3 SCOPE AND APPLICATION
3(1) Subject to these Rules, a taxpayer who carries on a cross-border transaction may apply to the Director General for an advance pricing arrangement in relation to a covered transaction for specified terms and conditions.
For the purpose of subrule (1), the arm’s length transfer price in respect of an advance pricing arrangement shall be ascertained in accordance with section 140A of the Act, the Income Tax (Transfer Pricing) Rules 2012 and the arrangement made under section 132 of the Act.

RULE 4 REQUEST FOR PRE-FILING MEETING

4(1) A taxpayer shall make a request in writing to the Director General for a pre-filing meeting in respect of an advance pricing arrangement twelve months prior to the first day of the proposed covered period.

4(2) For the purpose of subrule (1), the taxpayer shall furnish together with the request a draft outline of the case to the Director General which shall consist of—

(a) the taxpayer’s business model and industry information;
(b) the scope of the transaction and periods to be covered; and
(c) the proposed transfer pricing methodology and an explanation of whether the method accords with the arm’s length principle.

4(3) Upon receiving the draft outline of the case from the taxpayer, the Director General may require the taxpayer to furnish any other information relating to the request for a pre-filing meeting.

4(4) The Director General shall notify the taxpayer within fourteen days after the pre-filing meeting of his decision on whether the taxpayer may proceed to submit an application for an advance pricing arrangement.

RULE 5 SUBMISSION OF APPLICATION FOR ARRANGEMENT

5(1) Subject to subrule 4(4), a taxpayer may submit to the Director General an application for a Unilateral Advanced Pricing Arrangement, Bilateral Advanced Pricing Arrangement or Multilateral Advanced Pricing Arrangement in a prescribed form within two months after receipt of the notification.

5(2) Upon receipt of the application, the Director General shall consider such application and may propose an alternative methodology, or restrict or expand the scope of the proposed advance pricing arrangement.

RULE 6 CIRCUMSTANCES WHERE ADVANCE PRICING ARRANGEMENT IS DECLINED

6(1) The Director General may decline an application for an advance pricing arrangement under any of the following circumstances:

(a) failure to comply with the requirements under the Income Tax (Transfer Pricing) Rules 2012 and the Malaysian Transfer Pricing Guidelines issued by the Director General;
(b) where the proposed covered transaction is based on a hypothetical situation or not seriously contemplated;
(c) where it appears to be an inefficient use of resources to pursue an advance pricing arrangement if the proposed transaction is limited in nature and value, or the arm’s length principle on the proposed transaction can reliably be applied without material doubt;
(d) where the matter on which the advance pricing arrangement is sought is subject to an appeal under section 99 of the Act; or

(e) where the proposed covered transaction involves a tax avoidance scheme.

6(2) Where the application for an advance pricing arrangement is declined, the Director General shall inform the taxpayer in writing of the decision to decline the application and grounds for the decline.

6(3) The taxpayer may, within thirty days from receipt of the decision under subrule (2), make a representation to the Director General for a further review of the application of the taxpayer and the decision by the Director General on the representation shall be final.

RULE 7 WITHDRAWAL OF ADVANCE PRICING ARRANGEMENT APPLICATION

7 A taxpayer may withdraw an advance pricing arrangement application at any time before the arrangement is concluded by giving a notice in writing to the Director General.

RULE 8 POWER TO REQUEST FURTHER INFORMATION

8 The Director General or the Competent Authority may, at any time, request the taxpayer to furnish further information and documents which the Director General or Competent Authority considers relevant to the application submitted.

RULE 9 CRITICAL ASSUMPTIONS

9(1) The taxpayer shall, in his application for an advance pricing arrangement, identify the assumptions made in developing the proposed transfer pricing methodology which are critical to the reliability of the methodology under the arm’s length principle.

9(2) In this rule, “critical assumption” means any assumed objective criterion that would significantly affect the terms of an advance pricing arrangement if the underlying conditions changed, whether or not the change is within the control of a person which may include any fact or condition about the person, a third party or an industry, such as a new business strategy or a mode of conducting operations, or the cessation or transfer of a business segment or entity, or circumstances that would materially affect the suitability of the transfer pricing methodology or its application.

RULE 10 OPINION BY INDEPENDENT EXPERT

10(1) The taxpayer may, at his own cost and expense, engage an independent expert, if the taxpayer considers it necessary to advise him on the application for an advance pricing arrangement.

10(2) The opinion by the independent expert shall not be binding on the taxpayer, the Director General or the Competent Authority.

10(3) In this rule, “independent expert” means a person with specialized skills or knowledge relevant to an advance pricing arrangement.
RULE 11 EFFECT OF ADVANCE PRICING ARRANGEMENT

11 Where—

(a) the Director General and the taxpayer have entered into a Unilateral Advance Pricing Arrangement; or

(b) the Competent Authority has entered into a Bilateral Advance Pricing Arrangement or Multilateral Advance Pricing Arrangement;

the arrangement shall, during the covered period, constitute a binding undertaking on the parties to the arrangement that the transfer price ascertained for the covered transaction is determined in accordance with the arrangement.

RULE 12 COVERED PERIOD UNDER ADVANCE PRICING ARRANGEMENT

12 The covered period under an advanced pricing arrangement shall be a minimum of three years of assessment and a maximum of five years of assessment.

RULE 13 REQUEST FOR ROLLBACK

13(1) A taxpayer may request to the Director General for a rollback of an advance pricing arrangement if—

(a) the proposed transfer pricing methodology is relevant to the resolution of the transfer pricing issues in the prior years’ assessment; and

(b) the particular facts and circumstances surrounding the prior years’ assessment are substantially the same.

13(2) For the purpose of this rule, “rollback” means the application of the terms and conditions of an advance pricing arrangement to prior years’ assessment.

RULE 14 FILING OF ADVANCE PRICING ARRANGEMENT COMPLIANCE REPORT

14(1) Where a taxpayer has entered into an advance pricing arrangement, the taxpayer shall furnish the Director General a compliance report for each year of assessment of the covered period and the report shall be furnished within seven months from the date following the close of the accounting period which constitute the basis period for that year of assessment.

14(2) The compliance report referred to in subrule (1) shall include the following:

(a) a copy of the relevant audited financial statements of the taxpayer and, in the case of Bilateral Advance Pricing Arrangement or Multilateral Advance Pricing Arrangement, a similar statement of the other person involved in the covered transaction;

(b) a report of the relevant covered transaction and the amount required to be reported respectively by the taxpayer and, in the case of Bilateral Advance Pricing Arrangement or Multilateral Advance Pricing Arrangement, a similar report by the other person involved in the covered transaction;
(c) a description of any material changes in the financial or tax accounting methods or principles employed in respect of the covered transaction that differs from the methods or principles stated in the advance pricing arrangement, and where there were no such material changes, an affirmative statement to that effect;

(d) a description of any failure and the reasons for such failure to meet a critical assumption and where there has been no such failure, an affirmative statement to that effect;

(e) an analysis of any compensating adjustments required under the advance pricing arrangement, and the manner in which the related payments were or will be made;

(f) all information and computations to support the application of the transfer pricing methodology to the covered transaction;

(g) documents pertaining to the particular circumstances of the taxpayer and the other person involved in the covered transaction;

(h) all other relevant information and computations to support the application of the transfer pricing methodology to the covered transaction; and

(i) other documents as may be relevant to the particular circumstances of the taxpayer and the other person involved in the covered transaction.

RULE 15 COMPENSATING ADJUSTMENTS

15 Where the results of the covered transaction is materially different from the advance pricing arrangement, the taxpayer shall make a compensating adjustment to ensure that the results of the covered transaction substantially conforms to the results that would have been arrived at if the transfer pricing methodology agreed to under the advance pricing arrangement is applied.

RULE 16 REVIEW OF ADVANCE PRICING ARRANGEMENT COMPLIANCE

16 The Director General shall review the advance pricing arrangement compliance report to establish whether the terms and conditions stated in the arrangement have been complied with.

RULE 17 REVISION OF ADVANCE PRICING ARRANGEMENT

17 The Director General may revise an advance pricing arrangement under any of the following circumstances:

(a) failure of the taxpayer to meet the critical assumptions as provided in the arrangement; or

(b) there has been a change in the law or the arrangement under section 132 of the Act that affects the advance pricing arrangement.

RULE 18 CANCELLATION OF ADVANCE PRICING ARRANGEMENT

18(1) The Director General or the Competent Authority, as the case may be, may cancel an advance pricing arrangement under any of the following circumstances:

(a) if any of the person in the covered transaction in respect of that arrangement fails to comply with any term or condition of that advance pricing arrangement;
(b) if any of the person in the covered transaction in respect of that arrangement makes an error or mistake in the advance pricing arrangement application, reports or renewal submissions;

(c) if any of the person in the covered transaction in respect of that arrangement fails to provide information, documentation and compliance report as required under these Rules; or

(d) if the revised advance pricing arrangement is not concluded.

18(2) The taxpayer may apply to the Director General for the cancellation of the advance pricing arrangement on reasonable grounds.

18(3) The Director General or the Competent Authority shall inform the taxpayer or the other Competent Authority of the cancellation in writing and the grounds for the cancellation.

18(4) The cancellation shall be effective as of the beginning of the basis period for the year of assessment which relates to the circumstances provided for in subrules (1) and (2).

RULE 19 REVOCATION OF ADVANCE PRICING ARRANGEMENT

19(1) The Director General or the Competent Authority, as the case may be, may revoke an advance pricing arrangement if any of the persons in the covered transaction in respect of that arrangement makes any misrepresentation, fraud, omission or makes a statement that is false or misleading in the advance pricing arrangement application, reports or renewal submissions.

19(2) The Director General or the Competent Authority shall inform the taxpayer or the other Competent Authority of the revocation in writing and the grounds for the revocation.

19(3) The revocation shall be effective from the first day of the first basis period for the year of assessment of the covered period.

RULE 20 RENEWAL OF ADVANCE PRICING ARRANGEMENT

20(1) A taxpayer may request the Director General or the Competent Authority to renew an advance pricing arrangement not later than six months before the expiration of that arrangement by submitting the appropriate supporting documentation similar to those required for the request and application of that arrangement.

20(2) The advance pricing arrangement may be renewed under similar terms and conditions if—

(a) there has been no change in the facts and circumstances underlying the advance pricing arrangement;

(b) the critical assumptions as identified by the taxpayer under rule 9 remain valid and relevant; and

(c) the taxpayer has complied with the terms and conditions of the previous advance pricing arrangement.

20(3) The Director General or the Competent Authority shall inform the taxpayer of the decision in respect of the request in writing and the grounds for the decision.
20(4) A taxpayer may file a fresh application for an advance pricing arrangement if—
   (a) the covered transaction has changed;
   (b) there are material and anticipated changes in fact and circumstances of the covered transaction; or
   (c) a different transfer pricing methodology is proposed.

RULE 21 CONFIDENTIALITY OF INFORMATION
21 All information obtained by the Director General or the Competent Authority in respect of the advance pricing arrangement process is subject to the confidentiality provisions of the Act and the articles on Exchange of Information of the arrangement made under section 132 of the Act.

RULE 22 PERMANENT ESTABLISHMENT AS A SEPARATE ENTITY
22(1) For the purpose of these Rules, a permanent establishment shall be treated as a distinct and separate entity from its head office and related branches.

22(2) In this rule, “permanent establishment” —
   (a) shall have the same meaning assigned to it in the arrangement made under section 132 of the Act; or
   (b) if there is no arrangement made under section 132 of the Act, means a fixed place of business through which the business of a person is wholly or partly carried on, or a fixed place of business of another person, through which the particular person makes supplies.
INCOME TAX (DEDUCTION FOR CONTRIBUTION BY LICENSED INSURERS TO THE MALAYSIAN MOTOR INSURANCE POOL) RULES 2012

[14 November 2012]

IN exercise of the powers conferred by paragraphs 154(1)(b) and 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1)  These rules may be cited as the Income Tax (Deduction for Contribution by Licensed Insurers to the Malaysian Motor Insurance Pool) Rules 2012.
1(2)  These Rules are deemed to have come into effect for the year of assessment 2011 until the year of assessment 2015.

RULE 2 INTERPRETATION
2  For the purposes of these Rules—
   “Malaysian Motor Insurance Pool” means a high-risk insurance pool established collectively by licensed insurers to provide insurance for risks in respect of motor vehicles which are unable to obtain such insurance elsewhere;
   “licensed insurer” means an insurer licensed under the Insurance Act 1996 [Act 553] to carry on general business as referred to in paragraph 4(1)(b) of the Insurance Act;
   “contribution” means the payment to the Malaysian Motor Insurance Pool by a licensed insurer in respect of the insurer’s share of the losses suffered by the Malaysian Motor Insurance Pool.

RULE 3 DEDUCTION
3  For the purpose of ascertaining the adjusted income of the general business of a licensed insurer for the basis period for a year of assessment, a deduction twice the amount of contribution made by the licensed insurer to the Malaysian Motor Insurance Pool shall be allowed in that basis period for that year of assessment.
INCOME TAX (DEDUCTION FOR EXPENDITURE INCURRED FOR THE PROVISION OF AN APPROVED INTERNSHIP PROGRAMME) RULES 2012

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Expenditure Incurred for the Provision of an Approved Internship Programme) Rules 2012.

1(2) These Rules shall have effect from the year of assessment 2012 until the year of assessment 2016.

RULE 2 INTERPRETATION

2 In these Rules—

“higher educational institution” means an institution in Malaysia, established under the Universities and University Colleges Act 1971 [Act 30], University Technology MARA Act 1976 [Act 173] or the Private Higher Educational Institutions Act 1996 [Act 555] and registered with the Ministry of Higher Education Malaysia;

“person” means a person as may be approved by the Talent Corporation Malaysia Berhad to conduct an approved internship programme;

“student” means an individual—

(a) who is a Malaysian citizen;

(b) who is pursuing a degree programme or its equivalent on full-time basis in a higher educational institution; and

(c) who completes the approved internship programme before completion of the final semester of his degree programme or its equivalent;

“approved internship programme” means a structured internship programme in Malaysia conducted for a minimum period of ten (10) weeks as approved by the Talent Corporation Malaysia Berhad in collaboration with the Ministry of Higher Education which provides practical experience and emphasizes the development of specific knowledge or skill, which includes but not limited to technical, communication or business, for students of higher educational institution;

“Talent Corporation Malaysia Berhad” means a company incorporated under the Companies Act 1965 [Act 125] whose function is to initiate and facilitate initiatives that address the talent needs of Malaysia.
RULE 3 DEDUCTION

3(1) For the purpose of ascertaining an adjusted income of a person resident in Malaysia from his business for a basis period for a year of assessment, a deduction shall be allowed for any outgoings and expenses as described in subrule (2) which were incurred by that person during that basis period for conducting an approved internship programme.

3(2) The outgoings and expenses referred to in subrule (1) are—

(a) internship monthly allowance of not less than five hundred ringgit (RM500) paid to the students;

(b) expenditure incurred for the provision of training to the students;

(c) expenditure incurred on meal, travelling and accommodation for the students during the internship programme; and

(d) fee paid to a person who has been appointed to conduct an approved internship programme.

3(3) The total amount of deduction allowable under paragraphs (2)(b), (c) and (d) for each student shall not exceed five thousand ringgit for a year of assessment.

3(4) The amount of deduction allowed under subrule (1) shall be equivalent to a double amount of outgoings and expenses allowed under these Rules.

3(5) For the purpose of qualifying for the deduction under these Rules, the person claiming for the deduction shall produce a letter from the Talent Corporation Malaysia Berhad confirming that the internship programme conducted is an approved internship programme.
INCOME TAX (DEDUCTION FOR EXPENDITURE ON FRANCHISE FEE) RULES 2012

[23 February 2012]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Expenditure on Franchise Fee) Rules 2012.
1(2) These Rules shall have effect from the year of assessment 2012.

RULE 2 INTERPRETATION
2 In these Rules—
   “mark” has the same meaning assigned to it under section 4 of the Franchise Act 1998 [Act 590];
   “franchise fee” means a fee paid by a qualified person to the franchisor for the right to use a mark, trade secret, confidential information, intellectual property or system of franchise owned by that franchisor in accordance with the terms of a franchise agreement but shall not include royalty payment or other periodical payments;
   “local franchise brand” means a trade mark or service mark that is registered under the Trade Marks Act 1976 [Act 175] by a franchisor whose franchise business is registered under section 6 of the Franchise Act 1998;
   “qualified person” means a person who is resident in Malaysia and is a franchisee within the meaning of section 4 of the Franchise Act 1998;
   “franchisor” means a franchisor within the meaning of section 4 of the Franchise Act 1998 who wholly owns the local franchise brand and in relation to a company incorporated under the Companies Act 1965 [Act 125], at least seventy per centum of the issued share capital of the company is owned by Malaysian;
   “franchise business” means a business carried out by a qualified person using a local franchise brand;
   “royalty” has the same meaning assigned to it under section 2 of the Act.

RULE 3 DEDUCTION
3(1) For the purpose of ascertaining the adjusted income of a qualified person from his business for the basis period for a year of assessment, there shall be allowed as deduction the expenditure incurred on the franchise fee paid to the franchisor for his franchise business prior to the commencement of that business.
3(2) For the purpose of subrule (1), the franchise fee paid by the qualified person to the franchisor for his franchise business shall not be refundable.

3(3) The expenditure incurred under subrule (1) shall be deemed to be incurred in the basis period for a year of assessment in which the franchise business commences.
INCOME TAX (DEDUCTION FOR EXPENDITURE TO OBTAIN THE 1-INNOCERT CERTIFICATION) RULES 2012

[17 April 2012]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Expenditure to Obtain The 1-InnoCERT Certification) Rules 2012.
1(2) These Rules are deemed to have come into operation from the year of assessment 2010.

RULE 2 INTERPRETATION
3(sic) In these Rules—
“SIRIM Berhad” means a company incorporated in Malaysia pursuant to the Companies Act 1965 (Company No. 367474);
“Small and Medium Enterprises Corporation Malaysia” means a body corporate established under section 3 of the Small and Medium Enterprises Corporation Act 1995 [Act 539];
“1-InnoCERT Certification” means a 1-Innovation Certification for Enterprise Rating & Transformation issued by Small and Medium Enterprises Corporation Malaysia to a qualified person who has been rated AAA, AA or A by SIRIM Berhad.

RULE 3 APPLICATION
3(1) These Rules shall apply to a qualified person who makes an application to obtain an 1-InnoCERT Certification not later than 31 December 2014 for which he is granted a first 1-InnoCERT Certification.
3(2) For the purposes of these Rules, a “qualified person” shall be—
(a) a person in the manufacturing industry, manufacturing related services industry and agro-based industry and resident in Malaysia, which at the end of the basis period for a year of assessment—
(i) has not less than five and not more than one hundred and fifty full-time employees; or
(ii) has achieved annual sales of not less than two hundred and fifty thousand ringgit and not more than twenty-five million ringgit; or

Thornton’s Malaysian Tax Commentaries Rule 3(2)
(b) a person in the services industry, primary agriculture, information and communication technology industry and resident in Malaysia, which at the end of the basis period for a year of assessment—
(i) has not less than five and not more than fifty full-time employees; or
(ii) has achieved annual sales of not less than two hundred thousand ringgit and not more than five million ringgit.

RULE 4 DEDUCTION

4(1) In ascertaining the adjusted income of a qualified person from its business for the basis period for a year of assessment, there shall be allowed as deduction an amount equivalent to the expenses incurred by that qualified person in obtaining the first 1-InnoCERT Certification from Small and Medium Enterprises Corporation Malaysia.

4(2) For the purpose of subrule (1), the expenses incurred—
(a) shall be expenditure directly incurred for the application for which the qualified person has been granted the 1-InnoCERT Certification; and
(b) shall be deemed to be incurred in the basis period for the year of assessment in which the 1-InnoCERT Certification is granted to the qualified person.

4(3) The expenditure referred to in these Rules shall be the following:
(a) a certification fee of five thousand ringgit; and
(b) expenses incurred by SIRIM Berhad’s auditors which consist of—
(i) cost of travelling to and from their office to the qualified person’s premises including—
(A) mileage, toll and parking fee; or
(B) in the case of travel by air, the cost of economy air fare and airport transfer claim;
(ii) accommodation cost in a standard room or lodging allowance; and
(iii) meal allowance.
INCOME TAX (DEDUCTIONS FOR FREIGHT CHARGES) (REVOCATION) RULES 2012

PU (A) 218

[10 July 2012]

IN exercise of the powers conferred by subsection 154(1) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deductions for Freight Charges) (Revocation) Rules 2012.
1(2) These Rules shall have effect from the year of assessment 2016.

RULE 2 REVOCATION
INCOME TAX (DEDUCTION FOR PARTICIPATION IN AN APPROVED CAREER FAIR) RULES 2012

Pu (A) 129

[20 April 2012]

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Participation in an Approved Career Fair) Rules 2012.

1(2) These Rules shall have effect from the year of assessment 2012 until the year of assessment 2016.

