

TECHNICAL

Direct Taxation

MOF ANNOUNCEMENT ON INCENTIVES FOR UPSTREAM PETROLEUM INDUSTRY

An announcement relating to incentives offered to upstream petroleum industry was recently uploaded onto the website of the Ministry of Finance of Malaysia.

The announcement states that the following incentives are offered to upstream petroleum industry:

- (i) Marginal field incentive:
 - a. Petroleum income tax rate at 25% as compared to the current rate of 38%
 - b. Accelerated capital allowance from 10 years to 5 years;
 - c. Export duty exemption.

- (ii) Investment allowance incentive for promoted activities as follows:
 - a. High Pressure High Temperature
 - b. High Carbon Dioxide
 - c. Enhanced Oil Recovery
 - d. Deep Water Projects
 - e. Infrastructure projects

Applications must be submitted to:

Petroleum Management Unit
Petroleum Nasional Berhad
Tower 2, Petronas Twin Towers
Kuala Lumpur City Centre
5088, Kuala Lumpur

For full details please read the announcement at the [MOF website](#), which also provides links to the following:

- [Application guideline](#)
- [Incentive application form](#)

Disclaimer

This document is meant for the members of the Chartered Tax Institute of Malaysia (CTIM) only. CTIM has taken all reasonable care in the preparation and compilation of the information contained in this E-CTIM. CTIM herein expressly disclaims all and any liability or responsibility to any person(s) for any errors or omissions in reliance whether wholly or partially, upon the whole or any part of this E-CTIM.