

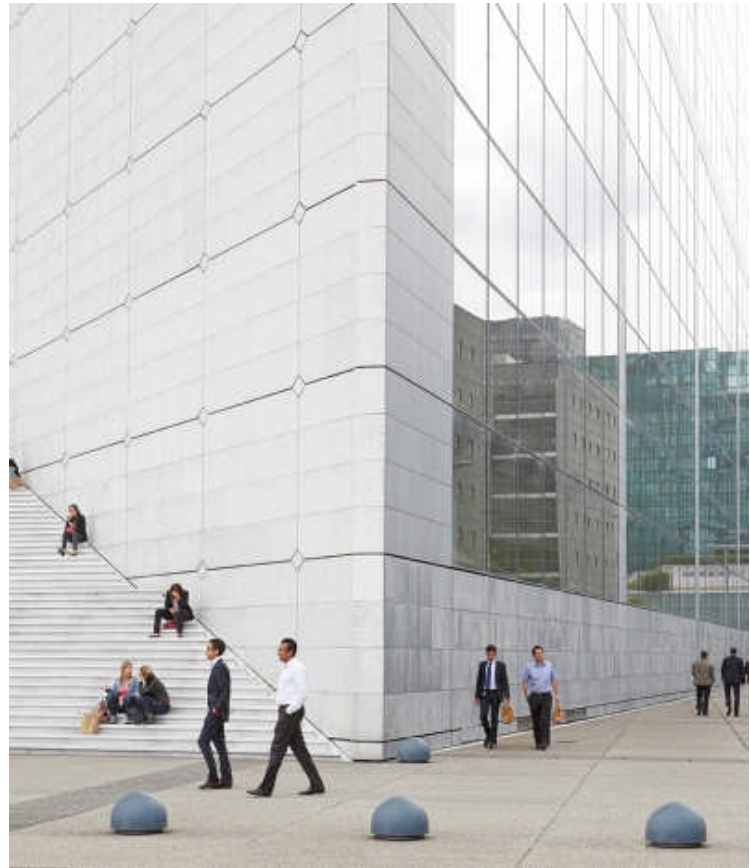
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# *TaXavvy*

## Stay current. Be tax savvy.

Gazette orders for East Coast  
Economic Region incentives

Revision to Public Ruling  
1/2009 – Property  
Development and Public  
Ruling 10/2014 – Special  
Allowance for Small Value  
Assets



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## ***Gazette orders for East Coast Economic Region incentives***

The following gazette orders have been recently gazetted, providing tax incentives for qualifying activities in the East Coast Economic Region (ECER). All 10 gazette orders are deemed to have come into operation on 13 June 2008.

<b>Gazette order</b>	<b>Incentive provided</b>
Income Tax (Exemption) (No. 4) Order 2016	<p>Exemption of statutory income from qualifying activity equivalent to 100% of qualifying capital expenditure (QCE) incurred for 5 years of assessment (YAs) commencing from the date of incurrence of the first QCE.</p> <p>Commencement of exemption period cannot be earlier than 3 years before the date of application of the incentive or 13 June 2008.</p> <p>Application has to be made to the Ministry of Finance (MOF) through ECER Development Council, on or after 13 June 2008 but not later than 31 December 2020.</p>
Income Tax (Exemption) (No. 5) Order 2016	<p>Exemption of statutory income from special qualifying activity at a rate of 60% to 100% of QCE incurred commencing from the date of incurrence of first QCE.</p> <p>The duration of the exemption period will be determined by the MOF.</p> <p>Commencement of exemption period cannot be earlier than 3 years before the date of application of the incentive or 13 June 2008.</p> <p>Application has to be made to MOF through ECER Development Council, on or after 13 June 2008 but not later than 31 December 2020.</p>
Income Tax (Exemption) (No. 6) Order 2016	<p>Exemption of statutory income from qualifying activity for 10 YAs commencing from the first YA the said statutory income is derived.</p> <p>Application has to be made to MOF through ECER Development Council, on or after 13 June 2008 but not later than 31 December 2020.</p>
Income Tax (Exemption) (No. 7) Order 2016	<p>Exemption of 70% to 100% of statutory income from special qualifying activity commencing from the first YA the said statutory income is derived.</p> <p>The duration of the exemption period will be determined by the MOF.</p> <p>Application has to be made to MOF through ECER Development Council, on or after 13 June 2008 but not later than 31 December 2020.</p>
Income Tax (Exemption) (No. 8) Order 2016	<p>Exemption of statutory income of an approved developer from:</p> <ul style="list-style-type: none"> <li>• Disposal of building or right over land / building / part of building, located in an industrial park / free zone, or</li> <li>• Rental of building or part of building, located in an industrial park / free zone.</li> </ul> <p>The exemption will be for 10 YAs commencing from the first YA the said statutory income is derived.</p> <p>Application has to be made to MOF through ECER Development Council, on or after 13 June 2008 but not later than 31 December 2020.</p>

