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TaXavvy

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Accelerated capital
allowance for information
and communication
technology equipment

Goods and Services Tax



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Accelerated capital allowance for information and communication technology equipment

The *Income Tax (Accelerated Capital Allowance) (Information and Communication Technology Equipment) Rules 2014* (“the 2014 Rules”) was gazetted on 21 July 2014. The 2014 Rules extend the accelerated capital allowance (“ACA”) period for information and communication technology (“ICT”) equipment to years of assessment (YAs) 2014, 2015 and 2016 following expiry of the *Income Tax (Accelerated Capital Allowance) (Information and Communication Technology Equipment) Rules 2008* (“the 2008 Rules”).

The ACA rates given for specified ICT equipment is maintained at 20% for initial allowance and 80% for annual allowance. The 2014 Rules specifically provide that capital expenditure on the “purchase of information and communication technology equipment” includes installation of the equipment.

ACA is however not available in the YA where the taxpayer:

- a) has been granted any incentive under the Promotion of Investments Act 1986,
- b) has been granted a reinvestment allowance under Schedule 7A of the Income Tax Act 1967 (“ITA”),
- c) has been granted investment allowance under Schedule 7B of the ITA,
- d) has been granted any exemption under section 127 of the ITA, or
- e) has qualified for a deduction under any other rules made under section 154 of the ITA.

Items (c) to (e) are new non-application rules introduced in the 2014 Rules.

Goods and Services Tax (GST)

Effective date of GST Regulations

TaXavvy 12-2014 had reported on the issuance of various Regulations in relation to GST. Please note that the effective date of the following regulations have been amended from 1 July 2014 to 1 April 2015.

- Goods and Services Tax (Advance Ruling) Regulations 2014 [P.U.(A) 188/2014]
- Goods and Services Tax (Review and Appeal) Regulations 2014 [P.U.(A) 189/2014].

GST Industry Guides

The Royal Malaysian Customs Department has uploaded a new GST Industry Guide on Telecommunication Services. on their website <http://gst.customs.gov.my>.

Let's talk

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