RULE 2 INTERPRETATION

2 In these Rules—

“person” means any person who participates in an approved career fair;

“approved career fair” means a career fair held outside Malaysia organized or endorsed by Talent Corporation Malaysia Berhad and approved by the Minister; and

“Talent Corporation Malaysia Berhad” means a company limited by guarantee incorporated under the Companies Act 1965 [Act 125] established under the Prime Minister’s Department to initiate and facilitate initiatives to address the talent needs in Malaysia.

RULE 3 DEDUCTION

3(1) For the purpose of ascertaining the adjusted income of a person resident in Malaysia from his business for a basis period for a year of assessment, a deduction shall be allowed for any outgoings and expenses as described in subrule (2) which were incurred—

(a) by that person during that basis period with respect to his business; and

(b) primarily or principally for the purpose of participating in an approved career fair.

3(2) The outgoings and expenses referred to in subrule (1) are—

(a) expenses incurred in respect of travelling to a country outside Malaysia by that person or representative of that person (not more than three including that person) for the purpose of participating in an approved career fair and the actual expenses are subject to—

   (i) economy class air fare;

   (ii) a maximum of three hundred ringgit per day for accommodation; and

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
(iii) a maximum of one hundred and fifty ringgit per day for sustenance, for the whole period commencing from that person or his representative’s departure from Malaysia and ending with his return to Malaysia;

(b) expenses incurred in respect of marketing and promotional materials including but not limited to pamphlets, prints or banners which contain specific information relating to the approved career fair;

(c) expenses incurred in respect of payment made to the organizer of an approved career fair; and

(d) expenses directly incurred for participating in the career fair other than those specified in paragraphs (a), (b) and (c).

3(3) The total amount of deduction allowable under subrule (2) for participating in an approved career fair shall be in addition to any deduction under section 33 of the Act.

3(4) No deduction shall be allowed under these Rules in respect of any outgoings and expenses which—

(a) are specified in subsection 39(1) of the Act; and

(b) are incurred by a person having a place of business and is subject to tax in the country where such outgoings or expenses were incurred.

3(5) Where the total amount of any outgoings and expenses which would have been allowed as a deduction under these Rules exceed the amount which in the opinion of the Director General of Inland Revenue would reasonably be expected to be incurred in the ordinary course of business, the Director General of Inland Revenue may to the extent of that excess disallow that amount as a deduction under these Rules.

3(6) For the purpose of subrule (1), where two basis periods overlap, the period common to both periods shall be deemed to fall in the first basis period only.

3(7) For the purpose of qualifying for the deduction under this rule, the person claiming the deduction shall produce a letter from the Talent Corporation Malaysia Berhad confirming that the career fair is an approved career fair.
INCOME TAX (DEDUCTION FOR PROMOTION OF INTERNATIONAL OR PRIVATE SCHOOL) RULES 2012

PU (A) 110

[17 April 2012]

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Promotion of International or Private School) Rules 2012.

1(2) These Rules shall have effect from the year of assessment 2012.

RULE 2 APPLICATION

2 These Rules shall apply to—

(a) an international or private school which is—

(i) a company incorporated under the Companies Act 1965 [Act 125]; or

(ii) a society which is established and registered under the Societies Act 1966 [Act 335];

resident in Malaysia and registered with the Ministry of Education Malaysia and has complied with the conditions and regulations as determined by that Ministry under the Education Act 1996 [Act 550];

(b) an international or private school which carries on a business of providing education in a school located in Malaysia in the basis period for a year of assessment; and

(c) an international or private school which is not eligible for a deduction under the Income Tax (Deductions for Promotion of Export of Services) Rules 1999 [P.U. (A) 193/1999].

RULE 3 DEDUCTION

3(1) Subject to these Rules, for the purpose of ascertaining the adjusted income of an international or private school from its business for the basis period for a year of assessment, there shall be allowed as a deduction any outgoings and expenses of the kind described in subrule (2) which were incurred—

(a) by that school, during that basis period, with respect to that business; and

(b) primarily and principally for the purpose of promoting its international or private school operated and located in Malaysia.

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3(2) The outgoings and expenses referred to in subrule (1) are—
(a) expenses incurred in respect of market research for international or private school education;
(b) expenses incurred in respect of preparation of technical information to a person outside Malaysia relating to the services provided by that school in Malaysia;
(c) expenses in respect of traveling to a country outside Malaysia by a representative of that school (not more than three representatives) for the purpose of participating in education fairs which are held outside Malaysia and approved by the Ministry of Education Malaysia and the actual expenses are subject to—
(i) economy class air fare;
(ii) a maximum of three hundred ringgit per day for accommodation; and
(iii) a maximum of one hundred and fifty ringgit per day for sustenance,
for the whole period commencing from the date of the representative’s departure from Malaysia and ending on the date of his return to Malaysia;
(d) expenses directly incurred for participating in education fairs which are held outside Malaysia and approved by the Ministry of Education Malaysia other than those expenses specified in paragraph (2)(c); or
(e) expenses incurred in respect of publicity and advertisement in any media outside Malaysia for the promotion of international or private school in Malaysia.

3(3) The total amount of deduction allowable under subrule (2) for participating in the education fairs which are held outside Malaysia shall be additional to any deduction under section 33 of the Act and shall not exceed one hundred thousand ringgit for each year of assessment.

3(4) No deduction shall be allowed under these Rules in respect of any outgoings, expenses or other payments which are—
(a) of the kind mentioned in subsection 39(1) of the Act; or
(b) incurred by an international or private school having a place of business and subject to tax in the country where such outgoings and expenses were incurred.

3(5) Where the amount of any outgoings and expenses, the whole of which would have been allowable as a deduction under these Rules but for this subrule, exceed the amount which in the opinion of the Director General would reasonably be expected to be incurred in the ordinary course of business with respect to which those outgoings and expenses were incurred, the Director General may to the extent of that excess disallow that amount as a deduction under these Rules.

3(6) For the purpose of subrule (1), where two basis periods overlap, the period common to both shall be deemed to fall in the first basis period only.
INCOME TAX (PRESCRIPTION OF ACTIVITY EXCLUDED FROM THE DEFINITION OF “MANUFACTURING”) RULES 2012

IN exercise of the powers conferred by paragraph 154(1)(b) read together with subparagraph (ii) of the definition of “manufacturing” under paragraph 9 of Schedule 7A to the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Prescription of Activity Excluded from the Definition of “Manufacturing”) Rules 2012.

1(2) These Rules are deemed to have effect from the year of assessment 2009.

RULE 2 ACTIVITY EXCLUDED FROM THE DEFINITION OF “MANUFACTURING”

2. The activity specified in the Schedule is excluded from the definition of “manufacturing” under paragraph 9 of Schedule 7A to the Act.

SCHEDULE

[Rule 2]

1. Ice making
2. Cutting, sorting, cleaning, drying, grinding, mixing, grading or packaging herbs or spice, or any of its combination
3. Production of aggregates, asphaltic concrete, pre-mix cement, ready mixed concrete or bitumen, or any of its combination
4. Folding and shaping paper box, cardboard, plastic bag, envelopes or any other folding and shaping activity
5. Laminating
6. Quarrying
7. Mining or extraction of mineral
8. Processing of photograph, picture, slide or film, or any of its combination
9. Baking except where the activity is carried out in a factory
10. Distillation or filtration of water
11. Treatment of waste water and solid waste
12. Mixing or blending of petroleum product
13. Cleaning, processing, packing or freezing of product, or any of its combination

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14. Painting, polishing or varnishing, or any of its combination
15. Coloring, stamping or printing of logo on materials or clothing, or any of its combination
16. Production of herb or traditional medicine, or any of its combination
17. Production of sawn timber, veneer or plywood including drying of the product, or any of its combination
18. Photostatting
19. Recycling activity which involves sorting, cutting or packaging, or any of its combination
20. Ship building activity
INCOME TAX (TRANSFER PRICING)
RULES 2012

PU (A) 132

ARRANGEMENT OF RULES

Rule | Description
--- | ---
1 | Citation and commencement
2 | Scope and application
3 | Interpretation
4 | Contemporaneous transfer pricing documentation
5 | Method to determined arm’s length price
6 | Comparability of transactions
7 | Transfer price for separate and combined transaction
8 | Re-characterization of transactions
9 | Intra-group services
10 | Cost contribution arrangement
11 | Intangible property
12 | Interest on financial assistance
13 | Adjustment by Director General
14 | Permanent establishment as a separate entity
INCOME TAX (TRANSFER PRICING) RULES 2012

IN exercise of the powers conferred by paragraph 154(1)(ed) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Transfer Pricing) Rules 2012.
1(2) These Rules are deemed to have come into operation on 1 January 2009.

RULE 2 SCOPE AND APPLICATION
2(1) These Rules shall apply to controlled transactions for the acquisition or supply of property or services.
2(2) For the purpose of subrule (1), a person shall determine and apply the arm’s length price for the acquisition or supply of property or services in accordance with the method and manner provided in these Rules.

RULE 3 INTERPRETATION
3 In these Rules—
“controlled transaction” means the transaction referred to in subsections 140A(2) and (5) of the Act;
“property” includes any goods, movable or immovable thing, or intangible property and beneficially owned property;
“service” includes any rights, benefits, privileges or facilities that are, or to be, provided, granted or conferred under an arrangement for or in relation to any work and assistance including financial assistance.

RULE 4 CONTEMPORANEOUS TRANSFER PRICING DOCUMENTATION
4(1) A person who enters into a controlled transaction shall prepare a contemporaneous transfer pricing documentation.
4(2) The contemporaneous transfer pricing documentation shall include records and documents that provide a description of the following matters:
(a) organizational structure, including an organization chart covering persons involved in a controlled transaction;
(b) nature of the business or industry and market conditions;
(c) the controlled transaction;
(d) strategies, assumptions and information regarding factors that influenced the setting of any pricing policies;

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Rule 4(2)
(e) comparability, functional and risk 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 considered relevant by the person to determine an arm’s length price.

4(3) For the purpose of this rule—

“contemporaneous transfer pricing documentation” means transfer pricing documentation which is brought into existence—

(a) when a person 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.

RULE 5 METHOD TO DETERMINE ARM’S LENGTH PRICE

5(1) A person shall apply the traditional transactional method to determine the arm’s length price of a controlled transaction.

5(2) Where the traditional transactional method cannot be reliably applied or cannot be applied at all, the person shall then apply the transactional profit method.

5(3) Where both the traditional transactional method and transactional profit method cannot be applied at all, the Director General may allow the application of other methods which provides the highest degree of comparability between the transactions.

5(4) For the purpose of this rule—

“traditional transactional method” means the comparable uncontrolled price method or the resale price method or the cost plus method;

“transactional profit method” means the profit split method or the transactional net margin method.

RULE 6 COMPARABILITY OF TRANSACTIONS

6(1) For the purpose of rule 5, an uncontrolled transaction shall be used as a comparable in determining an arm’s length price of a controlled transaction.

6(2) An uncontrolled transaction may be used as a comparable if—

(a) the comparability factors of such uncontrolled transaction and the controlled transaction are sufficiently similar; or

(b) none of the differences in respect of the comparability factors between such uncontrolled transaction and the controlled transaction, or between persons entering into any of those transactions, are likely to materially affect the price or cost charged or paid or the profit arising from those transactions in the open market; or
(c) reasonably accurate adjustments can be made to eliminate the material effects of such differences referred to in paragraph (b).

6(3) The comparability factors referred to in subrule (1) include—
(a) the characteristics of the property or services;
(b) the functions performed, assets employed and the risk assumed by the respective persons in the transactions;
(c) the contractual terms;
(d) economic circumstances; and
(e) business strategies of the persons in the transactions.

6(4) For the purpose of determining the arm’s length price, the results of the controlled transaction shall be compared with the results of an uncontrolled transaction for the same basis year for a year of assessment.

6(5) The Director General may allow for the basis period for a year of assessment the application of data from other years prior to or after that basis period if complete and accurate data are available to prove the effect of the life cycles or the business cycles of the products or services in the industry of the person in the controlled transaction.

6(6) For the purpose of this rule, “uncontrolled transaction” means a transaction carried on by an independent person dealing with one another at arm’s length.

RULE 7 TRANSFER PRICE FOR SEPARATE AND COMBINED TRANSACTION

7(1) A person in a controlled transaction shall determine an arm’s length price for each controlled transaction in accordance with these Rules.

7(2) Notwithstanding subrule (1), where a combination of controlled transactions are closely linked or continuous and cannot be evaluated separately, or it can be shown that the normal industry practice is to set one transfer price for those transactions, the Director General may allow the determination of the arm’s length price based on the combination of those transactions.

RULE 8 RE-COMPARTMENTALIZATION OF TRANSACTIONS

8(1) The Director General may disregard any structure adopted by a person in entering into a controlled transaction if—
(a) the economic substance of that transaction differs from its form; or
(b) notwithstanding that the form and substance of that transaction are the same, the arrangements made in relation to the transaction, viewed in totality, differ from those which would have been adopted by independent persons behaving in a commercially rational manner and the actual structure impedes the Director General from determining an appropriate transfer price.

8(2) Where the Director General disregards any structure adopted by a person in entering into a controlled transaction under subrule (1), the Director General shall make adjustment to the structure of that transaction as he thinks fit to reflect the structure that would have been adopted by an independent person dealing at arm’s length having regards to the economic and commercial reality.
RULE 9  INTRA-GROUP SERVICES

9(1) A person in a controlled transaction shall apply the methods in accordance with rule 5 to determine the arm’s length transfer price for intra-group services and in applying any of the methods he shall—

(a) demonstrate that the intra-group services have been rendered and the provision of such services has conferred an economic benefit or commercial value to his business; and

(b) demonstrate that the charge for the intra-group services is justified.

9(2) Any charge made by a person in a controlled transaction in respect of the intra-group services shall be disregarded if it involves—

(a) shareholder or custodial activities;

(b) duplicative services;

(c) services that provide incidental benefits or passive association benefits; or

(d) on-call services.

9(3) For the purpose of this rule, “intra-group services” means services rendered between companies in the same group.

RULE 10  COST CONTRIBUTION ARRANGEMENT

10(1) Where a person enters into a cost contribution arrangement with its associated person to share the costs and risks for acquisition or supply of property or services, the person shall determine the allocation of costs for such arrangement in accordance with the allocation that would have been undertaken by an independent person dealing with each other at arm’s length in a similar arrangement.

10(2) Where there is an entry, withdrawal or termination by any person in respect of the cost contribution arrangement referred to in subrule (1), any payment made to that person in respect of such entry, withdrawal or termination shall be determined in accordance with the payment that would have been made by an independent person dealing with each other at arm’s length.

10(3) For the purpose of this rule, a person and its associated person shall be construed as—

(a) persons, one of whom has control over the other;

(b) individuals who are relatives of each other; or

(c) persons, both of whom are controlled by some other person.

RULE 11  INTANGIBLE PROPERTY

11(1) Where in a controlled transaction an intangible property is sold or licensed out—

(a) the owner or licensee shall charge an arm’s length price; and

(b) the value of that property to the purchaser or licensor shall be the benefit that the intangible property is expected to generate.

Rule 9(1)
11(2) For the purpose of subrule (1), the arm’s length price for such sale or license shall be determined by applying the comparable uncontrolled price method, or in the case where the property is highly valuable or unique, the residual profit split method shall be applied.

11(3) Notwithstanding subrule (2), the Director General may allow the application of other methods if the method provides the highest degree of comparability between transactions.

11(4) Where the legal ownership of the intangible property does not vest with the person that has developed that property, such person shall receive an arm’s length consideration for the development of such property.

11(5) Where a person who is not the owner of a trademark or trade name undertakes marketing activities and bears marketing costs of such trademark or trade name in excess of those of a comparable independent person, he shall be entitled to an arm’s length consideration for undertaking such activities from the owner of the trademark or trade name.

11(6) In this rule, a person shall be deemed to be an owner of an intangible property and is entitled to any income attributable to that property if the expenses and risks associated with the development of the intangible property are borne by that person.

11(7) For the purpose of this rule—

``intangible property’’ includes patent, invention, formula, process, design, model, plan, trade secret, know-how or marketing intangible;

``marketing intangible’’ includes an intangible that is concerned with marketing activities, which aids in the commercial exploitation of the property or has an important promotional value for the property concerned.

RULE 12 INTEREST ON FINANCIAL ASSISTANCE

12(1) Any person in a controlled transaction who provides or receives financial assistance, directly or indirectly, to or from another person with or without consideration shall determine the arm’s length interest rate for such assistance.

12(2) For the purpose of this rule—

``financial assistance’’ includes loan, interest bearing trade credit, advance or debt and the provision of any security or guarantee;

``interest’’ includes finance charge, discount, premium or other consideration relating to controlled transaction.

RULE 13 ADJUSTMENT BY DIRECTOR GENERAL

13(1) Notwithstanding any other provision of these Rules, where the Director General has reason to believe that any price including the rate of interest imposed or would have been imposed in a controlled transaction is not at arm’s length, the Director General may make an adjustment to reflect the arm’s length price or interest rate for that transaction by substituting or imputing the price or interest, as the case may be.

13(2) Any adjustment under these Rules in respect of an assessment made on one of the persons in a controlled transaction may be reflected by an offsetting adjustment on the assessment of the other person in that transaction upon request by that other person.
**RULE 14 PERMANENT ESTABLISHMENT AS A SEPARATE ENTITY**

14(1) For the purpose of these Rules, a permanent establishment shall be treated as a distinct and separate entity from its head office and related branches.

14(2) In this rule, **“permanent establishment”** —

(a) shall have the same meaning assigned to it in the arrangement made under section 132 of the Act; or

(b) if there is no arrangement made under section 132 of the Act, means a fixed place of business through which the business of a person is wholly or partly carried on, or a fixed place of business of another person, through which the particular person makes supplies.
In exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Determination of Approved Individual and Specified Year of Assessment under the Returning Expert Programme) Rules 2012.

1(2) These Rules shall have effect from the year of assessment of 2012 and subsequent years of assessment.

RULE 2 APPLICATION

2 These Rules shall apply to an individual—

(a) whose application under paragraph 4(b) has been approved by the Minister;

(b) whose income is received from an employment with any person resident in Malaysia; and

(c) whose employment commences on or after 1 May 2011.

RULE 3 INTERPRETATION

3 In these Rules—

“approved individual” means an individual as provided under rule 4;

“Returning Expert Programme” means a programme managed by the Talent Corporation Malaysia Berhad and approved by the Government;

“specified years of assessment” means—

(a) five consecutive years of assessment commencing from the basis period of a year of assessment an option is made by an approved individual to be subject to tax under Part XV of Schedule 1 of the Act; and

(b) the option shall be made in the year of assessment or the following year of assessment of the approved individual’s return to Malaysia;
"Talent Corporation Malaysia Berhad" means a company limited by guarantee—
(a) incorporated under the Companies Act 1965 [Act 125] with its registration number
of 919577-H and is resident in Malaysia; and
(b) which promotes and facilitates the return of any Malaysian citizen who works as a
professional overseas and to establish a sustainable expert workforce in Malaysia
under the Returning Expert Programme.

RULE 4 APPROVED INDIVIDUAL
4 In these Rules, an approved individual is an individual who—
(a) is a Malaysian citizen and resident in Malaysia;
(b) has made an application under the Returning Expert Programme and that
application is approved by the Minister, to be subject to tax under Part XV of
Schedule 1 of the Act and such application is made on or after 12 April 2011 but
not later than 31 December 2020;
(c) is an expert in a field specified by the Minister;
(d) has not derived any employment income in Malaysia for at least a continuous
period of thirty six months prior to the date of application made under paragraph
(b); and
(e) has never been approved under these Rules.

RULE 5 CHARGEABLE INCOME
5(1) Where an approved individual has income in respect of employment with any
person resident in Malaysia in the basis period for a year of assessment during the
specified years of assessment, the chargeable income of that approved individual which is
subject to tax under Part XV of Schedule 1 of the Act shall be ascertained in accordance
with the following formula:

\[
\frac{A}{B} \times C
\]

Where

- \(A\) is the statutory income from employment with the person
  resident in Malaysia in a basis period for a year of
  assessment during the specified years of assessment;
- \(B\) is the aggregate income in a basis period for a year of
  assessment during the specified years of assessment; and
- \(C\) is the chargeable income in a basis period for a year of
  assessment during the specified years of assessment:

Provided in the case of a combined assessment under subsection 45(2) of the Act, the
aggregate income from all sources shall include income from the wife or husband, as the
case may be.

5(2) Where chargeable income from employment of an approved individual has been
determined under subrule (1), any excess of chargeable income of that approved
individual which is subject to tax shall be charged to income tax for that year of

Rule 4 Commerce Clearing House (Malaysia) Sdn Bhd
assessments under Part I of Schedule 1 of the Act at the rate that would have been applicable for his chargeable income if he had not been approved as an approved individual under these Rules.

RULE 6 NON-APPLICATION

6 These Rules shall cease to apply to an approved individual in the basis period for a year of assessment during the specified years of assessment if the approved individual ceases to be employed by any person resident in Malaysia.
INCOME TAX (DEDUCTIONS OF INSURANCE PREMIUMS FOR EXPORTERS) (REVOCATION) RULES 2012
PU (A) 219

[10 July 2012]

IN exercise of the powers conferred by subsection 154(1) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deductions of Insurance Premiums for Exporters) (Revocation) Rules 2012.
1(2) These Rules shall have effect from the year of assessment 2016.

