

TECHNICAL

Direct Taxation

INCOME TAX (DEDUCTION FOR THE SPONSORSHIP OF HALLMARK EVENT) RULES 2016 [P.U.(A) 165/2016]

The above Order was gazetted on 13 June 2016. It is deemed to have come into operation on 13 June 2008.

The salient points in the Order are summarized below:

Definitions (Rules 2 – 3)

The meanings of the following words are provided in Rules 2 - 3:

No.	Word	Meaning
Rule 2	Qualifying person (QP)	A QP is– (a) a company incorporated under the Companies Act 1965 and resident in Malaysia; or (b) an individual who has a business source in Malaysia and is resident in Malaysia, who sponsors a hallmark event.
Rule 3	Hallmark event (HE)	The HE is an event of national, regional or international significance which is – (a) carried on in the East Coast Economic Region* (ECER) on or after 13 June 2008 and not later than 31 December 2020; and (b) approved by the Minister. * ECER has the meaning assigned to it in the ECER Development Council Act 2008.

Deduction (Rule 4)

- i. In ascertaining the adjusted income of a QP from his business in the basis period for a year of assessment (YA) a deduction is allowed for an amount which is equal to any contribution in cash or in kind made by the QP in relation to a HE.
- ii. The application for the above deduction is made to the Minister through the ECER Development Council (ECERD Council) on or after 13 June 2008 but not later than 31 December 2020. (The ECERD Council means the council established under the ECERD Council Act 2008.)
- iii. The QP must produce a letter from the ECERD Council confirming –
 - (a) that the event is a HE;
 - (b) the date of the HE;
 - (c) the organizer of the event; and
 - (d) the amount of cash contribution or contribution in kind made in relation to the HE.
- iv. The value of any contribution in kind is determined by the ECERD Council.

- v. If an amount of contribution has been allowed for deduction under these Rules, it will not be allowed under any other provisions of the ITA.
- vi. The total deduction allowed in respect of contribution for sponsorship of one or more HE shall not exceed RM1 million for each YA.

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

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