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TO ALL MEMBERS

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TECHNICAL

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**Tax Incentive for Structured Internship Programme**

In response to the email enquiry made by the Institute on 22 December, 2011, Talent Corporation Malaysia Berhad (Talent Corp) has provided clarification as follows:

- 1) What are the types of expenses which would qualify for the double deduction, e.g. monthly allowance, training costs, orientation/induction costs, administrative costs, etc?

*The expenses that qualify for the double deduction are all related expenses incurred on the interns. Example:*

- *Cash and cash equivalent allowance.*
- *Cost of training offered during the internship programme.*
- *Meals, transport and accommodation allowances.*
- *Payment to the Outsourced Party running or administering the programme.*

- 2) What are the qualifying criteria for a structured internship programme?

*The qualifying criteria are:*

- *Partnership or companies with share capital – min RM 2.5 m.*
- *Revenue – average RM21m.*
- *Headcounts for Manufacturing – min 100FTEs.*
- *Headcounts for Non-manufacturing – 50 FTEs.*
- *Years of establishment – min 5 years, 3-5 years may be considered if the companies meet above criteria*

- 3) Who is eligible for the internship programme? Is the incentive available to all sectors? Under Section 34(6)(n), the trainee must be a resident and must not be an employee of the claimant. Will the same conditions apply?

*Companies that meet the criteria. It is available to all sectors. This internship only applies to local undergraduate students who are pursuing a first degree (or equivalent) and not employees (such as management trainee).*

- 4) Are foreign institutes of higher education and foreign students studying in local institutes of higher education allowed to participate in this programme?

*No. The double tax deduction is only applicable to Malaysian students from locally based universities only.*

- 5) Are participating companies required to be registered with the Ministry of Higher Education or Talent Corporation Malaysia Berhad?

*Talent Corporation Malaysia Berhad.*

- 6) What are the procedures for participating in this programme?

*Kindly visit our website [www.talentcorp.com.my](http://www.talentcorp.com.my) starting from January 2012.*

- 7) Certain universities/colleges provide courses with compulsory practical/vocational training. Are the companies/enterprises participating in providing the training eligible for the incentives?

*The companies have to meet the criteria and the structured internship programme has to be endorsed by Talent Corp.*

In addition to the above, Talent Corp has also provided the relevant information in [\*Frequently Asked Questions \(Companies\) and Frequently Asked Questions \(The Internship Programme\)\*](#).

You may view the document at the website of the Institute.

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