RULE 2 REVOCATION
INCOME TAX (DEDUCTIONS OF INSURANCE PREMIUMS FOR IMPORTERS) (REVOCATION) RULES 2012
PU (A) 220

[10 July 2012]

IN exercise of the powers conferred by subsection 154(1) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1  CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deductions of Insurance Premiums for Importers) (Revocation) Rules 2012.
1(2) These Rules shall have effect from the year of assessment 2016.

RULE 2  REVOCATION

Thornton’s Malaysian Tax Commentaries  Rule 2
INCOME TAX (DEDUCTION FOR THE SPONSORSHIP OF SCHOLARSHIP TO STUDENT OF HIGHER EDUCATIONAL INSTITUTION) RULES 2012

[17 July 2012]

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for the Sponsorship of Scholarship to Student of Higher Educational Institution) Rules 2012.
1(2) These Rules is deemed to have effect from the year of assessment of 2011 until the year of assessment of 2016.
1(3) Notwithstanding subrule (2), the deduction in rule 4 applies to the sponsorship of scholarship made until the expiration of the agreement referred to in paragraph 3(c).

RULE 2 INTERPRETATION
2 In these Rules—
“higher educational institution” means any institution established under the Universities and University Colleges Act 1971 [Act 30], Universiti Technologi MARA Act 1976 [Act 173] or the Private Higher Educational Institutions Act 1996 [Act 555];
“student” means an individual—
(a) who is a Malaysian citizen and resident in Malaysia;
(b) who receives full-time course of study leading to an award of a diploma or bachelor’s degree at higher educational institution;
(c) who has no means of his own; and
(d) whose parents or guardians, have total monthly income not exceeding five thousand ringgit.

RULE 3 APPLICATION
3 These Rules shall apply to a company—
(a) which is incorporated under the Companies Act 1965 [Act 125] and resident in Malaysia;
(b) which sponsors scholarship to students of higher educational institution; and
(c) which execute scholarship agreement with a student on or after 8 October 2011 but not later than 31 December 2016.

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RULE 4  DEDUCTION

4(1) For the purpose of ascertaining the adjusted income of a company from its business in a basis period for a year of assessment, a deduction shall be allowed of an amount of expenses as described in subrule (2) which were incurred and paid by that company in that basis period for sponsoring scholarship to student.

4(2) The expenses referred to in subrule (1) are the expenses incurred in respect of sponsorship of scholarship which consist of—
   (a) payment required by higher educational institution relating to course of study; and
   (b) educational aid and reasonable cost of living expenses throughout the student’s period of study at higher educational institution.

4(3) The total amount of deduction allowed under subrule (1) shall be equivalent to twice the amount of expenses allowed under this rules.

4(4) Where the total amount of any expenses which would have been allowed as a deduction under this rules exceeds the amount which in the opinion of the Director General of Inland Revenue would reasonably be expected to be incurred in the ordinary course of business, the Director General of Inland Revenue may, to the extent of that excess disallow that amount, as a deduction under this rules.

4(5) For the purpose of subrule (1), where two basis periods overlap, the period common to both periods shall be deemed to fall in the first basis period only.

4(6) Where a deduction has been made under subrule (3), in ascertaining the adjusted income of that company, any sum refunded by the student to the company shall when received be treated as gross income of the company from the business derived from Malaysia for the basis period of that year of assessment.

RULE 5  NON-APPLICATION

5 These Rules shall not apply to a company in the basis period for a year of assessment that has made a claim under paragraph 34(6)(l) of the Act.
INCOME TAX (INDUSTRIAL BUILDING ALLOWANCE) (KINDERGARTEN) RULES 2013

PU (A) 1

[28 December 2012]

IN exercise of the powers conferred by paragraph 154(1)(b) and paragraph 80 of Schedule 3 to the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

PARAGRAPH 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Industrial Building Allowance) (Kindergarten) Rules 2013.
1(2) These Rules have effect from the year of assessment 2013 and subsequent years of assessment.

PARAGRAPH 2 INTERPRETATION
2(1) In these Rules—
“incurred” has the same meaning assigned to it in paragraph 55 of Schedule 3 to the Act;
“disposed of” means the disposal of the industrial building or the occurrence of any of the following events:
(a) the sale, transfer or assignment of the building;
(b) the demolition or destruction of the building, or
(c) the building ceases to be used for the purposes prescribed in rule 3;
“person” means an individual or a company carrying on the business relating to the provision and maintenance of a kindergarten registered with the Ministry of Education Malaysia;
“qualifying building expenditure” means the capital expenditure incurred by a person for the purpose of a business relating to the provision and maintenance of a kindergarten on the construction or purchase of an industrial building.

PARAGRAPH 3 INDUSTRIAL BUILDING FOR THE PURPOSES OF SCHEDULE 3 TO THE ACT
3 In these Rules, a building which is constructed or purchased by a person where—
(a) that person is the owner of that building; and
(b) that building is used by that person for the purpose of a business relating to the provision and maintenance of a kindergarten approved by the Ministry of Education,
shall be treated as an industrial building for the purposes of Schedule 3 to the Act.

Para 1(1)
PARAGRAPH 4 APPLICATION

4 These Rules shall apply to a person in respect of the qualifying building expenditure incurred by the person for the purpose of his business relating to the construction or purchase of a building referred to in rule 3.

PARAGRAPH 5 INDUSTRIAL BUILDING ALLOWANCE

5(1) An amount of allowance under paragraph 80 of Schedule 3 to the Act shall be allowed to a person referred to in rule 4 equal to one-tenth of the qualifying building expenditure for a year of assessment and for each of the following nine years of assessment.

5(2) Where part of the building is used as an industrial building and the other part of the building is not so used, then, if the capital expenditure incurred on the construction of the part which is not so used is not more than one tenth of the capital expenditure incurred on the construction of the whole building, the building shall be treated as an industrial building for the purpose of Schedule 3 to the Act.

5(3) Where the whole or some of the capital expenditure incurred on the construction of the part not so used is not identifiable as the capital expenditure incurred on the whole building, the capital expenditure incurred on the whole building or part thereof not identifiable as incurred on the respective part of the building shall be apportioned by reference to the respective floor areas of those respective parts or in such other manner as the Director General may direct.

5(4) Where the industrial building which is used for the purpose of a business or activity relating to the provision and maintenance of a kindergarten referred to in paragraph (3)(b) is also used for the purpose of a business or an activity other than that business or activity, then the allowances which fall to be made under Schedule 3 to the Act shall be deducted as is reasonable having regard to the extent to which the industrial building is used for the purpose of the business or activity relating to the provision and maintenance of a kindergarten referred to in paragraph (3)(b).

5(5) Where a person has incurred qualifying building expenditure in relation to an industrial building and the building is disposed of within two years from the date the qualifying building expenditure was incurred—

(a) any allowance which falls to be made but for this subrule shall not be made; and

(b) where any such allowance has been made, a balancing charge in an amount equal to such allowance shall be made on the person for the year of assessment in the basis period for which the building was disposed of.
INCOME TAX (INDUSTRIAL BUILDING ALLOWANCE) (CHILD CARE CENTRE) RULES 2013

PU (A) 2

[28 December 2012]

IN exercise of the powers conferred by paragraph 154(1)(b) and paragraph 80 of Schedule 3 to the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

PARAGRAPH 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Industrial Building Allowance) (Child Care Centre) Rules 2013.

1(2) These Rules have effect from the year of assessment 2013 and subsequent years of assessment.

PARAGRAPH 2 INTERPRETATION

2(1) In these Rules—

“incurred” has the same meaning assigned to it in paragraph 55 of Schedule 3 to the Act;

“disposed of” means the disposal of the industrial building or the occurrence of any of the following events:

(a) the sale, transfer or assignment of the building;
(b) the demolition or destruction of the building, or
(c) the building ceases to be used for the purposes prescribed in rule 3;

“person” means an individual or a company carrying on the business of a child care centre registered with the Department of Social Welfare under the Child Care Centre Act 1984 [Act 308];

“qualifying building expenditure” means the capital expenditure incurred by a person for the purpose of a child care centre business on the construction or purchase of an industrial building.

PARAGRAPH 3 INDUSTRIAL BUILDING FOR THE PURPOSES OF SCHEDULE 3 TO THE ACT

3 In these Rules, a building which is constructed or purchased by a person where—

(a) that person is the owner of that building; and
(b) that building is used by that person for the purpose of a business of a child care centre registered with the Department of Social Welfare,

shall be treated as an industrial building for the purposes of Schedule 3 to the Act.
PARAGRAPH 4 APPLICATION

4 These Rules shall apply to a person in respect of the qualifying building expenditure incurred by the person for the purpose of his business relating to the construction or purchase of a building referred to in rule 3.

PARAGRAPH 5 INDUSTRIAL BUILDING ALLOWANCE

5(1) An amount of allowance under paragraph 80 of Schedule 3 to the Act shall be allowed to a person referred to in rule 4 equal to one-tenth of the qualifying building expenditure for a year of assessment and for each of the following nine years of assessment.

5(2) Where part of the building is used as an industrial building and the other part of the building is not so used, then, if the capital expenditure incurred on the construction of the part which is not so used is not more than one tenth of the capital expenditure incurred on the construction of the whole building, the building shall be treated as an industrial building for the purpose of Schedule 3 to the Act.

5(3) Where the whole or some of the capital expenditure incurred on the construction of the part not so used is not identifiable as the capital expenditure incurred on the whole building, the capital expenditure incurred on the whole building or part thereof not identifiable as incurred on the respective part of the building shall be apportioned by reference to the respective floor areas of those respective parts or in such other manner as the Director General may direct.

5(4) Where the industrial building which is used for the purpose of a business or activity of a child care centre referred to in paragraph (3)(b) is also used for the purpose of a business or activity other than that business or activity, then the allowances which fall to be made under Schedule 3 to the Act shall be deducted as is reasonable having regard to the extent to which the industrial building is used for the purpose of the business or activity of a child care centre referred to in paragraph (3)(b).

5(5) Where a person has incurred qualifying building expenditure in relation to an industrial building and the building is disposed of within two years from the date the qualifying building expenditure was incurred—

(a) any allowance which falls to be made but for this subrule shall not be made; and

(b) where any such allowance has been made,

a balancing charge in an amount equal to such allowance shall be made on the person for the year of assessment in the basis period for which the building was disposed of.
INCOME TAX (ACCELERATED CAPITAL ALLOWANCE) (SECURITY CONTROL EQUIPMENT AND MONITORING EQUIPMENT) RULES 2013

[28 December 2012]

IN exercise of the powers conferred by paragraph 154(1)(b) and paragraphs 10 and 15 of Schedule 3 to the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

PARAGRAPH 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowance) (Security Control Equipment and Monitoring Equipment) Rules 2013.

1(2) These Rules have effect from the year of assessment 2013 until the year of assessment 2015, except rule 7.

1(3) Rule 7 has effect from the year of assessment 2013 until the year of assessment 2017.

PARAGRAPH 2 INTERPRETATION

2 In these Rules, “security control equipment and monitoring equipment” means the security control equipment and monitoring equipment as specified in the Schedule.

PARAGRAPH 3 APPLICATION

3 These Rules shall apply to—

(a) an individual resident in Malaysia, in respect of capital expenditure incurred by such individual in the basis period for a year of assessment from a source consisting of a business in relation to the installation of any security control equipment and monitoring equipment, other than the Global Positioning System (GPS) in item 10 of the Schedule for vehicle tracking, at any building of permanent structure used for the purpose of that business; or

(b) a company incorporated under the Companies Act 1965 [Act 125] which is resident in Malaysia, in respect of capital expenditure incurred by such company in the basis period for a year of assessment from a source consisting of a business in relation to the installation of—

(i) any security control equipment and monitoring equipment, other than the Global Positioning System (GPS) in item 10 of the Schedule for vehicle tracking, for a factory of such company provided that such company is a company approved under the Industrial Co-ordination Act 1975 [Act 156];
(ii) any Global Positioning System (GPS) for vehicle tracking for a container lorry of such company bearing Carrier Licence A and for a cargo lorry of such company bearing Carrier Licence A or C issued under the Commercial Vehicles Licensing Board Act 1987 [Act 334] used for the business purposes of such company; or

(iii) any security control equipment and monitoring equipment, other than the Global Positioning System (GPS) in item 10 of the Schedule for vehicle tracking, in residential areas.

PARAGRAPH 4 DEEMING PROVISION RELATING TO HIRE PURCHASE AGREEMENT

4 Where an individual or a company referred to in rule 3 incurs capital expenditure under a hire purchase agreement on the installation of any security control equipment and monitoring equipment for the purposes of the business of the individual or the company, such individual or company shall be taken to be the owner of such equipment and the capital expenditure incurred by such individual or company on such equipment in the basis period for a year of assessment shall be taken to be the capital portion of any instalment payment or, where there is more than one such payment, of the aggregate of those payments made by the individual or company under such hire purchase agreement in that period.

PARAGRAPH 5 INITIAL ALLOWANCE

5 An individual or a company referred to in rule 3 qualifies for the initial allowance provided under paragraph 10 of Schedule 3 to the Act which shall be equal to one-fifth of the capital expenditure incurred for the installation of such security control equipment and monitoring equipment.

PARAGRAPH 6 ANNUAL ALLOWANCE

6 An individual or a company referred to in rule 3 qualifies for the annual allowance provided under paragraph 15 of Schedule 3 to the Act which shall be equal to four-fifth of the capital expenditure incurred for the installation of such security control equipment and monitoring equipment.

PARAGRAPH 7 NON-APPLICATION

7(1) These Rules shall not apply to an individual or a company in the basis period for a year of assessment if—

(a) an individual or a company has been granted any incentive under the Promotion of Investments Act 1986 [Act 327];

(b) an individual or a company has been granted reinvestment allowance under Schedule 7A of the Act;

(c) an individual or a company has been granted any exemption under section 127 of the Act; or

(d) an individual or a company qualifies for an allowance at a higher fraction under the Act or any rules made under section 154 of the Act.

Thornton’s Malaysian Tax Commentaries

Para 7(1)
7(2) Where an individual or a company referred to in rule 3 sells, conveys, transfers, assigns or alienates the security control equipment and monitoring equipment with or without consideration at any time within two years from the date of purchase of the security control equipment and monitoring equipment, an allowance made under rules 5 and 6 in respect of such security control equipment and monitoring equipment shall be withdrawn in the basis period for a year of assessment in which such individual or company sells, conveys, transfers, assigns or alienates the security control equipment and monitoring equipment with or without consideration.

**SCHEDULE**

[Rule 2]

1. Anti-theft alarm system
2. Infra-red motion detection system
3. Siren
4. Access control system
5. Close circuit television
6. Video surveillance system
7. Security camera
8. Wireless camera transmitter
9. Time lapse recording and video motion detection equipment
10. Global Positioning System (GPS) for vehicle tracking
11. Safety mirrors
12. Panic buttons
INCOME TAX (DEDUCTION FOR THE PROVISION OF CHILD CARE CENTRE) RULES 2013

PU (A) 15

[11 January 2013]

IN exercise of the powers conferred by paragraphs 154(1)(b) and 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for the Provision of Child Care Centre) Rules 2013.

1(2) These Rules have effect from the year of assessment 2013.

RULE 2 APPLICATION

2 These Rules shall apply to a child care centre registered with the Department of Social Welfare under the Child Care Centre Act 1984 [Act 308].

RULE 3 DEDUCTION

3(1) For the purpose of ascertaining the adjusted income of a person resident in Malaysia from his business for the basis period for a year of assessment, a deduction shall be allowed for any outgoings and expenses which were—

(a) expenses in respect of expenditure on the provision and maintenance of a child care centre; and

(b) expenses in respect of child care allowance to the persons employed by him in his business.

3(2) The total amount of deduction allowable under subrule (1) shall be in addition to any deduction under section 33 of the Act.

3(3) Where the total amount of any outgoings and expenses which would have been allowed as a deduction under these Rules exceeds the amount which in the opinion of the Director General of Inland Revenue would reasonably be expected to be incurred in the ordinary course of business, the Director General of Inland Revenue may disallow that amount, to the extent of that excess, as a deduction under these Rules.

3(4) For the purpose of subrule (1), where two basis periods overlap, the period common to both periods shall be deemed to fall in the first basis period only.

3(5) The “person” referred to in subrule (1) means any person who, for the purpose of a business of his, provides a child care centre for the benefit of persons employed by him in his business.
INCOME TAX (INDUSTRIAL BUILDING ALLOWANCE) (TUN RAZAK EXCHANGE MARQUEE STATUS COMPANY) RULES 2013

[30 January 2013]

IN exercise of the powers conferred by paragraph 154(1)(b) and paragraph 80 of Schedule 3 of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Industrial Building Allowance) (Tun Razak Exchange Marquee Status Company) Rules 2013.

1(2) These Rules shall have effect for the year of assessment 2014.

RULE 2 APPLICATION

2 These Rules shall apply in respect of qualifying building expenditure incurred by a Tun Razak Exchange Marquee status company for the purpose of its business as specified in the Schedule for the industrial building referred to in rule 3.

RULE 3 INTERPRETATION

3(1) In these Rules—

``commercial building” means a commercial building or part of a commercial building located in the Tun Razak Exchange used for the purpose of business as specified in the Schedule;

``incurred” has the same meaning assigned under paragraph 55 of Schedule 3 of the Act;

``disposed of” means the disposal of the building or the occurrence of any of the following events:

(a) the sale, transfer or assignment of the commercial building;

(b) the demolition or destruction of the commercial building; or

(c) when the commercial building ceases to be used for the purposes prescribed in rule 3 of these Rules;

``control” has the same meaning assigned to it under section 139 of the Act;

``qualifying building expenditure” means capital expenditure incurred by a Tun Razak Exchange Marquee Status company on the construction or purchase of a commercial building;

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
“Tun Razak Exchange Marquee status company” means—

(a) a licensed institution under the Banking and Financial Institutions Act 1989 [Act 372] carrying on a banking business or a merchant banking business or a related company within the same group;

(b) a company licensed under the Insurance Act 1996 [Act 553] carrying on insurance business or a related company within the same group;

(c) a company licensed under the Islamic Banking Act 1983 [Act 276] carrying on an Islamic banking business or a related company within the same group;

(d) a company registered under the Takaful Act 1984 [Act 312] carrying on takaful business or a related company within the same group;

(e) a company which is a holder of a Capital Markets Service Licence licensed under the Capital Markets and Services Act 2007 [Act 671];

(f) a person, other than an individual, who is a registered person under section 76 or 76A of the Capital Markets and Services Act 2007; and

approved by the Minister;

3(2) For the purposes of these Rules, a related company within the same group means—

(a) a person who has control over the licensed institution or company referred to in subparagraph (1)(a), (b), (c) and (d);

(b) a person over whom the licensed institution or company referred to in subparagraph (1)(a), (b), (c) and (d) has control; or

(c) a person and the licensed institution or company referred to in subparagraph (1)(a), (b), (c) and (d) both of whom are controlled by some other person.

RULE 4 TUN RAZAK EXCHANGE

4 Tun Razak Exchange means the area referred to in the approved development plan for the Tun Razak Exchange on part of Lot 1164, Lot 1207, Lot 1209, Lot 1210, Lot 1217, PT 122 Section 62, Lot 205 – lot 208, part of Lot 209, Lot 733, Lot 956, Lot 1309 – Lot 1311, Lot 1313, Lot 1314, Lot 1393, Lot 1364, PT 86, PT 109 – PT 121, PT 123 Section 67 at Jalan Tun Razak/Jalan Davis, Wilayah Persekutuan, Kuala Lumpur including any subsequent changes thereto as approved by Dewan Bandaraya Kuala Lumpur.

RULE 5 INDUSTRIAL BUILDING FOR THE PURPOSES OF SCHEDULE 3 OF THE ACT

5 In these Rules, a commercial building which is constructed or purchased by a Tun Razak Exchange Marquee status company in the Tun Razak Exchange—

(a) where that company is the owner of that commercial building; and

(b) that commercial building is used by that company for the purpose of a business as specified in the Schedule,

shall be treated as an industrial building for the purposes of Schedule 3 of the Act.
RULE 6 INDUSTRIAL BUILDING ALLOWANCE

6(1) An amount of allowance under paragraph 80 of Schedule 3 of the Act shall be allowed to the Tun Razak Exchange Marquee status company equal to one-tenth of the qualifying building expenditure for that year of assessment and for each of the nine following years of assessment.

6(2) Where part of the building is used as an industrial building, and the other part of the building is not so used, then, if the capital expenditure incurred on the construction of the part which is not so used is not more than one-tenth of the capital expenditure incurred on the construction of the whole building, the building shall be treated as an industrial building for the purpose of Schedule 3 of the Act, and where the whole or some of the capital expenditure incurred on the construction of the part not so used is not identifiable as the capital expenditure incurred on the whole building, the last mentioned expenditure or the part thereof not identifiable as incurred on the respective part of the building, shall be apportioned by reference to the respective floor areas of those respective parts or in such other manner as the Director General may direct.

