

TECHNICAL

Direct Taxation

INCOME TAX (ACCELERATED CAPITAL ALLOWANCES) (INFORMATION AND COMMUNICATION TECHNOLOGY EQUIPMENT) RULES 2018 [P.U. (A) 156/2018]

The above [Rules](#) were gazetted on 5 July 2018 (please refer to our [e-CTIM TECH DT 42/2018](#) dated 6 July 2018). They are deemed to take effect from the year of assessment (YA) 2017.

The following table contains a summary of the Rules:

Para.	Summary
2	<p><i>Interpretation</i> Provides the meanings of the following terms:</p> <p>“Information and technology equipment” (IATE) means IATE specified in the Schedule.</p> <p>“Purchase of IATE” includes the installation of such equipment.</p>
3	<p><i>Application</i> These Rules apply to capital expenditure (CE) incurred by a resident in Malaysia in the basis period for a YA, in relation to a source consisting of a business of that person, on the purchase of any IATE which is used for the purpose of that business.</p>
	The amounts of initial allowance and annual allowance (under Schedule 3 of the ITA) which are allowed in respect of the CE incurred as specified above are as follow:
4	<i>Initial allowance</i> – one-fifth (20%) of the qualifying CE incurred;
5	<i>Annual allowance</i> – one-fifth (20%) of the qualifying CE incurred.
6	<p><i>Non-application</i> These Rules do not apply to a person who has incurred qualifying CE (as specified in para. 3) for a basis period for a YA where during that basis period, that person is eligible for and has claimed in respect of that IATE any incentive provided under specific legislations listed in items (a) to (d) under para. 6 of these Rules, or any exemption under any order made under S127 of the ITA, as specified in item (e) under the same paragraph.</p>
Schedule (Rule 2)	This Schedule lists the types of IATE that qualify for accelerated capital allowance under these Rules.

Members may read the Rules in full at the official website of the [Attorney-General's Chambers](#).

You may write to the Institute at technical@ctim.org.my or secretariat@ctim.org.my in respect of any suggestions, concern or comments you may have on the [Rules](#) so that we may raise them to the LHDNM.

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