
TECHNICAL

Direct Tax

PETROLEUM (INCOME TAX) (EXEMPTION) ORDER 2014

The (Income Tax) (Exemption) Order 2014 [P.U.(A)305] is deemed to have come into effect on 30 November 2010.

The following are some of the main provisions of the Order:

Exemption

PETRONAS (Petroleum Nasional Berhad) is exempted from the payment of petroleum income tax in respect of statutory income derived from petroleum operations in a PETRONAS marginal field in the basis period for a year of assessment.

“PETRONAS marginal field” is defined as a field as determined under paragraph 3 of the Order, which states as follows:

“ The Minister may determine a PETRONAS marginal field which is a field operated solely by PETRONAS which has potential crude oil reserves not exceeding thirty million stock tank barrels or natural gas reserves not exceeding five hundred billion standard cubic feet.”

Computation of exempt income

The amount of statutory income exempted is computed using the formula:

$$\frac{A}{B} \times C$$

- Where
- | | |
|---|---|
| A | is the chargeable tax of PETRONAS in respect of its petroleum operations in a PETRONAS marginal field which is equal to 38% of its chargeable income reduced by the chargeable tax which is equal to 25 % of its chargeable income; |
| B | is the chargeable income of PETRONAS in respect of a PETRONAS marginal file which is equal to 38% of its chargeable income; and |
| C | is the amount of such chargeable income. |

Members may read the Order in full at the official website of the [Attorney-General's Chambers](#).

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