6(3) Where the industrial building is used for the purpose of a business or an activity referred to in the Schedule is also used for the purpose of a business or an activity other than that business or activity, then the allowances which fall to be made under Schedule 3 to the Act shall be deducted as is reasonable having regard to the extent to which the commercial building is used for the purpose of the first-mentioned business or activity.

6(4) For the purposes of these Rules, the leasing of an industrial building specified in the Schedule shall be regarded as carrying on a leasing activity and income from that leasing activity shall be treated as a separate and distinct source of business under Paragraph 4(a) of the Act.

6(5) Where a Tun Razak Exchange Marquee status company has incurred qualifying building expenditure in relation to an industrial building and the building is disposed of within two years from the date the qualifying building expenditure was incurred, any allowance which but for this paragraph would fall to be made shall not be made; and, where any such allowance has been made, a balancing charge in an amount equal to such allowances shall be made on the company for the year of assessment in the basis period for which the building was disposed of.

RULE 7 ON-APPLICATION

7 These Rules shall not apply in respect of—

(a) qualifying building expenditure incurred by the Tun Razak Exchange Marquee status company after 31 December 2020; and

(b) a company which has been granted exemption under the Income Tax (Exemption) (No. 4) Order 2013 [P.U. (A) 28/2013].
SCHEDULE

1. Banking business or merchant banking business carried out by a licensed institution under the Banking and Financial Institutions Act 1989;
2. Insurance business carried out by a company licensed under the Insurance Act 1996;
3. Islamic banking business carried out by a company licensed under the Islamic Banking Act 1983;
4. Takaful business carried out by a company registered under the Takaful Act 1984;
5. Regulated activities as defined in Schedule 2 of the Capital Markets and Services Act 2007 carried out by the holder of a Capital Markets and Service Licence under the said Act;
6. Regulated activities as specified in the second column of Schedule 4 of the Capital Markets and Services Act 2007 or as may be specified by the Securities Commission, carried out by the registered person under the said Act;
7. Leasing of the commercial building to the following persons, other than individuals, undertaking the following activities:
   (a) banking business or merchant banking business carried out by a licensed institution under the Banking and Financial Institutions Act 1989;
   (b) insurance business carried out by a company licensed under the Insurance Act 1996;
   (c) Islamic banking business carried out by a company licensed under the Islamic Banking Act 1983;
   (d) takaful business carried out by a company registered under the Takaful Act 1984;
   (e) regulated activities as defined in Schedule 2 of the Capital Markets and Services Act 2007 carried out by the holder of a Capital Markets Service Licence under the said Act; or
   (f) regulated activities as specified in the second column of Schedule 4 of the Capital Markets and Services Act 2007 or as may be specified by the Securities Commission carried out by the registered person under the said Act.
INCOME TAX (ACCELERATED CAPITAL ALLOWANCE) (TUN RAZAK EXCHANGE MARQUEE STATUS COMPANY) RULES 2013

PU (A) 29

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowance) (Tun Razak Exchange Marquee Status Company) Rules 2013.

1(2) These Rules shall have effect from 1 January 2014 until 31 December 2020.

RULE 2 APPLICATION

2(1) These Rules shall apply to a Tun Razak Exchange Marquee status company in Malaysia in respect of renovation costs incurred on a building or part of a building located in the Tun Razak Exchange used for the purpose of the company’s business.

2(2) For the purposes of these Rules, renovation costs shall be deemed to be incurred on the day on which the Tun Razak Exchange Marquee status company commences to undertake the whole or part of its business in the Tun Razak Exchange.

RULE 3 INTERPRETATION

3 In these Rules—

“renovation costs” means prescribed renovation costs as set out in the Schedule to these Rules;

“Tun Razak Exchange Marquee status company” means—

(a) a licensed institution under the Banking and Financial Institutions Act 1989 [Act 372] carrying on a banking business or a merchant banking business or a related company within the same group;

(b) a company licensed under the Insurance Act 1996 [Act 553] carrying on insurance business or a related company within the same group;

(c) a company licensed under the Islamic Banking Act 1983 [Act 276] carrying on an Islamic banking business or a related company within the same group;

(d) a company registered under the Takaful Act 1984 [Act 312] carrying on takaful business or a related company within the same group;

(e) a company which is a holder of a Capital Markets Service Licence licensed under the Capital Markets and Services Act 2007 [Act 671];

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
(f) a person, other than an individual, who is a registered person under Section 76 or Section 76A of the Capital Markets and Services Act 2007; and approved by the Minister;

RULE 4 TUN RAZAK EXCHANGE

4 Tun Razak Exchange means the area referred to in the approved development plan for the Tun Razak Exchange on part of Lot 1164, Lot 1207, Lot 1209, Lot 1210, Lot 1217, PT 122 Section 62, Lot 205 – lot 208, part of Lot 209, Lot 733, Lot 956, Lot 1309 – Lot 1311, Lot 1313, Lot 1314, Lot 1393, Lot 1364, PT 86, PT 109 – PT 121, PT 123 Section 67 at Jalan Tun Razak/Jalan Davis, Wilayah Persekutuan, Kuala Lumpur including any subsequent changes thereto as approved by Dewan Bandaraya Kuala Lumpur.

RULE 5 INITIAL ALLOWANCE

5 The Tun Razak Exchange Marquee status company qualifies for the initial allowance provided under paragraph 10 of Schedule 3 to the Act which shall be equal to one-fifth of the renovation costs incurred.

RULE 6 ANNUAL ALLOWANCE

6 The Tun Razak Exchange Marquee status company qualifies for the annual allowance provided under paragraph 15 of Schedule 3 to the Act which shall be equal to two-fifths of the renovation costs incurred.

SCHEDULE

[Rule 3]

1. General electrical installation
2. Lighting
3. Gas system
4. Water system
5. Kitchen fittings
6. Sanitary fittings
7. Door, gate, window, grill and roller shutter
8. Fixed partitions
9. Flooring (including carpets)
10. Wall covering (including paint work)
11. False ceiling and cornices
12. Ornamental features or decorations excluding fine art
13. Canopy or awning
14. Recreation room for employee
15. Air-conditioning system
16. Day care centre for employees’ children
17. Surau
18. Reception area

Provided that the above costs are certified by an external auditor.
INCOME TAX (DEDUCTION FOR RELOCATION COSTS FOR TUN RAZAK EXCHANGE MARQUEE STATUS COMPANY) RULES 2013

[30 January 2013]

IN exercise of the powers conferred by paragraph 154(1)(b) Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Relocation Costs for Tun Razak Exchange Marquee Status Company) Rules 2013.

1(2) These Rules shall have effect from the year of assessment 2014.

RULE 2 INTERPRETATION

2 In these Rules, unless the context otherwise requires—

“relocation costs” means prescribed relocation costs as set out in the Schedule to these Rules;

“relocation” means the moving of all or part of the business operations of a Tun Razak Marquee status company from outside Malaysia to the Tun Razak Exchange or from other parts of Malaysia to the Tun Razak Exchange;

“Tun Razak Exchange Marquee status company” means—

(a) a licensed institution under the Banking and Financial Institutions Act 1989 [Act 372] carrying on a banking business or a merchant banking business or a related company within the same group;

(b) a company licensed under the Insurance Act 1996 [Act 553] carrying on insurance business or a related company within the same group;

(c) a company licensed under the Islamic Banking Act 1983 [Act 276] carrying on an Islamic banking business or a related company within the same group;

(d) a company registered under the Takaful Act 1984 [Act 312] carrying on takaful business or a related company within the same group;

(e) a company which is a holder of a Capital Markets Service Licence licensed under the Capital Markets and Services Act 2007 [Act 671];

(f) a person, other than an individual, who is a registered person under section 76 or 76A of the Capital Markets and Services Act 2007; and

approved by the Minister;

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
**RULE 3 TUN RAZAK EXCHANGE**

3 Tun Razak Exchange means the area referred to in the approved development plan for the Tun Razak Exchange on part of Lot 1164, Lot 1207, Lot 1209, Lot 1210, Lot 1217, PT 122 Section 62, Lot 205 – lot 208, part of Lot 209, Lot 733, Lot 956, Lot 1309 – Lot 1311, Lot 1313, Lot 1314, Lot 1393, Lot 1364, PT 86, PT 109 – PT 121, PT 123 Section 67 at Jalan Tun Razak/Jalan Davis, Wilayah Persekutuan, Kuala Lumpur including any subsequent changes thereto as approved by Dewan Bandaraya Kuala Lumpur.

**RULE 4 DEDUCTION**

4(1) Subject to subparagraph (2), in ascertaining the adjusted income of a Tun Razak Exchange Marquee status company from its business in the basis period for a year of assessment, there shall be allowed a deduction for the relocation costs incurred by the Tun Razak Exchange Marquee status company to relocate the whole or part of its business to the Tun Razak Exchange, provided such relocation takes place not later than 31 December 2020.

4(2) Relocation costs will be deemed to be incurred in the year of assessment in which the Tun Razak Exchange Marquee status company commences to undertake the whole or part of its business in the Tun Razak Exchange.

4(3) The deduction under subparagraph (1) shall only be in respect of costs which are not deductible under subsection 33(1) of the Act.

**SCHEDULE**

[Rule 3]

1. Fees incurred for planning and execution or supervision of the relocation process
2. Packing and unpacking (materials and labour charges)
3. Transportation (air, sea or road)
4. Insurance premium (coverage for lost or damaged items during the moving process)
5. Temporary warehousing
   
   Provided that the above costs are certified by an external auditor.
INCOME TAX (DEDUCTION FOR RENTAL PAYMENTS) (TUN RAZAK EXCHANGE MARQUEE STATUS COMPANY) RULES 2013

PU (A) 31

[30 January 2013]

IN exercise of the powers conferred by paragraph 154(1)(b) Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Rental Payments) (Tun Razak Exchange Marquee Status Company) Rules 2013.

1(2) These Rules shall have effect from the year of assessment 2014.

RULE 2 INTERPRETATION

2 In these Rules—

“commercial building” means a building or part of a building located within the Tun Razak Exchange but does not include a building or part of a building used for the purpose of living accommodation.

“Tun Razak Exchange Marquee status company” means—

(a) a licensed institution under the Banking and Financial Institutions Act 1989 [Act 372] carrying on a banking business or a merchant banking business or a related company within the same group;

(b) a company licensed under the Insurance Act 1996 [Act 553] carrying on insurance business or a related company within the same group;

(c) a company licensed under the Islamic Banking Act 1983 [Act 276] carrying on an Islamic banking business or a related company within the same group;

(d) a company registered under the Takaful Act 1984 [Act 312] carrying on takaful business or a related company within the same group;

(e) a company which is a holder of a Capital Markets Service Licence licensed under the Capital Markets and Services Act 2007 [Act 671];

(f) a person, other than an individual, who is a registered person under section 76 or 76A of the Capital Markets and Services Act 2007; and

approved by the Minister;

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
RULE 3  TUN RAZAK EXCHANGE

3  Tun Razak Exchange means the area referred to in the approved development plan for the Tun Razak Exchange on part of Lot 1164, Lot 1207, Lot 1209, Lot 1210, Lot 1217, PT 122 Section 62, Lot 205 – lot 208, part of Lot 209, Lot 733, Lot 956, Lot 1309 – Lot 1311, Lot 1313, Lot 1314, Lot 1393, Lot 1364, PT 86, PT 109 – PT 121, PT 123 Section 67 at Jalan Tun Razak/Jalan Davis, Wilayah Persekutuan, Kuala Lumpur including any subsequent changes thereto as approved by Dewan Bandaraya Kuala Lumpur;

RULE 4  DEDUCTION

4(1) Subject to subparagraphs (2) and (3), in ascertaining the adjusted income of a Tun Razak Exchange Marquee status company from its business in the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to one-half of the rental payments incurred by the Tun Razak Exchange Marquee Status company in respect of a rented commercial building used for the purposes of its business in the Tun Razak Exchange.

4(2) The deduction under these Rules shall be in addition to any deduction allowable under subsection 33(1) of the Act.

4(3) The deduction under these Rules shall be given for a period of ten years from the date the Tun Razak Exchange Marquee status company commences to undertake the whole or part of its business in the Tun Razak Exchange.

RULE 5  NON-APPLICATION

5  These Rules shall not apply to a Tun Razak Exchange Marquee status company which commences to undertake the whole or part of its business in the Tun Razak Exchange after 31 December 2020.
INCOME TAX (DEDUCTION FOR PRE-COMMENCEMENT EXPENSES IN RELATION TO REFINERY AND PETROCHEMICAL INTEGRATED DEVELOPMENT) RULES 2013

PU (A) 43

[29 January 2013]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Pre-Commencement Expenses in relation to Refinery and Petrochemical Integrated Development) Rules 2013.

1(2) These Rules shall be deemed to have effect from the year of assessment 2010.

RULE 2 INTERPRETATION

2(1) In these Rules—

“qualifying activity” means any of the following activity carried out by a qualifying person in RAPID Complex—

(a) blending, processing or cracking of crude, condensates, feedstock or intermediate feedstock;

(b) production, manufacturing or product development of petroleum, petrochemical, chemicals, intermediate, final products or its related by-products;

(c) storing, formulating, blending, distributing or marketing of petroleum, petrochemical, chemicals, intermediate, final products or its related by-products;

(d) re-gasification of LNG to gas and relevant distribution; or

(e) generation, distribution or sales of all forms of utilities including but not limited to electricity, water, steam, gases, hydrogen, air or waste treatment;

“RAPID Complex” means a complex which consists of liquid cracker plants, refinery plants, petrochemical or chemical production plants and all support and auxiliary facilities including but not limited to liquid natural gas (LNG), Receiving and Regasification Terminal (RGT), COGEN power plant, storage facilities or waste disposal facilities, and located in Pengerang, Johor;

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“qualifying person” means—

(a) Petroliam Nasional Berhad;
(b) any other company incorporated under the Companies Act 1965 [Act 125] where Petroliam Nasional Berhad holds at least 51 per cent paid up capital in respect of ordinary shares; or
(c) any other company incorporated under the Companies Act 1965 which carries out qualifying activity within the RAPID Complex where Petroliam Nasional Berhad holds, either directly or indirectly, ordinary shares in that company.

2(2) For the purpose of this Rules, “RAPID” is an abbreviation for Refinery and Petrochemical Integrated Development.

RULE 3 DEDUCTION

3(1) Subject to subrule (2), in ascertaining the adjusted income of qualifying person from its qualifying activity in the basis period for a year of assessment, there shall be allowed as deduction on expenses incurred by that person prior to the commencement of that qualifying activity.

3(2) The expenses referred to in subrule (1) as specified in the Schedule shall be incurred within seven years prior to the date of commencement of the qualifying activity and that date shall not be earlier than 1 October 2010.

History
R. 3(2) amended by PU (A) 183/2015, r. 2, effective from the year of assessment 2010, by substituting “seven” for “four”.

3(3) The expenses incurred under these Rules in relation to a qualifying activity prior to the commencement of that qualifying activity shall be deemed to be incurred on the day such activity commences.

Schedule

[Subrule 3(2)]

(a) Manpower costs
   – Employees emoluments and recruitment of employees including fees paid to recruitment agencies
(b) Travelling costs
   – Accommodation
   – Air fare
   – Meal allowance
   – Mileage claim
(c) Lease and rental
   – Lease
   – Rental
   – Utilities
(d) Staff training
   – Pre-employment training in relation to the qualifying activity
(e) Fees for information technology and financial services
   - Provision and procurement of services which includes consultancy, in relation to design, engineering, technical, commercial, financial, legal, project management services or information technology

(f) Detailed Feasibility Studies, Front End Engineering Design and feasibility studies
   - Detailed Feasibility Studies
   - Pre-Front End Engineering Design
   - Site Survey
   - Preparation or Environment impact Assessment
   - Feasibility studies

(g) Fees for licensing and engineering

(h) Interest during construction
   - Interest during construction of building or factory

(i) Insurance premium for employees, assets and goods
INCOME TAX (DEDUCTION FOR INVESTMENT IN A PROJECT OF COMMERCIALISATION OF RESEARCH AND DEVELOPMENT FINDINGS) RULES 2013

PU (A) 51

[13 February 2013]

IN exercise of the powers conferred by paragraphs 154(1)(b) and 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Investment in a Project of Commercialisation of Research and Development Findings) Rules 2013.
1(2) These Rules are deemed to have come into operation on 29 September 2012.

RULE 2 INTERPRETATION
2 In these Rules—
“research and development findings” means research and development findings in the non-resource based activity or product listed in the Schedule and wholly owned by a public research institute or public institute of higher learning in Malaysia;
“investment” means an investment in the form of cash in a related company for which the related company has no obligation to repay, or the holding of paid-up share capital in cash in respect of ordinary shares in a related company;
“commercialisation” means a process of transforming research and development findings into a product or process that has an industrial application or that is marketable;
“related company” means a company incorporated under the Companies Act 1965 [Act 125] where at least seventy (70) per centum of its paid-up share capital in respect of ordinary shares are directly owned by a company that has made an investment in a commercialisation project.

RULE 3 DEDUCTION
3(1) Subject to these Rules, for the purpose of ascertaining the adjusted income of a company incorporated under the Companies Act 1965 and resident in Malaysia from its business, a deduction shall be allowed in the basis period for a year of assessment of an amount equivalent to the value of investment made for the sole purpose of financing a project on commercialisation of research and development findings in the basis period for that year of assessment in a related company.

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Rule 3(1)
3(2) The value of investment referred to in subrule (1) which is claimed as a deduction—

(a) shall be equivalent to the expenditure incurred by the related company in the basis period for the same year of assessment for the operation of its commercialisation activity and asset used for that activity; and

(b) shall not be disposed of within five years from the date of the last investment made if such investment is in the form of holding of paid-up share capital in respect of the ordinary shares.

3(3) Subject to subrules (4) and (5), where a company which has made an investment in the form of holding of paid-up share capital in respect of ordinary shares and claimed a deduction in respect of that investment under subrule (1) receives an amount as a consideration for the disposal of the shares, the amount received by that company shall be added in ascertaining its adjusted income for the year of assessment in a basis period in which that amount is received.

3(4) The amount referred to in subrule (3) shall not exceed the total deductions allowed in relation to that investment.

3(5) Subrule (3) shall not apply where disposal of the shares referred to in subrule (3) take place after five years from the date of the last investment in the form of paid-up share capital in respect of ordinary shares is made in the related company.

RULE 4 CONDITION FOR DEDUCTION

4 To qualify for a deduction under rule 3, the company claiming that deduction shall satisfy the following conditions:

(a) the application for approval for the project of commercialisation shall be made to the Malaysian Investment Development Authority on or after 29 September 2012 but not later than 31 December 2017;

(b) the company is a company incorporated in Malaysia under the Companies Act 1965; and

(c) the project of commercialisation shall commence within one year from the date of approval issued by the Malaysian Investment Development Authority.

RULE 5 CESSATION OF DEDUCTION

5 Where an investment is made by a company for the purpose of the commercialisation of research and development findings is given a deduction under these Rules, that deduction shall cease in the basis period for a year of assessment in which the tax exemption period of the related company commences as determined by the Minister or the Minister of International Trade and Industry, as the case may be.
SCHEDULE

[Rule 2]

1. Electrical and electronics;
2. Medical devices;
3. Technical or functional textiles;
4. Machinery and equipment;
5. Metals; and
6. Transport equipment.
INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF RETAIL DEBENTURE AND RETAIL SUKUK) RULES 2013

PU (A) 71

[22 February 2013]

IN exercise of the powers conferred by paragraphs 154(1)(b) and 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Expenditure on Issuance of Retail Debenture and Retail Sukuk) Rules 2013.
1(2) These Rules are deemed to have effect from the year of assessment 2012 until the year of assessment 2015.

RULE 2 DEDUCTION
2(1) For the purpose of ascertaining the adjusted income of a company resident in Malaysia, from its business for the basis period for a year of assessment, a deduction on additional expenses incurred by the company shall be allowed on the issuance of—
(a) a retail debenture approved or authorized by the Securities Commission under the Capital Markets and Services Act 2007 [Act 671]; and
(b) a retail sukuk approved or authorized by the Securities Commission under the Capital Markets and Services Act 2007.
2(2) The following are the additional expenses referred to in subrule (1):
(a) a professional fee relating to due diligence, drafting and preparation of prospectus;
(b) a printing cost of prospectus;
(c) an advertisement cost of prospectus;
(d) the Securities Commission prospectus registration fee;
(e) the Bursa Malaysia processing fee and initial listing fee;
(f) the Bursa Malaysia new issue crediting fee; and
(g) a primary distribution fee.
2(3) A retail debenture referred to in paragraph (1)(a)—
(a) has the same meaning assigned to the definition of “debenture” in the Capital Market and services Act 2007; and
(b) shall be any debenture that is proposed to be issued or offered to a retail investor and includes a debenture where an invitation to subscribe or purchase of the debenture is proposed to be issued to the retail investor.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
2(4) A retail sukuk referred to in paragraph (1)(a)—
(a) has the same meaning as provided in the guidelines relating to sukuk issued by the Securities Commission under the Capital Markets and Services Act 2007; and
(b) shall be any sukuk that is proposed to be issued or offered to a retail investor and includes a sukuk where an invitation to subscribe or purchase of the sukuk is proposed to be issued to the retail investor.

