

### e-CIRCULAR TO MEMBERS

## **CHARTERED TAX INSTITUTE OF MALAYSIA (225750-T)**

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#### **TECHNICAL**

# Income Tax (Deduction for Promotion of International or Private School) Rules 2012 [P.U. (A) 110/2012]

Following from <u>paragraph 44 of the 2012 Budget speech</u>, and the related <u>Appendix 17</u>, the above Rules were gazetted on 26 April 2012 and shall have effect from the year of assessment 2012.

These Rules shall apply to an international or private school which -

- · is registered with the Ministry of Education; and
- has complied with the conditions and regulations under Education Act 1996; and
- is a company incorporated under the Companies Act 1965 or a society established and registered under Societies Act 1966, and
- carries on a business of providing education in a school located in Malaysia in the basis period for a year of assessment.

The Rules prescribe that any outgoings and expenses incurred by an international or private school in the basis period for a year of assessment, primarily and principally for the purpose of promoting its international or private school operated and located in Malaysia, shall be allowed a deduction in arriving at the adjusted income.

The outgoings and expenses eligible for deduction are expenses incurred:-

- a) in respect of market research for international or private school education;
- b) in respect of preparation of technical information to a person outside Malaysia relating to the services provided by that school in Malaysia;
- in respect of traveling to a country outside Malaysia (by not more than 3 representatives of that school) for the purpose of participating in approved foreign education fairs, subject to certain conditions:
- d) directly in participating in approved foreign education fairs other than those expenses specified in paragraph (2)(c); or
- e) in respect of publicity and advertisement in any media outside Malaysia for the promotion of international or private school in Malaysia.

The deduction allowable should be in addition to any deduction under <u>section 33 of the Income</u> Tax Act 1967 (ITA) and the total amount shall not exceed RM100,000 for each year of assessment.

The Rules shall not be applicable where -

- the outgoings, expenses or other payments fall within the ambit of Section 39(1) ITA;
- the outgoings, expenses or other payments are incurred in a country in which the international or private school has a place of business and subject to local tax; or
- the international or private school is eligible for a deduction under Income Tax (Deductions for Promotion of Export of Services) Rules 1999 [P.U.(A) 193/1999]

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