

TECHNICAL

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Direct Taxation

**INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF RETAIL DEBENTURE AND RETAIL SUKUK) RULES 2013 [P.U.(A) 71]**

Further to our [e-CTIM TECH 21/2013](#), the above Rules were gazetted on 1 March 2013 to provide additional incentive for income tax and are effective from the year of assessment (YA) 2012 until YA 2015.

**Deduction (Rule 2)**

In ascertaining the adjusted income of a company resident in Malaysia from its business, a deduction is allowed for *additional expenses* incurred by the company on the issuance of:-

- (a) a retail debenture approved or authorized by the Securities Commission under the Capital Markets and Services Act 2007.
  - The total deduction allowed is equivalent to twice the amount of additional expenses allowed under these Rules. [Rule 2(6)]
- (b) a retail sukuk approved or authorized by the Securities Commission under the Capital Markets and Services Act 2007.
  - The total deduction allowed is an amount equal to the additional expenses allowed under these Rules.[Rule 2(7)]

The terms “retail debenture”, “retail sukuk” and “retail investor” are defined in Rule 2(3), (4) and (5) respectively.

The “***additional expenses***” that qualify [Rule 2(2)] for deduction are:

- a) professional fee relating to due diligence, drafting and preparation of prospectus;
- b) printing cost of prospectus;
- c) advertisement cost of prospectus;
- d) the Securities Commission prospectus registration fee;
- e) Bursa Malaysia processing fee and initial listing fee;
- f) Bursa Malaysia new issue crediting fee;
- g) primary distribution fee.

The [Rules](#) may be viewed at the [Attorney-General's Chambers website](#).

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