2(5) A retail investor referred to in subrules (2) and (3) shall be any person other than—
(a) the Central Bank of Malaysia referred to in the Central Bank of Malaysia Act 2009 [Act 701];
(b) a person to whom an excluded offer or excluded invitation is made as specified in Part I of Schedule 6 to the Capital Markets and Services Act 2007; and
(c) a person to whom an excluded issue is made as specified in Part I of Schedule 7 to the Capital Markets and Services Act 2007.

2(6) The total amount of deduction allowed under paragraph (1)(a) shall be equivalent to twice the amount of additional expenses allowed under these Rules.

2(7) The total amount of deduction allowed under paragraph (1)(b) shall be an amount equal to the additional expenses allowed under these Rules.
INCOME TAX (DEDUCTION FOR EXPENSES IN RELATION TO INTEREST AND INCIDENTAL COST IN ACQUIRING LOAN FOR ABANDONED PROJECTS) RULES 2013

[27 February 2013]

IN Exercise of the powers conferred by paragraphs 154(1)(b) and 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Expenses in relation to Interest and Incidental Cost in Acquiring Loan for Abandoned Projects) Rules 2013.

1(2) These Rules have effect from the year of assessment 2013 and subsequent years of assessment.

RULE 2 INTERPRETATION

2 In these Rules—

“bank or financial institution” means—

(a) a bank or finance company licensed or deemed to be licensed under the Banking and Financial Institutions Act 1989 [Act 372];

(b) a bank licensed under the Islamic Banking Act 1983 [Act 276];

(c) a development financial institution prescribed under the Development Financial Institutions Act 2002 [Act 618];

(d) an insurance business licensed under Insurance Act 1996 [Act 553]; or

(e) a takaful operator licensed under the Takaful Act 1984 [Act 312];

“qualifying person” means a rescuing contractor or developer who is appointed or approved by the Minister of Housing and Local Government or liquidator to carry on rehabilitation works for an abandoned project;

“liquidator” means any liquidator appointed by a court for the purpose of an abandoned project;

“loan” means a loan granted by a bank or a financial institution to finance an abandoned project;

“abandoned project” means a project which is certified by the Minister of Housing and Local Government as an abandoned project pursuant to paragraph 11(1)(ca) of the Housing Development (Control and Licensing) Act 1966 [Act 118].

Rule 1(1)
RULE 3  APPLICATION

3(1) These Rules shall apply to a loan approved on or after 1 January 2013 but not later than 31 December 2015.

3(2) These Rules shall apply to interest expenses incurred by a qualifying person for a period of three consecutive years of assessment from the year of assessment in which the loan is approved.

RULE 4  DEDUCTION

4(1) Subject to these Rules, for the purpose of ascertaining an adjusted income of a qualifying person resident in Malaysia from its business for a basis period for a year of assessment, a deduction shall be allowed for any outgoings and expenses as described in subrule (2) which are—

(a) incurred by that qualifying person during that basis period in respect of his business;

(b) incurred primarily or principally for the purpose of the abandoned project.

4(2) The outgoings and expenses referred to in subrule (1) are—

(a) expenses incurred in the course of acquiring loan for the purpose of the abandoned project.

(b) expenses in respect of interest incurred on the loan.

4(3) The amount of deduction allowed under paragraph (2)(a) shall be equivalent to twice the amount of expenses allowed under that paragraph.

4(4) The amount of deduction allowed under paragraph (2)(b) shall be in addition to any deduction under section 33 of the Act.

4(5) Any deduction referred to in subrules (3) and (4) shall only be claimed in the basis period for a year of assessment in which the abandoned project is completed.

4(6) The development expenditure for the abandoned project shall be capitalized and claimed in the year of assessment the project is completed.

4(7) The portion of general and administrative expenses attributable to the abandoned project shall be accumulated and claimed in the basis period for a year of assessment the project is completed.

4(8) Schedule 3 to the Act shall apply to all assets used for the purpose of the abandoned project.

4(9) The capital allowance referred to in subrule (8) shall be accumulated and claimed in the basis period for a year of assessment the abandoned project is completed.

4(10) When the abandoned project is completed, the qualifying person shall ascertain the actual profit or loss derived from the abandoned project by preparing the final account.

4(11) Subsections 43(2) and 44(2) of the Act shall apply in determining the total income of the qualifying person.

4(12) Where the abandoned project is completed, any unabsorbed capital allowance of the qualifying person under subrule (9) shall be disregarded.
RULE 5 DETERMINATION OF GROSS INCOME

5(1) In ascertaining the gross income of qualifying person from the business of his in relation to the abandoned project, each of the abandoned project and any other project carried on by the qualifying person shall be treated as a separate and distinct source of income of the qualifying person from his construction or property development business.

5(2) The qualifying person shall maintain a separate account for the income derived from the abandoned project.

5(3) For the purpose of this rule, the gross income of a qualifying person from the abandoned project referred to in subrule (1) shall be the total amount accrued to the qualifying person by the Ministry of Housing and Local Government upon completion of the abandoned project.

RULE 6 DATE OF COMMENCEMENT OF ABANDONED PROJECT

6 The date of commencement of an abandoned project shall be from the date of award of the abandoned project by the Ministry of Housing and Local Government or a liquidator.

RULE 7 DATE OF COMPLETION OF ABANDONED PROJECT

7 An abandoned project shall be deemed to have been completed on a date on which the certificate of practical completion or Certificate of Completion and Compliance, or any other certification which has a similar effect, is issued to the qualifying person by an authorised person or body, and surrendered by the qualifying person to the Ministry of Housing and Local Government or a liquidator.

RULE 8 NON-APPLICATION

INCOME TAX (DEDUCTION FOR PAYMENT OF PREMIUM TO MALAYSIA DEPOSIT INSURANCE CORPORATION) RULES 2013

PU (A) 131

[22 March 2013]

IN exercise of the powers conferred by paragraphs 154(1)(b) and 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Payment of Premium to Malaysia Deposit Insurance Corporation) Rules 2013.

1(2) These Rules are deemed to have effect from the year of assessment 2005 until the year of assessment 2010 for a financial institution provided in paragraph 36(1)(a) of the Malaysia Deposit Insurance Corporation Act 2011 [Act 720].

1(3) These Rules are deemed to have effect from the year of assessment 2011 and subsequent years of assessment for a financial institution provided in subsection 36(1) and a takaful operator or an insurance company provided in subsection 36(2) of the Malaysia Deposit Insurance Corporation Act 2011.

RULE 2 APPLICATION

2 These Rules apply to a member institution specified in subsections 36(1) and (2) of the Malaysia Deposit Insurance Corporation Act 2011.

RULE 3 DEDUCTION

3(1) For the purpose of ascertaining the adjusted income of a member institution from its business for a basic period for a year of assessment, there shall be allowed a deduction of an amount equivalent to the first premium or annual premium paid by that member institution to the Malaysia Deposit Insurance Corporation for that year of assessment.

3(2) For the purpose of subrule (1), the amount of deduction for premium paid shall be as determined under—

(a) sections 42, 43 and 44 of the Malaysia Deposit Insurance Corporation Act 2005 [Act 642] in respect of a member institution under paragraph 36(1)(a) of the Malaysia Deposit Insurance Corporation Act 2011; or

(b) sections 47, 48 and 49 or sections 71, 72 and 73 of the Malaysia Deposit Insurance Corporation Act 2011 in respect of a member institution under subsections 36(1) and (2) of the Malaysia Deposit Insurance Corporation Act 2011.
RULE 4 REVOCATION

INCOME TAX (DEDUCTION FOR COST OF ACQUISITION OF FOREIGN OWNED COMPANY) RULES 2013

PU (A) 218

[26 June 2013]

IN exercise of the powers conferred by paragraphs 154(1)(b) and 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Cost of Acquisition of Foreign Owned Company) Rules 2013.

1(2) These Rules are deemed to have come into operation on 3 July 2012.

RULE 2 INTERPRETATION

2 In these Rules—

``manufacturing'' has the same meaning assigned to it in paragraph 9 of Schedule 7A of the Act read together with the Income Tax (Prescription of Activity Excluded from the Definition of “Manufacturing”) Rules 2012 [P.U. (A) 23/2012];

``business'' means the business of manufacturing or provision of services (excluding financial and utilities) referred to in paragraph 3(b);

``foreign owned company'' means a company as provided under rule 4;

``locally owned company'' means a company as provided under rule 3;

``high technology'' means new and emerging technology.

RULE 3 LOCALLY OWNED COMPANY

3 Subject to rule 5, a locally owned company eligible for deduction under these Rules is a company which is—

(a) incorporated under the Companies Act 1965 [Act 125] and resident in Malaysia; and

(b) carrying on the business of manufacturing of product or the provision of selected services in Malaysia approved by the Minister—

(i) for a company which is not listed on the stock exchange established under subsection 15(2) of the Capital Markets and Services Act 2007 [Act 671], which at least sixty per cent of its paid-up capital in respect of ordinary shares are directly owned by Malaysian citizen; or
(ii) for a company which is listed on the stock exchange established under subsection 15(2) of the Capital Markets and Services Act 2007—

(A) which at least sixty per cent of its paid-up capital in respect of ordinary shares are directly owned by the Malaysian citizen on the first day of listing on the stock exchange; and

(B) which at least fifty per cent of its ordinary shares are directly owned by the Malaysian citizen.

RULE 4 FOREIGN OWNED COMPANY

4 A foreign owned company referred to for the purpose of deduction under these Rules is a company located outside Malaysia—

(a) which is established under any written law relating to the establishment of a company outside Malaysia;

(b) which is wholly owned, directly or indirectly, by non-Malaysian citizen; and

(c) which owns and uses high technology in the activity of manufacturing or provision of selected services outside Malaysia.

RULE 5 APPLICATION

5 These Rules shall apply to a locally owned company which—

(a) submits an application for deduction for cost of acquisition of foreign owned company on or after 3 July 2012 but not later than 31 December 2016 to the Malaysian Investment Development Authority, and the said application has been approved by the Minister;

(b) acquires at least fifty one percent of paid-up capital in respect of ordinary shares of a foreign owned company in the form of cash transaction;

(c) uses the high technology acquired from that foreign company in his business for the purpose of creating or increasing a demand on the product manufactured in Malaysia or services provided in Malaysia, as the case may be and with the objective of using the said technology for—

(i) the production or improvement of material, devices, products, produce or processes; or

(ii) the improvement of processing or quality of the selected services; and

(d) has not been granted any incentives under the Promotion of Investments Act 1986 [Act 327] except pioneer status or investment tax allowance as a high technology company.

RULE 6 DEDUCTION

6(1) For the purpose of ascertaining the adjusted income from the business of a locally owned company which has paid cost of acquisition of a foreign owned company in the basis period for a year of assessment, a deduction shall be allowed of an amount equal to one-fifth of that cost for that year of assessment and for each of the four following years of assessment.
6(2) The cost of acquisition of a foreign owned company approved by the Minister is deemed to be made in the basis period for the year of assessment in which the date of the full settlement for the acquisition falls as verified by the Malaysian Investment Development Authority.

6(3) The acquisition must be completed within three years from the date of application to the Malaysian Investment Development Authority.

6(4) Subject to subrule (5), where the cost of acquisition of foreign owned company is paid by a pioneer company, the pioneer company may make an election that the deduction referred to in subrule (1) be allowed commencing from the year of assessment in the first basis period in respect of its post-pioneer business and the four following years of assessment.

6(5) Where the paid-up capital in respect of ordinary shares of the acquired foreign owned company is disposed of within five years from the date of completion of the acquisition, the deduction referred to in subrule (1) shall be withdrawn and be treated as gross income of the locally owned company in the year of assessment in which those shares are disposed of in the respective years of assessment where such deduction has been allowed.

6(6) In this rule—
(a) “disposed of” means sold, conveyed, transferred or assigned, or alienated with or without consideration; and
(b) “post-pioneer business” and “pioneer company” has the same meaning as assigned to it in section 2 of the Promotion of Investments Act 1986.

RULE 7 INELIGIBILITY FOR DEDUCTION

7(1) The deduction under these Rules is not eligible for a locally owned company which in the basis period for a year of assessment—
(a) has made a claim for reinvestment allowance under Schedule 7A or investment allowance for service sector under Schedule 7B of the Act;
(b) has been granted an exemption under section 127 of the Act;
(c) has made a claim for a deduction under any Rules made under section 154 of the Act except for allowance under Schedule 3 to the Act; or
(d) is a related company of a locally owned company which application for deduction under these Rules has been approved.

7(2) In this rule, “related company” has the same meaning assigned to it in section 2 of the Promotion of Investments Act 1986.
INCOME TAX (DEDUCTION FOR TRAINING COSTS UNDER SKIM LATIHAN 1MALAYSIA FOR UNEMPLOYED GRADUATES) RULES 2013

PU (A) 260

[29 July 2013]

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Training Costs under Skim Latihan 1Malaysia for Unemployed Graduates) Rules 2013.

1(2) These Rules are deemed to have come into operation on 1 June 2012.

RULE 2 INTERPRETATION

2. In these Rules, unless the context otherwise requires—

``trainee'' means an unemployed graduate of Malaysian citizen who undergoes a training scheme;

``training scheme'' means the Skim Latihan 1Malaysia programme of eight to twelve continuous months for the unemployed graduates approved by the Economic Planning Unit under the Prime Minister’s Department of Malaysia;

``qualifying company'' means a company—

(a) incorporated in Malaysia under the Companies Act 1965 [Act 125]; and

(b) approved by the Economic Planning Unit under the Prime Minister’s Department of Malaysia to participate in the training scheme.

RULE 3 DEDUCTION

3(1) For the purpose of ascertaining an adjusted income of a qualifying company in Malaysia from its business for a basis period for a year of assessment, a deduction shall be allowed for any outgoings and expenses as described in subrule (2) which were incurred by that qualifying company during that basis period for conducting the training scheme.

3(2) The outgoings and expenses referred to in subrule (1) for each training scheme are—

(a) monthly training allowance of not less than one thousand ringgit paid to the trainees for a maximum period of twelve months;

(b) expenditure incurred for the training provided to the trainees;

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(c) expenditure incurred for food, travelling and accommodation allowances of the
trainees during the training scheme; and

(d) fees paid to a person who has been appointed to conduct soft-skills training under
the training scheme.

3(3) The total amount of deduction allowable under paragraphs (2)(b), (c) and (d) for
each trainee shall not exceed five thousand ringgit for each training scheme.

3(4) The amount of deduction allowed under subrule (1) shall be equivalent to double
the amount of outgoings and expenses allowed under these Rules.

3(5) For the purpose of qualifying for the deduction under these Rules, the qualifying
company claiming for the deduction shall produce a letter from the Economic Planning
Unit under the Prime Minister’s Department of Malaysia specifying that—

(a) the training scheme has been approved by Economic Planning Unit under the Prime
Minister’s Department of Malaysia where the date of approval begins from 1 June
2012 until 31 December 2020; and

(b) the implementation of the training scheme shall commence within twelve months
from the date of approval by the Economic Planning Unit under the Prime
Minister’s Department of Malaysia.

History
R. 3(5)(a) amended by PU (A) 53/2015, r. 2, effective for the
year of assessment 2015, by substituting “31 December
2020” for “31 December 2016”.

Thornton’s Malaysian Tax Commentaries  Rule 3(5)
INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF AGRO SUKUK) RULES 2013

IN exercise of the powers conferred by paragraphs 154(1)(b) and 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Expenditure on Issuance of Agro Sukuk) Rules 2013.

1(2) These Rules shall have effect from the year of assessment 2013 until the year of assessment 2015.

RULE 2 DEDUCTION

2(1) For the purpose of ascertaining the adjusted income of a company resident in Malaysia from its business in the basis period for a year of assessment, a deduction shall be allowed for expenditure incurred by the company on the issuance of an Agro Sukuk approved or authorized by the Securities Commission under the Capital Markets and Services Act 2007 [Act 671].

2(2) The Agro Sukuk referred to in subrule (1)—

(a) has the same meaning assigned to the definition of ‘sukuk’ in the Guidelines on Sukuk issued by the Securities Commission pursuant to section 377 of the Capital Markets and Services Act 2007;

(b) shall be any sukuk issued or offered in accordance with the principles of Musyarakah, Mudharabah, Wakalah bi al-Istithmar and Ijarah as provided in the Guidelines on Sukuk issued by the Securities Commission pursuant to section 377 of the Capital Markets and Services Act 2007; and

(c) in which seventy percent of proceeds raised from the issuance or offering of the sukuk are used for the following purposes:

(i) funding a business in the agriculture sector (excluding working capital);

(ii) acquiring a business in the agriculture sector; or

(iii) both activities referred to in subparagraphs (i) and (ii).

2(3) The sukuk issued or offered in accordance with the principle of Wakalah bi al-Istithmar referred to in paragraph (2)(b) shall consist of a mixed component of debt and assets.
A business in the agriculture sector referred to in paragraph (2)(c) means a business of conducting operations or business activity in relation to the following:

(a) cultivating, planting, harvesting or nurturing oil palm, rubber, paddy, fruits, vegetables, coconut, sugarcane, tea, flowers, pepper or cocoa;
(b) rearing or breeding livestock;
(c) cultivating, breeding, nurturing or catching fish or other aquatic animals; and
(d) cultivating, planting, harvesting or nurturing other crops.

The total amount of deduction allowed under subrule (1) shall be equivalent to twice the amount of expenditure allowed under these Rules.

A company in the basis period for a year of assessment shall not qualify for the deduction under these Rules where for that year of assessment the company has made a claim for a deduction for expenditure on the issuance of sukuk referred to in subrule 2(1), under any Rules made under section 154 of the Act.
INCOME TAX (DEDUCTION FOR CASH CONTRIBUTION TO BANTUAN PELAJAR MISKIN 1MALAYSIA FUND) RULES 2013

IN exercise of the powers conferred by paragraphs 154(1)(b) and 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Cash Contribution to Bantuan Pelajar Miskin 1Malaysia Fund) Rules 2013.

1(2) These Rules are deemed to have effect from the year of assessment 2012 until the year of assessment 2017.

RULE 2 INTERPRETATION

2 In these Rules—

“Bantuan Pelajar Miskin 1Malaysia Fund” means a fund under the Tabung Pendidikan Tinggi Nasional administratively created by the Perbadanan Tabung Pendidikan Tinggi Nasional for the purpose of receiving cash contribution for Bantuan Pelajar Miskin 1Malaysia;

“qualifying person” means a person as specified in subrule 3(1).

RULE 3 DEDUCTION

3(1) The following person who has paid cash contribution to the Bantuan Pelajar Miskin 1Malaysia Fund is qualified to be allowed a deduction from his sources:

(a) a resident in Malaysia who has—

(i) sources of income consisting of a business only; or

(ii) sources of income consisting of a combination of business and other sources of income;

(b) a company incorporated in Malaysia under the Companies Act 1965 [Act 125];

(c) a limited liability partnership established under the Limited Liability Partnerships Act 2012 [Act 743]; or

(d) a co-operative society registered under the Co-operative Societies Act 1993 [Act 502].

3(2) In ascertaining the adjusted income of a qualifying person from his sources consisting of a business in the basis period for a year of assessment, there shall be calculated deductions allowed for cash contribution paid by that qualifying person to the Bantuan Pelajar Miskin 1Malaysia Fund.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
3(3) The amount of deduction allowed under subrule (2) shall be twice the actual amount of the cash contribution referred to in subrule (2).

3(4) The qualifying person claiming for a deduction under these Rules shall keep an official receipt from the Perbadanan Tabung Pendidikan Tinggi Nasional verifying the amount of the contribution, and the date the contribution is paid.

RULE 4 DISQUALIFICATION FROM DEDUCTION

4 The deduction under these Rules is not eligible to—

(a) a business trust established under the Capital Markets and Services Act 2007 [Act 671];
(b) an investment holding company referred to in sections 60F and 60FA of the Act;
(c) an insurance company licensed under the Financial Services Act 2013 [Act 758];
(d) a takaful operator licensed under the Islamic Financial Services Act 2013 [Act 759]; and
(e) a company that has made a claim for a deduction under any rules made under section 154 of the Act.
INCOME TAX (DEDUCTION FOR EXPENDITURE IN RELATION TO VENDOR DEVELOPMENT PROGRAMME) RULES 2014

PU (A) 169

[10 June 2014]

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Expenditure in relation to Vendor Development Programme) Rules 2014.

1(2) These Rules have effect from the year of assessment 2014.

RULE 2 APPLICATION

2 These Rules shall apply to an anchor company—

(a) which is incorporated under the Companies Act 1965 [Act 125];

(b) which is resident in Malaysia;

(c) which participates in the Vendor Development Programme; and

(d) which signs a memorandum of understanding with the Ministry charged with the responsibility for international trade and industry under the Vendor Development Programme from 1 January 2014 until 31 December 2016.

