

e-CTIM No.64/2012

2 May 2012

TO ALL MEMBERS

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TECHNICAL

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**Income Tax (Deduction for Expenditure to Obtain The 1-InnoCERT Certification) Rules 2012 [P.U. (A) 109/2012]**

The Rules prescribe that in ascertaining the adjusted income of a qualified person from its business, the expenses incurred in obtaining the 1-InnoCERT Certification from the Small and Medium Enterprises Corporation Malaysia shall be allowed as a deduction, provided that it applies on or before 31 December 2014, and it is in respect of its first 1-InnoCERT Certification, for which approval is granted. The expenses incurred shall be expenditure directly incurred for the application and shall be deemed to have been incurred in the basis period for the year of assessment in which the 1-InnoCERT Certification is granted.

The Rules are deemed to have come into operation from the year of assessment 2010.

In these Rules –

**“qualified person”** means

- For the manufacturing industry, manufacturing related services industry and agro-based industry -  
a person resident in Malaysia and at the end of the basis period for a year of assessment
  - i. has not less than 5 and not more than 150 full-time employees, **or**
  - ii. has achieved not less than RM250,000 and not more than RM25 million in annual sales.
- For the services industry, primary agriculture, information and communication technology industry -  
a person resident in Malaysia and at the end of the basis period for a year of assessment
  - i. has not less than 5 and not more than 50 full-time employees, **or**
  - ii. has achieved not less than RM250,000 and not more than RM5 million in annual sales.

**“expenses”** means the following expenses:

- i. *certification fee of RM5,000*
- ii. *expenses incurred by SIRIM’s auditors which consist of travelling expenses (including economy airfare and airport transfer claim, mileage, toll and parking fee), accommodation costs (in a standard room) or lodging allowance, and meal allowance.*

**“1-InnoCERT Certification”** means a 1-Innovation Certification for Enterprise Rating & Transformation issued by Small and Medium Enterprises Corporation Malaysia to a qualified person who has been rated AAA, AA or A by SIRIM Berhad.

*(The following is a brief description of 1-InnoCERT Certification extracted from <http://www.smeinfo.com.my>.)*

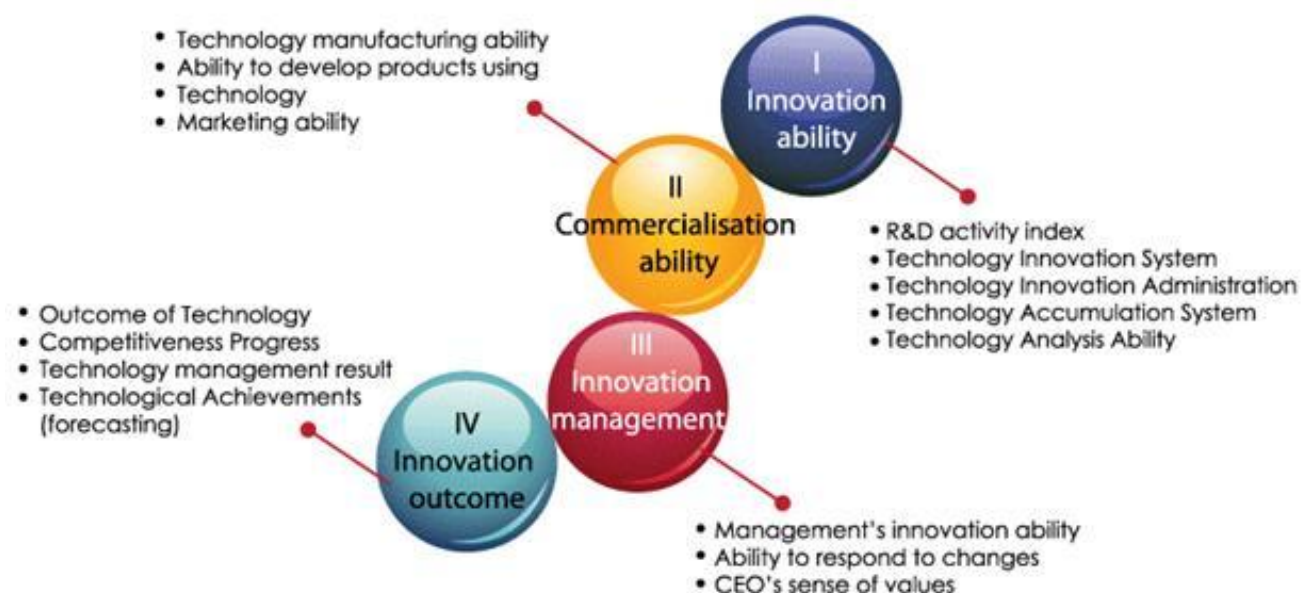
*Innovation Certification for Enterprise Rating and Transformation (1-InnoCERT) is a certification programme for recognising and certifying innovative enterprises and SMEs and to encourage entrepreneurs to venture into high technology and innovation-driven industries.*

