

e-CTIM No.14/2012

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TO ALL MEMBERS

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**TECHNICAL**

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**Direct Taxation**

1. [Income Tax \(Exemption\) Order 2012 \[P.U. \(A\) 22/2012\]](#)

This Order exempts the following from payment of income tax in respect of statutory income derived from a qualifying project:

- a) a qualifying company (a Malaysian resident company incorporated under the Companies Act, 1965, and undertaking a qualifying project) which has not commenced its business or a new private healthcare facility business on the date an application is made to the Malaysian Industrial Development Authority (MIDA); or
- b) a qualifying company which has not incurred any qualifying capital expenditure on expansion, modernization or refurbishment project on the date an application is made to MIDA; and
- c) an application made by a qualifying company to MIDA on or after 1 January 2010 but not later than 31 December 2014.

The amount exempted is 100% of the qualifying capital expenditure which was incurred in the basis period for a year of assessment within a period of five years. The date of commencement of the period shall be determined by MIDA.

The order spells out the interpretation of, among other terms, “incurred”, “private healthcare facility”, “new private healthcare facility”, “qualifying project”, “qualifying capital expenditure”, and “expansion, modernization or refurbishment project”. It also spells out the circumstances for non-application of the order.

A separate account has to be maintained by the qualifying company for the income derived from the qualifying project.

This order is effective from 1 January 2010 until 31 December 2014.

2. [Income Tax \(Prescription of Activity Excluded From The Definition of “Manufacturing”\) Rules 2012 \[P.U. \(A\) 23/2012\]](#)

The above Rules specify the activities excluded from the definition of “manufacturing” under paragraph 9 of Schedule 7A, Income Tax Act, 1967.

The Rules are deemed to have effect from the year of assessment 2009.

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