RULE 3 VENDOR DEVELOPMENT PROGRAMME

3(1) The Vendor Development Programme is a programme approved by the Minister charged with the responsibility for international trade and industry, to be implemented by an anchor company in developing a new vendor company or strengthening the development of existing vendor company, at domestic and international level.

3(2) The vendor company referred to in subrule (1) is a company—

(a) which is incorporated under the Companies Act 1965;

(b) which is resident in Malaysia; and

(c) which is a manufacturer or supplier of components, or service provider of the anchor company under the Vendor Development Programme.
RULE 4 DEDUCTION

4(1) For the purposes of ascertaining the adjusted income of an anchor company from its business in the basis period for a year of assessment, there shall be allowed a deduction on the amount of expenditure incurred by that anchor company to carry out the following activities in relation to the Vendor Development Programme in the basis period for that year of assessment:

(a) activities in relation to product development namely product quality development, product innovation or research and development;
(b) activities in relation to capability improvement namely certification programme, assessment programme or business process re-engineering; or
(c) activities in relation to human capital namely hard skill training, lean management, financial management system or capacity building.

4(2) The amount of deduction allowed under subrule (1) shall be equivalent to twice the amount of expenditure incurred by the anchor company.

4(3) The amount of expenditure referred to in subrule (1) shall be verified by the Minister charged with the responsibility for international trade and industry and the total amount of the expenditure shall not exceed three hundred thousand ringgit for each year of assessment:

Provided that such expenditure shall not include capital expenditure incurred on plant, machinery, fixtures, land, premises, buildings, structures or works of a permanent nature or on alterations, additions or extensions thereof or in the acquisition of any rights in or over any property, incurred by the anchor company.

4(4) The deduction referred to in subrule (1) shall be for a period of three consecutive years of assessment commencing from the year of assessment in the basis period of which the first expenditure specified in subrule (1) is incurred.
INCOME TAX (DEDUCTION FOR EXPENDITURE IN RELATION TO MINIMUM WAGES) RULES 2014

[1 July 2014]

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Expenditure in relation to Minimum Wages) Rules 2014.

1(2) These Rules have effect from the year of assessment 2014.

RULE 2 DEDUCTION

2(1) For the purposes of ascertaining the adjusted income of a qualifying person from his business in the basis period for a year of assessment, there shall be allowed to that qualifying person a deduction on the expenditure incurred by that qualifying person, which is equal to the amount specified in subrule (2), to pay minimum wages to his employee between the months of January 2014 until December 2014 in that basis period for that year of assessment.

2(2) The amount referred to in subrule (1) is the amount of the difference between the amount of minimum wages paid by a qualifying person to his employee for the month of January 2014 and the amount of wages paid by that qualifying person to the same employee for the month of December 2013.

2(3) A qualifying person referred to in subrule (1) is—

(a) a small and medium enterprise in the manufacturing sector which is resident in Malaysia, which at the end of the basis period for a year of assessment—

(i) has not more than two hundred full-time employees; or

(ii) has achieved annual sales of not more than fifty million ringgit;

(b) a small and medium enterprise in the services sector and other sectors which is resident in Malaysia, which at the end of the basis period for a year of assessment—

(i) has not more than seventy five full-time employees; or

(ii) has achieved annual sales of not more than twenty million ringgit;

(c) a co-operative society established under the Co-operative Societies Act 1993 [Act 502] and resident in Malaysia; or

(d) a society established under the Societies Act 1966 [Act 335] and resident in Malaysia.

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
2(4) An employee referred to in subrule (1) is—

(a) a full-time employee;

(b) an employee whose contract of service with a qualifying person commences prior to 1 January 2014 and the employee works for the qualifying person between the period of 1 January 2014 until 31 December 2014;

(c) an employee whose amount of wages received prior to 1 January 2014 is less than the minimum wages; and

(d) an employee who is not a domestic servant as defined under section 2 of the Employment Act 1955 [Act 265], section 2 of the Sabah Labour Ordinance [Cap. 67] and section 2 of the Sarawak Labour Ordinance [Cap. 76].

2(5) The deduction referred to in subrule (1) is additional to the deduction in relation to the payment of wages to the employee which is allowable under section 33 of the Act.

2(6) For the purposes of this rule—

“wages” has the same meaning assigned to it under the National Wages Consultative Council Act 2011 [Act 732];

“minimum wages” means the amount of monthly minimum wages provided under the Minimum Wages Order 2012 [P.U. (A) 214/2012];

“contract of service” has the same meaning assigned to it under the National Wages Consultative Council Act 2011;

“employee” has the same meaning assigned to it under the National Wages Consultative Council Act 2011.
INCOME TAX (ACCELERATED CAPITAL ALLOWANCE) (INFORMATION AND 
COMMUNICATION TECHNOLOGY EQUIPMENT) RULES 2014

[4 July 2014]

IN exercise of the powers conferred by paragraph 154(1)(b) of, and paragraphs 10 and 15 of Schedule 3 to, the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Accelerated Capital Allowance) (Information and Communication Technology Equipment) Rules 2014.
1(2) These Rules have effect from the year of assessment 2014 until the year of assessment 2016 except rule 8.
1(3) Rule 8 has effect from the year of assessment 2014 until the year of assessment 2018.

RULE 2 INTERPRETATION
2 In these Rules—
‘‘information and communication technology equipment’’ means information and communication technology equipment as specified in the Schedule;
‘‘purchase of any information and communication technology equipment’’ includes the installation of such equipment.

RULE 3 APPLICATION
3 These Rules apply to a resident in Malaysia, in respect of capital expenditure incurred by such person in the basis period for a year of assessment from a source consisting of his business in relation to the purchase of any information and communication technology equipment used for the purpose of that business.

RULE 4 DEEMING PROVISION RELATING TO HIRE PURCHASE AGREEMENT
4 Where the person referred to in rule 3 incurs capital expenditure under a hire purchase agreement for the purchase of any information and communication technology equipment for the purposes of his business—
(a) such person shall be treated to be the owner of such information and communication technology equipment; and

Rule 1(1)
(b) the capital expenditure incurred by such person in the basis period for a year of assessment shall be taken to be the capital portion of any installment payment or, where there is more than one such payment, of the aggregate of those payments made by such person under such hire purchase agreement in that basis period.

**RULE 5 INITIAL ALLOWANCE**

5 The person referred to in rule 3 qualifies for an initial allowance as provided for in paragraph 10 of Schedule 3 to the Act which shall be equal to one-fifth of the capital expenditure incurred for the purchase of any information and communication technology equipment.

**RULE 6 ANNUAL ALLOWANCE**

6 The person referred to in rule 3 qualifies for an annual allowance as provided for in paragraph 15 of Schedule 3 to the Act which shall be equal to four-fifths of the capital expenditure incurred for the purchase of any information and communication technology equipment.

**RULE 7 NON-APPLICATION**

7 These Rules shall not apply to a person who has incurred qualifying capital expenditure on an information and communication technology equipment for a basis period for a year of assessment where during that basis period the person is eligible and has claimed in respect of that information and communication technology equipment—

(a) investment tax allowance under the Promotion of Investments Act 1986 [Act 327];

(b) reinvestment allowance under Schedule 7A to the Act;

(c) investment allowance for service sector under Schedule 7B to the Act;

(d) accelerated capital allowance under any rules made under section 154 of the Act; or

(e) tax exemption under any order made under section 127 of the Act in respect of his statutory income which is equivalent to any part or the whole of the amount of the qualifying capital expenditure incurred by the person.

History

R. 7 substituted by PU (A) 284/2015, r. 2, effective from the year of assessment 2014. R. 7 formerly read:

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RULE 7 NON-APPLICATION
7 These Rules shall not apply to a person if in the basis period for a year of assessment—

(a) the person has been granted any incentive under the Promotion of Investments Act 1986 [Act 327];

(b) the person has been granted a reinvestment allowance or an investment allowance under Schedule 7A or 7B to the Act respectively;

(c) the person has been granted any exemption under section 127 of the Act; or

(d) the person has qualified for a deduction under any other rules made under section 154 of the Act.''
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**RULE 8 WITHDRAWAL OF CAPITAL ALLOWANCE**

8 Where a person sells, conveys, transfers, assigns or alienates an information and communication technology equipment with or without consideration at any time within two years from the date of the purchase of such information and communication technology equipment, the allowances referred to in rules 5 and 6 in respect of such
information and communication technology equipment shall be withdrawn in the basis period for the year of assessment in which such person sells, conveys, transfers, assigns or alienates the information and communication technology equipment with or without consideration.

**SCHEDULE**

[Rule 2]

- Access control system
- Banking systems
- Barcode equipment
- Bursters/decollators
- Cables and connectors
- Computer Assisted Design (CAD)
- Computer Assisted Manufacturing (CAM)
- Computer Assisted Engineering (CAE)
- Card readers
- Computers and components
- Central Processing Units (CPU)
- Storages
- Screens
- Printers
- Scanners/readers
- Accessories
- Communications and networks
- Software systems or software packages
INCOME TAX (DEDUCTION FOR COST RELATING TO TRAINING FOR EMPLOYEES FOR THE IMPLEMENTATION OF GOODS AND SERVICES TAX) RULES 2014

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Cost Relating to Training for Employees for the Implementation of Goods and Services Tax) Rules 2014.

1(2) These Rules have effect for the year of assessment 2014 and year of assessment 2015.

RULE 2 DEDUCTION

2(1) In ascertaining the adjusted income of a qualifying person from its business in the basis period for a year of assessment, there shall be allowed a deduction on the expenditure incurred by the qualifying person in training its employees under an accounting or information and communication technology training programme which is conducted in Malaysia for the purposes of the implementation of the Goods and Services Tax Act 2014 as verified by the Director General of Customs and Excise.

2(2) A qualifying person referred to in subrule (1) is a person who is—

(a) a resident in Malaysia; and

(b) a registered person or a taxable person as defined in the Goods and Services Tax Act 2014 [Act 762].

2(3) An employee referred to in subrule (1) is an employee who is—

(a) a Malaysian citizen; and

(b) a full-time employee of a qualifying person.

2(4) The deduction allowed under subrule (1) is additional to a deduction allowable under section 33 of the Act.
RULE 3  NON-APPLICATION

3  These Rules shall not apply to a qualifying person in the basis period for a year of assessment where the qualifying person has claimed—

(a) a deduction in relation to the cost of training programme for that year of assessment under the Income Tax (Deductions for Approved Training) Rules 1992 [P.U. (A) 61/1992]; or

(b) the cost of training programme from the Human Resource Development Fund established under section 22 of the Pembangunan Sumber Manusia Berhad Act 2001 [Act 612].
INCOME TAX (DEDUCTION FOR EXPENSES IN RELATION TO SECRETARIAL FEE AND TAX FILING FEE) RULES 2014

PU (A) 336

[10 December 2014]

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Expenses in relation to Secretarial Fee and Tax Filing Fee) Rules 2014.

1(2) These Rules have effect from the year of assessment 2015 in respect of deduction under paragraph 2(1)(a) and subparagraph 2(1)(b)(ii).

1(3) These Rules have effect from the year of assessment 2016 in respect of deduction under subparagraph 2(1)(b)(i).

RULE 2 DEDUCTION

2(1) For the purpose of ascertaining the adjusted income of a person resident in Malaysia from his business in the basis period for a year of assessment, a deduction shall be allowed for expenses as follows:

(a) secretarial fee charged in respect of secretarial services provided by a company secretary registered under the Companies Act 1965 [Act 125] to comply with the statutory requirements under that Act, which is incurred and paid by the person in the basis period for that year of assessment; and

(b) tax filing fee charged by a tax agent approved under the Act or the Goods and Services Tax Act 2014 [Act 762] which is incurred and paid by the person in the basis period for that year of assessment in respect of—

(i) the preparation and submission of return in the prescribed form for the purposes of sections 77, 77A, 77B, 83 and 86 of the Act for the basis period for the immediately preceding year of assessment; and

(ii) the preparation and submission of forms prescribed for the purposes of section 107C of the Act or a return in the prescribed form for the purposes of section 41 of the Goods and Services Tax Act 2014 in the basis period for that year of assessment.

2(2) The total amount of deduction allowed under paragraph (1)(a) shall not exceed five thousand ringgit for a year of assessment.

2(3) The total amount of deduction allowed under paragraph (1)(b) shall not exceed ten thousand ringgit for a year of assessment.

Thornton’s Malaysian Tax Commentaries

Rule 2(3)
INCOME TAX (DEDUCTION FOR CONSULTATION AND TRAINING COSTS FOR THE IMPLEMENTATION OF FLEXIBLE WORK ARRANGEMENTS) RULES 2015

PU (A) 134

[28 May 2015]

IN exercise of the powers conferred by paragraphs 154(1)(b) and 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Consultation and Training Costs for the Implementation of Flexible Work Arrangements) Rules 2015.

1(2) These Rules are deemed to have effect from the year of assessment 2014.

RULE 2 INTERPRETATION

2 In these Rules—

“qualifying person” means—
(a) a company incorporated under the Companies Act 1965 [Act 125];
(b) a limited liability partnership registered under the Limited Liability Partnerships Act 2012 [Act 743]; or
(c) a partnership registered under the Partnership Act 1961 [Act 135], and resident in Malaysia;

“flexible work arrangements” means flexible arrangements—
(a) at a place of work;
(b) in the scheduling of working hours; or
(c) in the number of hours worked;

“Talent Corporation Malaysia Berhad” means a company limited by guarantee incorporated under the Companies Act 1965 to initiate and facilitate initiatives to address the talent needs in Malaysia.

RULE 3 DEDUCTION

3(1) In ascertaining the adjusted income of a qualifying person from his source consisting of a business in the basis period for a year of assessment, there shall be allowed a deduction for the expenses incurred by that qualifying person in that basis period in relation to the consultation fee and costs of training the employees of the

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
qualifying person for the duration of the training period, for the implementation of flexible work arrangements or enhancement of existing flexible work arrangements.

3(2) For the purposes of subrule (1)—

(a) the implementation of flexible work arrangements or enhancement of existing flexible work arrangements by the qualifying person shall be certified by Talent Corporation Malaysia Berhad; and

(b) the application by the qualifying person for such certification has been received by Talent Corporation Malaysia Berhad within the period from 1 January 2014 until 31 December 2016.

3(3) The costs of training referred to in subrule (1) are—

(a) the training course or programme fee;
(b) the internal trainer fee;
(c) the training material cost;
(d) the rental of training space cost;
(e) the examination fee; and
(f) the training-related travelling expenses incurred by the employees and trainers as follows:

(i) the transportation costs the amount of which is—

(A) in relation to travelling to and from Malaysia, equal to economic class air fare; or

(B) in relation to travelling within Malaysia, equal to economic class air fare if the travelling is by air transport, or the actual cost incurred if the travelling is by land or water transport;

(ii) a maximum of three hundred ringgit per day for accommodation; and

(iii) a maximum of one hundred fifty ringgit per day for sustenance.

3(4) The expenses referred to in subrule (1) shall be verified by Talent Corporation Malaysia Berhad and the total amount of the expenditure shall not exceed five hundred thousand ringgit for each year of assessment.

3(5) The total amount of deduction allowed under subrule (1) shall be equivalent to twice the amount of expenses allowed under these Rules.

3(6) The deduction referred to in subrule (1) shall be for a period of three consecutive years of assessment commencing from the year of assessment in the basis period in which the certification is given by Talent Corporation Malaysia Berhad.

3(7) Where the total amount of any expenses which would have been allowed as deduction under these Rules exceeds the amount which, in the opinion of the Director General, would reasonably be expected to be incurred in the ordinary course of business, the Director General may, to the extent of that excess, disallow that amount as a deduction under these Rules.
INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF SUKUK) RULES 2015

[28 December 2015]

IN exercise of the powers conferred by paragraphs 154(1)(b) and 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for Expenditure on Issuance of Sukuk) Rules 2015.

1(2) These Rules shall have effect from the year of assessment 2016 until the year of assessment 2018.

RULE 2 INTERPRETATION

2 In these Rules—

(a) "company" means a company resident in Malaysia and—

(b) incorporated under the Companies Act 1965 [Act 125]; or

(c) incorporated under the Labuan Companies Act 1990 [Act 441];

(b) sukuk structured pursuant to the principle of Wakalah, comprising a mixed component of asset and debt.

RULE 3 DEDUCTION

3 For the purpose of ascertaining the adjusted income of a company from its business in the basis period for a year of assessment, a deduction shall be allowed on an amount equal to the expenditure incurred by the company on the issuance of sukuk—

(a) approved or authorized by, or lodged with, the Securities Commission under the Capital Markets and Services Act 2007 [Act 671]; or

(b) approved by the Labuan Financial Services Authority established under the Labuan Financial Services Authority Act 1996 [Act 545].
INCOME TAX (AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION) RULES 2016

PU (A) 355

IN exercise of the powers conferred by paragraph 154(1)(c) of the Income Tax Act 1967 [Act 57], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Automatic Exchange of Financial Account Information) Rules 2016.

1(2) These Rules come into operation on 1 January 2017.

RULE 2 APPLICATION
2(1) These Rules shall have effect for and in connection with the implementation of the Standard for the purpose of giving effect to the Arrangements.

2(2) These Rules shall apply to a Financial Institution as defined under Section VIII of the Standard.

RULE 3 INTERPRETATION
3(1) In these Rules—

“Reporting Financial Institution” means any Financial Institution that is resident in Malaysia (excluding any branch of that Financial Institution that is located outside of Malaysia) and any branch of a Financial Institution that is not resident in Malaysia if that branch is located in Malaysia;

“Arrangements” means—

(a) the Convention on Mutual Administrative Assistance in Tax Matters;

(b) the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information; and

(c) any arrangements with participating jurisdictions to improve international tax compliance through—

(i) any bilateral or multilateral tax convention;

(ii) any bilateral or multilateral competent authority agreements; or

(iii) any tax information exchange agreement;

“Standard” means the Common Reporting Standard (which includes Commentaries) approved by the Council of the Organisation for Economic Co-operation and Development on 15 July 2014, as amended from time to time.
Words and expressions which are not defined in these Rules shall have the same meaning as assigned to them in the Standard.

**RULE 4  DUE DILIGENCE OBLIGATIONS**

4(1) Every Reporting Financial Institution which is not a Non-Reporting Financial Institution shall identify the Reportable Account from the Financial Account maintained by the Reporting Financial Institution by applying the due diligence procedure as specified in Section II to VII of the Standard.

4(2) A Non-Reporting Financial Institution referred to in subrule (1) is—

(a) a Governmental Entity, International Organisation or Central Bank, other than with respect to a payment that is derived from an obligation held in connection with a commercial financial activity of a type engaged in by a Specified Insurance Company, Custodial Institution, or Depository Institution;

(b) a Broad Participation Retirement Fund, a Narrow Participation Retirement Fund, a Pension Fund of a Governmental Entity, International Organisation or Central Bank;

(c) a Qualified Credit Card Issuer which satisfies the following requirements:

   (i) the Financial Institution is a Financial Institution solely because it is an issuer of credit cards that accepts deposits only when a customer makes a payment in excess of a balance due with respect to the card and the overpayment is not immediately returned to the customer; and

   (ii) beginning on or before 1 July 2017, the Financial Institution implements policies and procedures either to prevent a customer from making an overpayment in excess of USD50,000.00, or to ensure that any customer overpayment in excess of USD50,000.00 is refunded to the customer within sixty days, in each case applying the rules set forth in paragraph C of Section VII of the Standard for account aggregation and currency translation. For this purpose, a customer overpayment does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns;

(d) any other Entity that presents a low risk of being used to evade tax, has substantially similar characteristics to any of the Entities described in paragraphs (a), (b) and (c), and is defined in domestic law as a Non-Reporting Financial Institution, provided that the status of such Entity as a Non-Reporting Financial Institution does not frustrate the purposes of the Standard;

(e) an Exempt Collective Investment Vehicle; or

(f) a trust to the extent that the trustee of the trust is a Reporting Financial Institution and reports all information required to be reported pursuant to Section I of the Standard with respect to all Reportable Accounts of the trust.

4(3) Every Reporting Financial Institution shall establish, maintain and document the due diligence procedure referred to in subrule (1).

4(4) The Financial Account referred to in subrule (1) shall not include any Excluded Account as defined in subparagraphs C(17)(a) to (g) Section VIII of the Standard.
4(5) In applying the due diligence procedures, the relevant dates for the purposes of the provisions of the Standard specified in column (2) of the Schedule shall be the dates specified in column (3) of the Schedule.

4(6) For the purposes of subparagraph C(6) Section III of the Standard and paragraphs A and B and subparagraph E(2) Section V of the Standard the following periods shall be treated as separate calendar year:

   (a) 1 January 2017 to 30 June 2017; and

   (b) 1 July 2017 to 31 December 2017.

4(7) An account is treated as a Reportable Account beginning as of the date it is identified as such pursuant to the due diligence procedures described in Sections II to VII of the Standard and, information in respect of a Reportable Account shall be reported annually in the calendar year following the year to which the information relates.

4(8) For the purposes of these Rules, an account with a balance or value that is negative is deemed to have a balance or value equal to nil.