*Through 1-InnoCERT, businesses will be guided through coaching and business advisory to implement innovation systems, processes, and business models in order to comply with the innovation standard. Certified companies will be given fast track access to incentives, including funding for their project.*

*The mechanism for 1-InnoCERT is based on 2 levels of assessment;*

- *On-line assessment; and;*
- *On-site visit evaluation/ audit by experts.*

**Parameters evaluated in the 1-InnoCERT are:**



**Benefits**

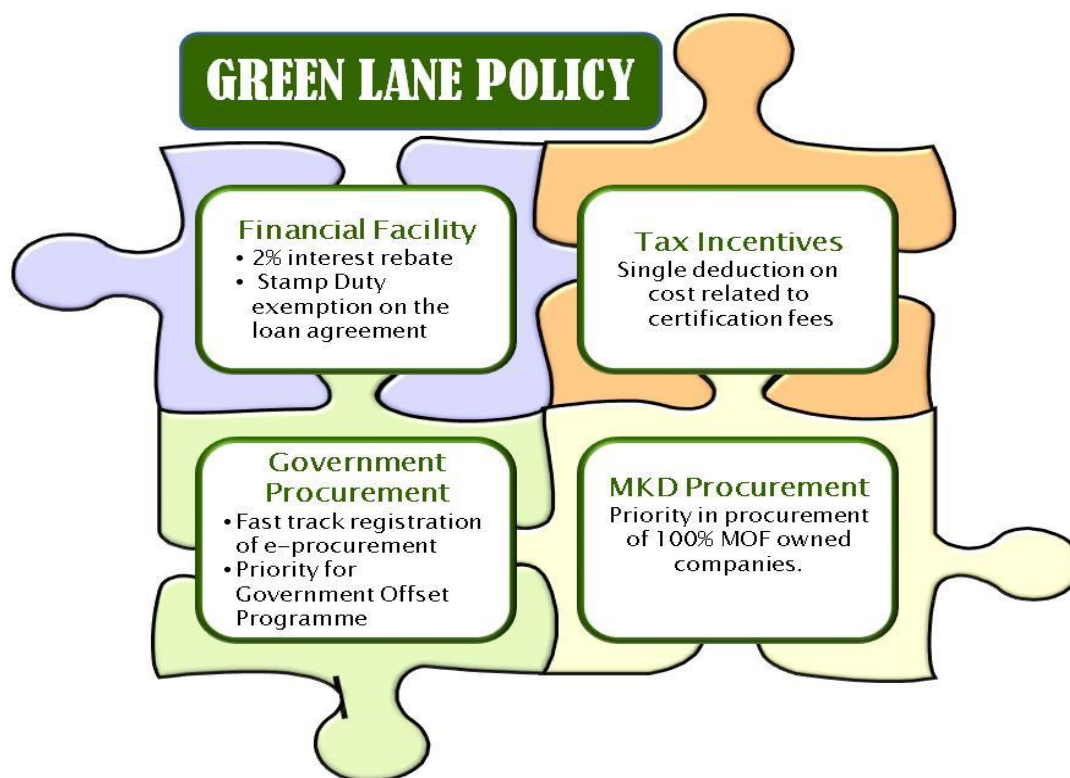
*1-InnoCERT SMEs will be eligible to:*

- *Participate in the SME Innovation Award; and*
- *Enjoy Green Lane Policy*

(For more information, please visit <http://www.1-innocert.my/Home/SolutionPages/Default.aspx>)

**Green Lane Policy**

- *The Green Lane Policy is intended to incentivise innovative SMEs under 1-InnoCERT Programme, Bio Nexus and MSC status companies as well as Malaysian Technology Development Corporation (MTDC) grant recipients.*
- *The Ministry of Finance (MOF) is the current Secretariat for the Green Lane Policy.*
- *The incentives covered under the Green Lane Policy are:*



All application of the Green Lane Incentives should be forwarded to:

**Secretariat of the Green Lane Policy**

Ketua Penolong Setiausaha  
Bahagian Pengurusan Pinjaman,  
Pasaran Kewangan dan Aktuari Tingkat 5,  
Blok Tengah Kompleks Kementerian Kewangan  
No. 5 Persiaran Perdana Presint 2,  
Pusat Pentadbiran Kerajaan Persekutuan  
62592 Putrajaya.  
(att.: **En. Nik Azman Nik Ab Kadir**)

Ketua Penolong Setiausaha  
Bahagian Analisa Cukai Perbendaharaan Malaysia  
Aras 6, 7 Blok Tengah,  
Kompleks Kementerian Kewangan,  
Presint 2 Pusat Pentadbiran Persekutuan  
62592 Putrajaya  
(att.: **Pn. Farah Dhiba Amad @ Salleh**)

**For more information:**

[Green Lane Policy-Pekeliling](#)

OR

<http://www.treasury.gov.my/pekeling/pp/pp072011.pdf>

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