CHARTERED TAX INSTITUTE OF MALAYSIA

e-CIRCULAR TO MEMBERS

CHARTERED TAX INSTITUTE OF MALAYSIA (225750-T)

e-CTIM TECH-DT 4/2021 **8 January 2021**

TO ALL MEMBERS

TECHNICAL

Direct Taxation

LHDNM TECHNICAL GUIDELINES – GUIDELINES FOR INCENTIVE CLAIMS FOR UPSTREAM PETROLEUM INDUSTRY UNDER THE PETROLEUM (INCOME TAX) ACT 1967 (REVISED)

Guidelines (Available in Bahasa Malaysia only)	Remarks (Please access the Guidelines for the full details)

Guidelines for Incentive Claims for Upstream Petroleum Industry under the Petroleum (Income Tax) Act 1967 (Revised) ["Revised Guidelines"]
 	
(30 December 2020)
	Purpose
	• The Revised Guidelines provide clarification on incentives that can be claimed by taxable persons undertaking petroleum operations in marginal fields or in respect of a qualifying project and the method for computing these incentives.
	• The Revised Guidelines replace the Guidelines for Incentive Claims for Upstream Petroleum Industry under the Petroleum (Income Tax) Act 1967 dated 22 May 2014 ("Guidelines dated 22 May 2014") (refer to our e-CTIM TECH-DT 39/2014 dated 9 June 2014).
	• The Revised Guidelines include revisions to the Guidelines dated 22 May 2014 such as the following: -
	  ○ Insertion of the words *"Permohonan insentif cukai ini mestilah dikemukakan kepada PETRONAS tidak melebihi 5 tahun dari tarikh kelulusan Field Development Plan (FDP)."* (paragraph 1.3);
	  ○ Amendment of the following words: -
	    ➢ *"perenggan 3.4.1(a)"* to *"perenggan 3.4.1.1(a)"*;
	    ➢ *"perenggan 3.4.1(b)"* to *"perenggan 3.4.1.1(b)"*; and
	    ➢ *"peringkat pendapatan boleh taksir OBD"* to *"peringkat pendapatan kasar OBD"* [paragraph 3.4.1.4(a)]; and
	  ○ Deducting the brought forward losses against the statutory income first before deducting the investment allowance (example 8 and 9).
	
	References
	• Revised Guidelines dated 30 December 2020 on the websites of the Institute and the LHDNM.
	• Guidelines dated 22 May 2014 on the websites of the Institute and the LHDNM.

You may write to the Institute at technical@ctim.org.my in respect of any suggestions, concern or comments you may have on the above Guidelines so that we may raise them to the LHDNM.

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