4(9) In determining the balance or value of an account denominated in a currency other than United States dollars for the purposes of the Standard and these Rules, the institution shall translate the relevant United States dollars threshold amount described in the Standard or in these Rules into the other currency by reference to the spot rate of exchange on the date for which the institution is determining the threshold amounts.

4(10) For the purposes of the Standard and these Rules, a Financial Account held by an individual as a partner of a partnership is deemed to be an entity account.

RULE 5 MODIFICATIONS TO DUE DILIGENCE PROCEDURES

5(1) A Reporting Financial Institution may apply, for a calendar year—

   (a) the residence address procedure, as described in subparagraph B(1) of Section III of the Standard, to a Lower Value Account;

   (b) the due diligence procedures for a High Value Account, described in paragraph C of Section III of the Standard, to a Lower Value Account; or

   (c) paragraphs A to C of Section V of the Standard to determine whether a Preexisting Entity Account is subject to the due diligence procedures described in Section V of the Standard.

5(2) Subject to subrules (3) and (4), a Reporting Financial Institution may apply, for a calendar year, the due diligence procedures for a New Account, described in Section IV or VI of the Standard, to a Preexisting Account.

5(3) Where a Reporting Financial Institution applies the due diligence procedures for a New Account to a Preexisting Account, the procedures described in paragraph C of Section I, paragraph A of Section III, subparagraph B(1) of Section III and paragraph A of Section V of the Standard shall apply to the New Account.

5(4) A Reporting Financial Institution shall not apply the due diligence procedures for a New Account to a Preexisting Account unless the institution applies the procedures to all Preexisting Accounts it maintains or a clearly identifiable group of Preexisting Accounts.
With respect to New Entity Accounts, for the purposes of determining whether a controlling person of a passive non-financial entity is a Reportable Person, a Reporting Financial Institution may only rely on a self-certification from either the account holder or the controlling person.

For the purposes of rule 4, a Reporting Financial Institution may—

(a) treat a Financial Account held by individual beneficiaries of a Cash Value Insurance Contract or an Annuity Contract as other than a Reportable Account in the circumstances described in paragraph B of Section VII of the Standard; and

(b) treat a Financial Account that is a member’s interest in a Group Cash Value Insurance Contract or Group Annuity Contract as a Financial Account that is not a Reportable Account until the date on which an amount is payable to the employee, certificate holder or beneficiary, if the Financial Account meets the following requirements:

(i) the Group Cash Value Insurance Contract or Group Annuity Contract is issued to an employer and covers twenty-five or more employees or certificate holders;

(ii) the employees or certificate holders are entitled to receive any contract value related to their interest and to name beneficiaries for the benefit payable upon the employee’s death; and

(iii) the aggregate amount payable to any employee, certificate holder or beneficiary does not exceed USD1,000,000.00.

In this rule—

“High Value Account” means a Preexisting Individual Account with an aggregate balance or value that exceeds USD1,000,000.00 as of 30 June 2017, 31 December 2017 or 31 December of any subsequent year;

“Lower Value Account” means a Preexisting Individual Account, which is not a High Value Account, with an aggregate balance or value that does not exceed USD1,000,000.00 as of 30 June 2017;

“New Account” means a Financial Account maintained by a Reporting Financial Institution opened on or after 1 July 2017, unless it is treated as a Preexisting Account under paragraph (b) of the definition of “Preexisting Account”;

“Preexisting Account” means—

(a) a Financial Account maintained by a Reporting Financial Institution as of 30 June 2017; or

(b) any Financial Account of an account holder, regardless of the date such Financial Account was opened if—

(i) the account holder also holds a Financial Account that is a Preexisting Account with the Reporting Financial Institution (or with a Related Entity within the same jurisdiction as the Reporting Financial Institution) under paragraph (a) of this definition;

Rule 5(5)

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(ii) the Reporting Financial Institution (and, as applicable, the Related Entity within the same jurisdiction as the Reporting Financial Institution) treats both the aforementioned Financial Accounts, and any other Financial Accounts of the account holder that are treated as Preexisting Accounts under this paragraph as a single Financial Account for the purposes of satisfying the standards of knowledge requirements set forth in paragraph A of Section VII of the Standard, and for purposes of determining the balance or value of any of the Financial Accounts when applying any of the account thresholds;

(iii) in respect of a Financial Account that is subject to AML/KYC procedures, the Reporting Financial Institution is permitted to satisfy such AML/KYC procedures for the Financial Account by relying upon the AML/KYC procedures performed for the Preexisting Account described in paragraph (a) of this definition; and

(iv) the opening of the Financial Account does not require the provision of new, additional or amended customer information by the account holder other than for purposes of the Standard;

“Group Annuity Contract” means an Annuity Contract under which the obligees are individuals who are affiliated through an employer, a trade association or labour union, or other association or group;

“Group Cash Value Insurance Contract” means a Cash Value Insurance Contract that—

(a) provides coverage on individuals who are affiliated through an employer, a trade association or labour union, or other association or group; and

(b) charges a premium for each member of the group (or member of a class within the group) that is determined without regard to the individual health characteristics other than age, gender and smoking habits of the member (or class of members) of the group.

**RULE 6 RELATED ENTITY**

6(1) For the purposes of the general reporting requirements in Section I of the Standard and application of the due diligence procedures described in Sections II to VII of the Standard, an Entity is a “Related Entity” of another Entity if—

(a) either Entity controls the other Entity;

(b) the two Entities are under common control; or

(c) the two Entities are Investment Entities described in subparagraph A(6)(b) of Section VIII of the Standard, are under common management, and such management fulfils the due diligence obligations of such Investment Entities.

6(2) The control referred to in paragraphs (1)(a) and (b) includes direct or indirect ownership of more than fifty percent of the vote and value in an Entity.

**RULE 7 REPORTING OBLIGATION**

7(1) A Reporting Financial Institution shall, in respect of the calendar year 2017 and every following calendar year, furnish an information return to the Director General on or
before 30 June of the year following the calendar year to which the return relates setting out the information required to be reported as described in paragraphs A and B of Section I of the Standard, subject to paragraphs C to E in Section I of the Standard, in relation to every Financial Account identified as a Reportable Account that is maintained by the Reporting Financial Institution at any time during a calendar year.

7(2) For the purposes of subrule (1), each Reporting Financial Institution shall report the account balance or value, including, in the case of a Cash Value Insurance Contract or Annuity Contract, the Cash Value or surrender value, as at the end of the relevant calendar year or, if the account was closed during such year, as at the closure of the account with respect to each Reportable Account maintained by such Reporting Financial Institution.

7(3) If a Reporting Financial Institution applies the due diligence procedures described in rule 4 for a calendar year and no account is identified as a Reportable Account, the Reporting Financial Institution shall furnish to the Director General an information return which provides that the Reporting Financial Institution maintains no such Reportable Accounts in respect of that year.

7(4) An information return shall be furnished on an electronic medium or by way of an electronic transmission in the format as may be determined by the Director General.

7(5) A Reporting Financial Institution is not exempt from providing the information as required under these Rules by the reason that the Reporting Financial Institutions has the duty to not collect, use or disclose such information, whether imposed by the written law, the rules of law, any contract or any rules of professional disciplinary procedure, in respect of such information.

7(6) For the avoidance of doubt, all information provided or obtained under these Rules may be used by the Director General for any purposes related to the administration of the Act and the Labuan Business Activity Tax Act 1990 [Act 445].

RULE 8 RECORDS

8(1) Every Reporting Financial Institution shall keep and retain in safe custody records that the Reporting Financial Institution obtains or creates for the purpose of complying with these Rules, including self-certifications and records of documentary evidence.

8(2) Every Reporting Financial Institution required by these Rules to keep and retain in safe custody records and does so electronically shall retain them in an electronically readable format for the retention period referred to in subrule (4).

8(3) Every Reporting Financial Institution that obtains or creates records in a language other than English shall, upon request of the Director General, provide an English translation.

8(4) Every Reporting Financial Institution that is required to keep and retain in safe custody records that the Reporting Financial Institution obtains or creates under these Rules shall retain those records for a period of at least seven years following—

(a) in the case of a self-certification, the last day on which a related Financial Account is opened; and

(b) in any other case, the end of the last calendar year in respect of which the record is relevant.
RULE 9 SERVICE PROVIDERS

9(1) A Reporting Financial Institution may appoint a third party as its agent to carry out the duties and obligations imposed on it under these Rules.

9(2) Where a third party is appointed by a Reporting Financial Institution in accordance with subrule (1)—

(a) the Reporting Financial Institution shall, at all times, have access to and be able to produce, where so requested by the Director General, the records and documentary evidence used to identify and report on Reportable Accounts; and

(b) the Reporting Financial Institution is responsible for any failure of that third party to carry out the obligations of the Reporting Financial Institution rules and 10 and 11 shall apply to the Reporting Financial Institution notwithstanding that—

(i) the actions were the action of that third party; or

(ii) the failure to act was the failure by that third party to act.

RULE 10 POWERS OF DIRECTOR GENERAL

10(1) The Director General may exercise all the powers vested in him under the Act to administer and enforce compliance with the provisions of the Arrangements and these Rules.

10(2) The Director General may, by notice, require a Financial Institution to furnish to him within a time specified in the notice with such information including copies of any relevant books, records or other documents as the Director General may reasonably require for any purpose relating to the administration or enforcement of these Rules.

10(3) The Director General may at all times have full and free access to enter any premises or place of business of a Financial Institution for the purposes of—

(a) administering and implementing compliance with the provisions of the Arrangements and these Rules; and

(b) examining the procedures put in place by the Financial Institution for the purposes of ensuring compliance with that Financial Institution’s obligations under these Rules.

10(4) The Director General may make extracts from or copies of all or any part of the books, records or other documents or other material made available to him or require that copies of books, records or other documents be made available to him for any purpose relating to the administration or enforcement of these Rules.

RULE 11 ANTI-AVOIDANCE

11 If the Director General has reason to believe that any person has entered into any arrangements or engages in a practice which has the direct or indirect effect of—

(a) relieving any person from any liability which has arisen or which would otherwise have arisen to furnish to the Director General an information return;

(b) evading or avoiding any obligation which is imposed or would otherwise have been imposed on any person under these Rules; or

(c) hindering or preventing the operation of these Rules in any respect,
the Director General may, without prejudice to such validity as it may have in any other respect for any other purpose, disregard or vary the arrangement or the practice and make such adjustments as he thinks fit with a view to counteracting the whole or any part of any such direct or indirect effect of the arrangement or the practice.

**RULE 12 SPECIAL PROVISION FOR PASSIVE NFE**

12(1) Subject to subrule (3), for the purposes of determining that an Entity is a Passive NFE with one or more Controlling Persons who are Reportable Persons under subparagraph D(2) of Section V and subparagraph A(2) of Section VI of the Standard, a Financial Institution is taken not to be a Passive NFE if—

(a) the Financial Institution is an Investment Entity under subparagraph A(6)(b) of Section VIII of the Standard;

(b) the Financial Institution is not a Participating Jurisdiction Financial Institution; and

(c) the Financial Institution would be a Participating Jurisdiction Financial Institution if the jurisdictions declared to be committed jurisdictions under subrule (2) were Participating Jurisdictions.

12(2) The Director General may declare one or more jurisdictions to be committed jurisdictions in a published list or in any other manner as he deems appropriate.

12(3) For the purposes of subrule (1), a Financial Institution shall be taken not to be a Passive NFE for the years 2017 to 2019.

**SCHEDULE**

[Subrule 4(5)]

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**Rule 12(1)**

Commerce Clearing House (Malaysia) Sdn Bhd
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INCOME TAX (COUNTRY-BY-COUNTRY REPORTING) RULES 2016
PU (A) 357

[18 December 2016]

IN exercise of the powers conferred by paragraph 154(1)(c) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Country-by-Country Reporting) Rules 2016.
1(2) These Rules come into operation on 1 January 2017.

RULE 2 APPLICATION
2 These Rules shall apply to a multinational corporation group where—
   (a) any of its constituent entities having cross border transaction with its other constituent entities;
   (b) the total consolidated group revenue in the financial year preceding the reporting financial year is at least three billion ringgit;
   (c) its ultimate holding company is incorporated under the Companies Act 1965 [Act 125] or under any written law and resident in Malaysia; and
   (d) its constituent entities are incorporated or registered under the Companies Act 1965 or under any written law or under the laws of a territory outside Malaysia and resident in Malaysia.

RULE 3 INTERPRETATION
3 In these Rules, unless the context otherwise requires—
   “constituent entity” means—
   (a) any separate business unit of an MNC Group that is included in the consolidated financial statements of the MNC Group, or would be so included if equity interests in such business unit were traded on a public securities exchange;
   (b) any separate business unit that is excluded solely on grounds of size or materiality from the MNC Group’s consolidated financial statements;
   (c) any permanent establishment of any separate business unit of the MNC Group mentioned in paragraph (a) or (b), provided that the business unit prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting, or internal management control purposes;
   “reporting entity” means the ultimate holding company, or where paragraph 5(2)(a), (b) or (c) applies, the surrogate holding company;
“multinational corporation group” (hereinafter referred to as “MNC Group”) means a collection of corporations related through ownership or control such that it is required to prepare consolidated financial statements for financial reporting purposes under the applicable accounting principles or would be so required if equity interest in any of its corporations were traded on a public securities exchange which includes—

(a) two or more corporations the tax residence for which is in different jurisdictions; or

(b) a corporation that is resident in Malaysia and is subject to tax with respect to the business carried out through a permanent establishment in another jurisdiction, or is resident in another jurisdiction and is subject to tax with respect to the business carried out through a permanent establishment in Malaysia;

“Country-by-Country Report” means the report referred to in rule 4;

“International Agreement” means—

(a) the Convention on Mutual Administrative Assistance in Tax Matters;

(b) any bilateral or multilateral tax convention; or

(c) any tax information exchange agreement,

to which the Government is a party and that by its terms provides legal authority for the exchange of tax information between the Government and the government of any territory outside Malaysia, including automatic exchange of such information;

“ultimate holding company” means a constituent entity of an MNC Group that owns directly or indirectly a sufficient interest in one or more other constituent entities of such MNC Group;

“surrogate holding company” means a constituent entity of an MNC Group that is resident in Malaysia and appointed by the MNC Group as a sole substitute for the ultimate holding company to file the Country-by-Country Report under subrule 5(2);

“financial year” means an annual accounting period with respect to which the ultimate holding company of the MNC Group prepares its financial statements; and

“reporting financial year” means that financial year the financial and operational results of which are reflected in the Country-by-Country Report.

RULE 4 COUNTRY-BY-COUNTRY REPORT

4(1) For the purposes of these Rules, a Country-by-Country Report with respect to an MNC Group shall contain—

(a) aggregate information relating to the amount of revenue, profit or loss before income tax, income tax paid, income tax accrued, stated capital, accumulated earnings, number of employees, and tangible assets other than cash or cash equivalents with regard to each jurisdiction in which the MNC Group operates; and

(b) an identification of each constituent entity of the MNC Group setting out the jurisdiction of tax residence of such constituent entity, and where different from such jurisdiction of tax residence, the jurisdiction under the laws of which such constituent entity is organized, and the nature of the main business activity or activities of such constituent entity.
The financial information referred to in paragraph (1)(a) shall be denominated in Ringgit Malaysia.

The Country-by-Country Report shall be filed in a form prescribed under section 152 of the Act on an electronic medium, or through an electronic transmission, in extensible markup language format.

RULE 5 FILING OBLIGATION

The ultimate holding company of an MNC Group that is resident in Malaysia shall file a Country-by-Country Report conforming to the requirements of rule 4 with the Director General with respect to its reporting financial year on or before the date specified in rule 7.

In the case where—

(a) the ultimate holding company is not resident in Malaysia and is not obligated to file a Country-by-Country Report in its jurisdiction of tax residence;

(b) the jurisdiction in which the ultimate holding company is resident for tax purposes has a current International Agreement to which Malaysia is a party but does not have a Qualifying Competent Authority Agreement in effect to which Malaysia is a party at the time the Country-by-Country Report required to be filed as specified in rule 7; or

(c) there has been a systemic failure of the jurisdiction of tax residence of the ultimate holding company that has been notified by the Director General to the constituent entity resident for tax purposes in Malaysia,

the surrogate holding company shall file the Country-by-Country Report conforming to the requirements of rule 4 with the Director General with respect to the reporting financial year of the MNC Group on or before the date specified in rule 7.

For the purpose of this rule—

“systemic failure”, in relation to a jurisdiction, means where a jurisdiction has a Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports in effect with Malaysia but—

(a) has suspended automatic exchange of Country-by-Country Report for reasons other than those that are in accordance with the terms of that Agreement; or

(b) has persistently failed to automatically provide to Malaysia the Country-by-Country Report in its possession of MNC Groups that have constituent entities in Malaysia;

“Qualifying Competent Authority Agreement” means an agreement which requires the automatic exchange of Country-by-Country Report made between authorized representatives of the Government and authorized representatives for the government of any territory outside Malaysia where both governments are parties to an International Agreement.

RULE 6 NOTIFICATION

Any constituent entity of an MNC Group that is resident in Malaysia shall notify the Director General in writing if it is the ultimate holding company or the surrogate holding company, on or before the last day of the reporting financial year.
6(2) Where a constituent entity of an MNC Group that is resident in Malaysia is not the reporting entity, the constituent entity shall notify the Director General in writing of the identity and tax residence of the reporting entity, on or before the last day of the reporting financial year.

RULE 7 TIME FOR FILING
7 The Country-by-Country Report required under these Rules shall be filed not later than twelve months after the last day of the reporting financial year.

RULE 8 USE AND CONFIDENTIALITY OF COUNTRY-BY-COUNTRY REPORT INFORMATION
8(1) The Director General may use the Country-by-Country Report for the purposes of assessing high-level transfer pricing risks and other base erosion and profit shifting related risks in Malaysia, including assessing the risk of non-compliance by constituent entities of the MNC Group with applicable transfer pricing rules, and where appropriate for economic and statistical analysis.
8(2) The Director General shall not use the Country-by-Country Report as a substitute for a detailed transfer pricing analysis for the purpose of transfer pricing adjustments.
8(3) The Director General shall preserve the confidentiality of the information contained in the Country-by-Country Report at least to the same extent that would apply if such information were provided to the Director General under the provisions of the Convention on Mutual Administrative Assistance in Tax Matters.
INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF RETAIL DEBENTURE AND RETAIL SUKUK) RULES 2016

[14 December 2016]

IN exercise of the powers conferred by paragraph 154(1)(b) and paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Expenditure on Issuance of Retail Debenture and Retail Sukuk) Rules 2016.
1(2) These Rules come into effect from the year of assessment 2016 until the year of assessment 2018.

RULE 2 DEDUCTION
2(1) For the purposes of ascertaining the adjusted income of a company resident in Malaysia from its business for the basis period for a year of assessment, there shall be allowed as a deduction an amount equivalent to the total amount specified in subrule (6) or (7), as the case may be, in respect of the additional expenses incurred by the company on the issuance of—
   (a) a retail debenture approved or authorized by the Securities Commission Malaysia under the Capital Markets and Services Act 2007 [Act 671];
   (b) a retail sukuk structured pursuant to the principle of Murabahah or Bai’ Bithaman Ajil (based on the concept of Tawarruq), Mudharabah, Musyarakah, Istisna’ or any Shariah principle other than the principle mentioned in paragraph (c), approved or authorized by the Securities Commission Malaysia under the Capital Markets and Services Act 2007; and
   (c) a retail sukuk structured pursuant to the principle of Ijarah, or Wakalah comprising a mixed component of asset and debt, approved or authorized by the Securities Commission Malaysia under the Capital Markets and Services Act 2007.
2(2) The additional expenses referred to in subrule (1) shall be—
   (a) the professional fee relating to due diligence, drafting and preparation of prospectus;
   (b) the printing cost of prospectus;
   (c) the advertisement cost of prospectus;
   (d) the Securities Commission Malaysia prospectus registration fee;
   (e) the Bursa Malaysia processing fee and initial listing fee;

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
(f) the Bursa Malaysia new issue crediting fee; and
(g) the primary distribution fee.

2(3) The retail debenture referred to in paragraph (1)(a) shall be any debenture that is issued or offered to a retail investor and includes a debenture where an invitation to subscribe or purchase the debenture is issued to the retail investor.

2(4) The retail sukuk referred to in paragraphs (1)(b) and (c) shall be any sukuk that is issued or offered to a retail investor and includes a sukuk where an invitation to subscribe or purchase the sukuk is issued to the retail investor.

2(5) The retail investor referred to in subrules (3) and (4) shall be any person other than—
(a) the Central Bank of Malaysia referred to in the Central Bank of Malaysia Act 2009 [Act 701];
(b) a person to whom an excluded offer or excluded invitation is made as specified in Part I of Schedule 6 to the Capital Markets and Services Act 2007; and
(c) a person to whom an excluded issue is made as specified in Part I of Schedule 7 to the Capital Markets and Services Act 2007.

2(6) The total amount of deduction allowed under paragraph (1)(a) or (b) shall be equivalent to twice the amount of additional expenses allowed under these Rules.

2(7) The total amount of deduction allowed under paragraph (1)(c) shall be equivalent to the amount of additional expenses allowed under these Rules.

2(8) In these Rules—
“retail debenture” has the same meaning assigned to the definition of “debenture” in the Capital Markets and Services Act 2007;
“retail sukuk” has the same meaning as provided in the guidelines relating to retail sukuk issued by the Securities Commission Malaysia under section 377 of the Capital Markets and Services Act 2007.
INCOME TAX (DEDUCTION FOR EXPENDITURE TO OBTAIN THE 1-INNOCERT CERTIFICATION) RULES 2016

PU (A) 168

[6 June 2016]

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the **Income Tax (Deduction for Expenditure to Obtain the 1-InnoCERT Certification) Rules 2016**.

1(2) These Rules are deemed to have come into operation from the year of assessment 2015.

RULE 2 DEDUCTION

2(1) In ascertaining the adjusted income of a qualified person for the basis period for a year of assessment, there shall be allowed as a deduction an amount equivalent to the expenditure incurred by the qualified person in obtaining his first 1-InnoCERT Certification.

2(2) The deduction under subrule (1) shall apply to a qualified person who makes an application to obtain a 1-InnoCERT Certification not later than 31 December 2017.

2(3) For the purposes of subrule (1), the expenditure incurred shall be the expenditure directly incurred by the qualified person as follows:

(a) a certification fee of five thousand ringgit; and

(b) payment for the expenditure incurred by SIRIM Berhad’s auditors which consist of—

(i) cost of travelling to and from SIRIM Berhad’s auditors’ office to the qualified person’s premises including—

(A) mileage, toll and parking fee; or

(B) in the case of travel by air, the cost of economy air fare and airport transfer claim;

(ii) accommodation cost for a standard room or lodging allowance; and

(iii) meal allowance.

2(4) For the purposes of subrule (1), all expenditure incurred to obtain the 1-InnoCERT Certification in any assessment year other than the assessment year in which the 1-InnoCERT Certification is granted to the qualified person shall be deemed to have been
incurred in the basis period for the year of assessment in which the 1-InnoCERT Certification is granted to the qualified person.

2(5) For the purposes of this rule—

“qualified person” means—

(a) a person in the manufacturing industry and resident in Malaysia, which at the end of the basis period for a year of assessment—

(i) has not less than five and not more than two hundred full-time employees; or

(ii) has achieved annual sales of not less than three hundred thousand ringgit and not more than fifty million ringgit; or

(b) a person in the services, primary agriculture, construction or mining and quarrying industry, and resident in Malaysia, which at the end of the basis period for a year of assessment—

(i) has not less than five and not more than seventy five full-time employees; or

(ii) has achieved annual sales of not less than three hundred thousand ringgit and not more than twenty million ringgit;

“1-InnoCERT Certification” means a 1-Innovation Certification for Enterprise Rating and Transformation issued by the Small and Medium Enterprises Corporation Malaysia established under section 3 of the Small and Medium Enterprises Corporation Act 1995 [Act 539] to any person who has been rated for the purposes of 1-InnoCERT Certification by SIRIM Berhad;

“SIRIM Berhad” means a company incorporated in Malaysia pursuant to the Companies Act 1965 [Act 125] (Company no.: 367474-V).
INCOME TAX (DEDUCTION FOR EXPENSES IN RELATION TO NATIONAL GREENHOUSE GAS REPORTING PROGRAMME) RULES 2016

PU (A) 295

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Expenses in relation to National Greenhouse Gas Reporting Programme) Rules 2016.
1(2) These Rules have effect from the year of assessment 2015 until the year of assessment 2017.

RULE 2 DEDUCTION
2(1) For the purpose of ascertaining the adjusted income of a qualifying company from its business in the basis period for a year of assessment, a deduction shall be allowed for qualifying expenditure incurred by the qualifying company for the purpose of preparing the Greenhouse Gases Report for the implementation of the National Greenhouse Gas Reporting Programme which is regulated by an authorized officer of the Ministry of Natural Resources and Environment.
2(2) The qualifying company referred to in subrule (1) is a company—
   (a) incorporated under the Companies Act 1965 [Act 125]; and
   (b) resident in Malaysia;
2(3) The qualifying expenditure referred to in subrule (1) are—
   (a) the consultant fee for the consultancy services by a consultant company for the preparation of the Greenhouse Gases Report relating to—
      (i) the scope of report;
      (ii) the collection of report data;
      (iii) the determination of the calculation method for the reduction on greenhouse gases discharge; and
      (iv) the advice on the reduction of the greenhouse gases discharge;
   (b) the cost for the preparation of the Greenhouse Gases Report internally by the qualifying company namely wages for the additional works done by the full-time employee and part-time employee, who are directly involved in the preparation of the Greenhouse Gases Report; and

Rule 1(1) Commerce Clearing House (Malaysia) Sdn Bhd
(c) the service fee for the verification of the Greenhouse Gases Report paid by the qualifying company in relation to—

(i) the verification of the information used for the calculation of the greenhouse gases discharge;

(ii) the verification of the calculation method for the greenhouse gases discharge; and

(iii) the preparation and issuance of the verification for the Greenhouse Gases Report.

2(4) The deduction allowed under these Rules is subject to the following conditions:

(a) the deduction is for the qualifying expenditure incurred within a period of two years from 1 January 2015 to 31 December 2016;

(b) the amount of deductions allowed shall not exceed the maximum amount specified in the Schedule;

(c) the deduction for the qualifying expenditure in paragraphs 3(a) and (b) are mutually exclusive;

(d) the company providing the verification referred to in paragraph (3)(c) is not a related company of the consultant company referred to in paragraph (3)(a) or the qualifying company;

(e) the consultant company referred to in paragraph (3)(a) is not a related company of the qualifying company;

(f) the consultant company referred to in paragraph (3)(a) and the company providing the verification referred to in paragraph (3)(c) shall be approved by the Ministry of Natural Resources and Environment; and

(g) the Greenhouse Gases Report in respect of which the claim for deduction is made shall be verified by the Ministry of Natural Resources and Environment.

2(5) For the purpose of this rule—

“Greenhouse Gases Report” means the report prepared by a qualifying company relating to greenhouse gases emissions;

“related company” has the same meaning as in section 2 of the Promotion of Investments Act 1986 [Act 327].

RULE 2 NON-APPLICATION

These Rules shall not apply to a qualifying company which in the basis period for the year of assessment has, in relation to the qualifying expenditure,—

(a) claimed for the allowance under Schedule 7A or Schedule 7B of the Act;

(b) been given the incentive under the Promotion of Investments Act 1986;

(c) been granted an exemption under section 127 of the Act; or

(d) claimed for the deduction of tax under any rules made under section 154 of the Act except for—

(i) the allowance under Schedule 3 of the Act;
(ii) the Income Tax (Deduction for Audit Expenditure) Rules 2006 [P.U. (A) 129/2006];

(iii) the Income Tax (Deduction for Cost relating to Training for Employees for the Implementation of Goods and Services Tax) Rules 2014 [P.U. (A) 334/2014]; or


**SCHEDULE**

(Paragraph 2(4)(b))

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</table>

Scope of reporting
Scope 1: All greenhouse gases direct discharge that includes sources from tools or vehicles owned or controlled by the reporting entity party.
Scope 2: Greenhouse gases indirect discharge that includes sources from energy, steam, thermal and refrigeration supplied by third party.
Scope 3: Greenhouse gases indirect discharge other than the sources specified in Scope 2.

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Commerce Clearing House (Malaysia) Sdn Bhd
INCOME TAX (DEDUCTION FOR INVESTMENT IN A BIONEXUS STATUS COMPANY) RULES 2016

[11 November 2016]

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Investment in a BioNexus Status Company) Rules 2016.
1(2) These Rules shall have effect from the year of assessment 2016.

RULE 2 INTERPRETATION
2 In these Rules—

``Malaysia Bioeconomy Development Corporation Sdn. Bhd.'’ means a company incorporated under the Companies Act 1965 [Act 125] whose function is for the purpose of developing the biotechnology industry in Malaysia;

``qualifying person’’ means—
(a) a company incorporated under the Companies Act 1965; or
(b) an individual who is a Malaysian citizen, resident and has business income source;

``investment’’ means—
(a) investment in the form of cash for which there is no obligation for the investment to be repaid; or
(b) investment in the form of holding of paid-up capital;

``investment in the form of holding of paid-up capital’’ means investment in the form of holding of paid-up capital which is paid in cash in respect of ordinary shares;

``new business’’ means the first biotechnology business undertaken by a BioNexus status company;

``BioNexus status company’’ means a company incorporated under the Companies Act 1965 which is engaged in a business of life sciences such as biology, medicine, anthropology, ecology or any other branches of science, which deal with living organisms and their organization, life processes and relationships to each other and their environment.

RULE 3 DEDUCTION
3(1) For the purpose of ascertaining the adjusted income of a qualifying person from its business, there shall be allowed a deduction in the basis period for a year of assessment of an amount equivalent to the actual value of investment made by the qualifying person...
in the basis period in a company which has been approved by the Minister as a BioNexus status company.

3(2) The investment referred to in subrule (1) shall be made—
   (a) for a period not earlier than 1 January 2016 and not later than 31 December 2020;
   (b) for the value as approved by the Minister; and
   (c) for the sole purpose of financing activities at the initiation of commercialization stage of a new business approved by the Minister.

3(3) The investment made by the qualifying person prior to the commencement of a new business shall be deemed to be made on the date the new business commences as determined by Malaysia Bioeconomy Development Corporation Sdn. Bhd.

3(4) Where an investment is an investment in the form of holding of paid-up capital, the ordinary shares shall not be disposed of within five years from the date of last investment.

3(5) Where the qualifying person who has made an investment in the form of holding of paid-up capital and claimed a deduction in respect of the investment under subrule (1) disposes the ordinary shares within five years from the date of the last investment and receives an amount as the consideration for the disposal of such shares, the amount received by the qualifying person shall be added in ascertaining his adjusted income for the year of assessment in the basis period in which the amount is received.

3(6) The amount received which is being added in ascertaining the adjusted income of the qualifying person under subrule (5) shall not exceed the total deduction allowed in relation to the investment in the form of holding of paid-up capital.

3(7) For the purpose of this rule, “initiation of commercialization stage” means the stage of research, assessment and development of an initial concept or prototype before the technology or product is commercialized, but excludes the increase of product capacity, product development or product marketing.

RULE 4 CONDITION FOR DEDUCTION

4(1) The deduction allowed under these Rules is subject to the following conditions:
   (a) the qualifying person has submitted an application to the Minister through Malaysia Bioeconomy Development Corporation Sdn. Bhd. for an approval to make investment in a BioNexus status company on or after 1 January 2016 and such application has been approved by the Minister;
   (b) where the qualifying person is a company, no other company which is a related company to the company has been allowed the deduction under these Rules or the Income Tax (Deduction for Investment in a BioNexus Status Company) Rules 2007 [P.U. (A) 373/2007];
   (c) where the qualifying person is an individual—
      (i) only three applications shall be allowed for the purpose of deduction under these Rules;
      (ii) each approval shall be granted in respect of an investment made in three different activities of the new business which are agriculture, healthcare or industrial; and

Rule 3(2) Commerce Clearing House (Malaysia) Sdn Bhd
(iii) the investment shall be made in a BioNexus status company which any of its paid-up capital is not owned by—

(A) the spouse of the individual;
(B) the brother or sister, of the individual or of the spouse of the individual;
(C) the parent, of the individual or of the spouse of the individual;
(D) the child, including a step child or child adopted in accordance with any law, of the individual;
(E) the grandparent or grandchild, of the individual or of the spouse of the individual;
(F) the spouse of any of the individual referred to in subsubparagraph (B); or
(G) the uncle, aunt or cousin, of the individual or of the spouse of the individual; and

(d) where an application to make an investment by an individual has been approved under the Income Tax (Deduction for Investment in a BioNexus Status Company) Rules 2007, the approval under these Rules shall only be given in respect of the activity other than the activity approved under that Rules subject to the conditions specified in this rule.

4(2) For the purpose of this rule, “related company” has the same meaning assigned to it in section 2 of the Promotion of Investment Act 1986 [Act 327].

RULE 5 CESSATION OF DEDUCTION
5 The deduction allowed under these Rules to a qualifying person shall cease in the basis period for a year of assessment upon the BioNexus status company commences the commercialization of the activities in respect of which the investment is made which is based on the date of the first sales invoice.

RULE 6 NON-APPLICATION
6 These Rules shall not apply to a qualifying person in the basis period for a year of assessment if the qualifying person—

(a) has made an investment in BioNexus status company which has been granted an exemption under the Income Tax (Exemption) (No. 18) Order 2007 [P.U. (A) 372/2007];
(b) has made a claim for allowance under Schedule 7A or Schedule 7B to the Act;
(c) has been granted any incentive under the Promotion of Investment Act 1986;
(d) has been granted an exemption under section 127 of the Act; or
(e) has made a claim for a deduction under any Rules made under section 154 of the Act except—

(i) allowance under Schedule 3 to the Act;
(ii) the Income Tax (Deduction for Audit Expenditure) Rules 2006 [P.U. (A) 129/2006];

Thornton’s Malaysian Tax Commentaries

Rule 6
(iii) the Income Tax (Deduction for Cost relating to Training for Employees for the Implementation of Goods and Services Tax) Rules 2014 [P.U. (A) 334/2014]; or

RULE 7  REVOCATION


7(2) Notwithstanding subrule (1), the Rules mentioned in subrule (1) shall continue to apply for any deduction for the investment which has been approved under the Rules as if the Rules have not been revoked.
INCOME TAX (DEDUCTION FOR INVESTMENT IN QUALIFYING ACTIVITY) RULES 2016

[8 June 2016]

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT
1(1) These rules may be cited as the Income Tax (Deduction for Investment in Qualifying Activity) Rules 2016.
1(2) These Rules are deemed to have come into operation on 13 June 2008.

RULE 2 QUALIFYING ACTIVITY
2 The qualifying activity referred to in these Rules is an activity as set out in column (2) of the Schedule—
(a) which is carried on by a related company;
(b) which is not of the same kind with the activity which has been carried on by the related company on the date of the application referred to in subrule 6(2); and
(c) which has been granted exemption under—
(i) the Income Tax (Exemption) (No. 4) Order 2016 [P.U. (A) 157/2016];
(ii) the Income Tax (Exemption) (No. 5) Order 2016 [P.U. (A) 158/2016];
(iii) the Income Tax (Exemption) (No. 6) Order 2016 [P.U. (A) 159/2016]; or
(iv) the Income Tax (Exemption) (No. 7) Order 2016 [P.U. (A) 160/2016].

RULE 3 QUALIFYING PERSON
3 The qualifying person referred to in these Rules is a company—
(a) incorporated under the Companies Act 1965 [Act 125] and resident in Malaysia;
and
(b) which makes investment in a related company.

RULE 4 INVESTMENT
4 The investment referred to in these Rules is an investment which is made—
(a) in the form of—
(i) cash contribution where the related company has no obligation to repay; or
(ii) paid-up capital in respect of ordinary shares in a related company;
(b) for the sole purposes of financing a qualifying activity;
(c) for a period and up to an amount as approved by the Minister; and
(d) in the basis period for the same year of assessment with the year of assessment where the related company has incurred expenditure in carrying on the qualifying activity.

**RULE 5 RELATED COMPANY**

5 The related company referred to in these Rules is a company—

(a) incorporated under the Companies Act 1965 and resident in Malaysia; and

(b) which at least seventy per cent of its paid-up capital in respect of its ordinary shares are directly owned by a qualifying person.

**RULE 6 DEDUCTION**

6(1) Subject to rule 7, for the purposes of ascertaining the adjusted income of a qualifying person from its business in the basis period for a year of assessment, a deduction shall be allowed for the value of the investment made by the qualifying person in that basis period which is equivalent to an amount incurred by the related company in that basis period in relation to the qualifying activity in respect of which the investment is made.

6(2) The application for deduction under subrule (1) shall be made by the qualifying person to the Minister through the East Coast Economic Region Development Council on or after 13 June 2008 but not later than 31 December 2020 and shall be presented concurrently with the application by the related company for the qualifying activity to be granted exemption under the order referred to in paragraph 2(c).

6(3) For the purposes of subrule (2), the “East Coast Economic Region Development Council” means the council established under the East Coast Economic Region Development Council Act 2008 [Act 688].

**RULE 7 WITHDRAWAL OF DEDUCTION**

7(1) The deduction which is allowed under subrule 6(1) to a qualifying person which makes an investment in the form of paid-up capital in respect of ordinary shares in a related company shall be withdrawn if the qualifying person—

(a) disposes the paid-up capital in respect of the ordinary shares within five years from the date of the last investment made; and

(b) receives any consideration for such disposal.

7(2) The withdrawal of the deduction under subrule (1) shall be made by adding the value of the consideration so received in ascertaining the adjusted income of the qualifying person for the year of assessment in the basis period in which the consideration is received.

7(3) The value of the consideration so added pursuant to subrule (2) shall not exceed the total deduction allowed in relation to the investment.
RULE 8 CESSATION OF DEDUCTION
8 The deduction allowed to the qualifying person under rule 6 shall cease in the basis period for a year of assessment upon the related company having its first statutory income from the qualifying activity in respect of which investment is made by the qualifying person.

RULE 9 NON-APPLICATION
9 These Rules shall not apply to a qualifying person if—
   (a) the qualifying activity, in respect of which investment is made by the qualifying person, is commenced by the related company after one year from the date of the approval by the Minister or after such extended period as may be approved by the Minister; or
   (b) in the basis period for a year of assessment, the qualifying person—
       (i) has made a claim for reinvestment allowance under Schedule 7A to the Act or investment allowance under Schedule 7B to the Act;
       (ii) has been granted an exemption under section 127 of the Act in respect of the same qualifying activity; or
       (iii) has been granted any incentive under the Promotion of Investments Act 1986 [Act 327] in respect of the same qualifying activity.

SCHEDULE

<table>
<thead>
<tr>
<th>(1) No.</th>
<th>(2) Qualifying activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cultivation of kenaf, vegetable, fruit, herbs, spice or cocoa</td>
</tr>
<tr>
<td>2.</td>
<td>Plantation of crops for energy generation</td>
</tr>
<tr>
<td>3.</td>
<td>Planting of <em>hevea brasiliensis</em></td>
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<tr>
<td>4.</td>
<td>Floriculture including ornamental flowers</td>
</tr>
<tr>
<td>5.</td>
<td>Aquaculture</td>
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<tr>
<td>6.</td>
<td>Inland fishing or deep-sea fishing</td>
</tr>
<tr>
<td>7.</td>
<td>Rearing of cattle, buffalo, goat, sheep, turkey, ostrich or quail</td>
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</tbody>
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INCOME TAX (DEDUCTION FOR THE SPONSORSHIP OF HALLMARK EVENT) RULES 2016

PU (A) 165

[8 June 2016]

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

RULE 1 CITATION AND COMMENCEMENT

1(1) These rules may be cited as the Income Tax (Deduction for the Sponsorship of Hallmark Event) Rules 2016.

1(2) These Rules are deemed to have come into operation on 13 June 2008.

RULE 2 QUALIFYING PERSON

2 The qualifying person referred to in these Rules is—

(a) a company incorporated under the Companies Act 1965 [Act 125] and resident in Malaysia; or

(b) an individual who has business source in Malaysia and resident in Malaysia, who sponsors a hallmark event.

RULE 3 HALLMARK EVENT

3(1) The hallmark event referred to in these Rules is an event of national, regional or international significance which is—

(a) carried on in the East Coast Economic Region on or after 13 June 2008 and not later than 31 December 2020; and

(b) approved by the Minister.

3(2) For the purposes of subrule (1), “East Coast Economic Region” has the meaning assigned to it in the East Coast Economic Region Development Council Act 2008 [Act 688].

RULE 4 DEDUCTION

4(1) For the purposes of ascertaining the adjusted income of a qualifying person from his business in the basis period for a year of assessment, a deduction shall be allowed for an amount equal to any cash contribution or contribution in kind made by the qualifying person in relation to a hallmark event.

4(2) An application for deduction under subrule (1) shall be made by the qualifying person to the Minister through the East Coast Economic Region Development Council on or after 13 June 2008 but not later than 31 December 2020 and the qualifying person shall
produce a letter from the East Coast Economic Region Development Council confirming—
(a) that the event is a hallmark event;
(b) the date of the hallmark event;
(c) the organizer of the hallmark event; and
(d) the amount of cash contribution or contribution in kind made in relation to the hallmark event.

4(3) The value of contribution in kind referred to in paragraph (2)(d) shall be determined by the East Coast Economic Region Development Council.

4(4) Where a deduction in respect of cash contribution or contribution in kind has been allowed under these Rules, no other deduction shall be allowed in respect of that contribution under any provisions of the Act.

4(5) The total amount of the deduction allowed under subrule (1) for sponsoring one or more hallmark event shall be an amount not exceeding one million ringgit for each year of assessment.

4(6) For the purposes of this rule, the “East Coast Economic Region Development Council” means the council established under the East Coast Economic Region Development Council Act 2008.