Gazette order	Incentive provided
Income Tax (Exemption) (No. 9) Order 2016	<p>Exemption of statutory income from qualifying activities in relation to an industrial park / free zone in respect of:</p> <ul style="list-style-type: none"> <li>• Provision of management, supervisory services by a development manager,</li> <li>• Provision of park management services by a park manager.</li> </ul> <p>The exemption will be for 10 YAs commencing from the first YA the said statutory income is derived.</p> <p>Application has to be made to MOF through ECER Development Council, on or after 13 June 2008 but not later than 31 December 2020.</p>
Income Tax (Exemption) (No. 10) Order 2016	<p>Withholding tax exemption for a non-resident receiving fees for technical advice, assistance or services, or royalty from a qualifying person for purposes of a qualifying activity.</p> <p>The exemption applies for income received on or after 13 June 2008 but not later than 31 December 2020.</p>
Income Tax (Deduction for the Sponsorship of Hallmark Event) Rules 2016	<p>Tax deduction for an amount not exceeding RM1 million per YA in respect of cash contribution or contribution in kind by a qualifying person to sponsor a hallmark event.</p> <p>A hallmark event is an event of national, regional or international significance carried on in ECER.</p> <p>The hallmark event must be approved by the MOF and carried out on or after 13 June 2008 but not later than 31 December 2020.</p>
Income Tax (Deduction for Investment in Qualifying Activity) Rules 2016	<p>Tax deduction for an amount equal to the investment made into a related company carrying out a qualifying activity under the income tax exemption orders number 4 to 7.</p> <p>Application to be made to MOF through ECER Development Council, on or after 13 June 2008 but not later than 31 December 2020, and concurrently with the application for ECER incentive by the related company.</p>
Stamp Duty (Exemption) (No. 2) Order 2016	<p>Stamp duty exemption on transfer of the real property / lease of land or building, used for the purposes of carrying on a qualifying activity in ECER.</p> <p>The instrument of transfer must be executed on or after 13 June 2008 but not later than 31 December 2020.</p>

The terms qualifying person, qualifying activity, approved developer, development manager and park manager are specifically defined in the respective gazette orders.

Generally, the qualifying activities eligible for the income tax exemption under the income tax exemption orders number 4 to 7 are selected specified activities in the sectors of:

- Agriculture
- Agriculture related services
- Information, communication and technology
- Education and training

- Manufacturing
- Manufacturing related services
- Oil, gas and petrochemical
- Hotel
- Tourism
- Culture and heritage

### ***Revision to Public Ruling 1/2009 – Property Development and Public Ruling 10/2014 – Special Allowance for Small Value Assets***

The Inland Revenue Board (IRB) has recently revised the following public rulings (PR). The revisions are made to account for amendments made to the Income Tax Act 1967 (ITA 1967) since the PRs were issued. The revisions are as follows:

#### **Public Ruling 1/2009 – Property Development**

Paragraph 13 has been revised to reflect the IRB's treatment that interest income derived from Housing Development Account (HDA) is to be assessed under Section 4(c) of the ITA 1967.

#### **Public Ruling 10/2014 – Special Allowance for Small Value Assets**

A note has been inserted to paragraph 5.2 (in relation to the conditions of claimant company) to state that with effect from YA 2016, in addition to being resident and having a paid up capital of less than RM2.5 million, the claimant company must also be incorporated in Malaysia in order to enjoy unlimited special allowance for small value asset which is otherwise capped at RM13,000.

The PRs are available on IRB website [www.hasil.gov.my](http://www.hasil.gov.my) (Laws and Regulations > Public Rulings).

## Let's talk

Our offices	Name	Email	Telephone
<b>Kuala Lumpur</b>	Jagdev Singh	jagdev.singh@my.pwc.com	+60(3) 2173 1469
<b>Penang / Ipoh</b>	Tony Chua	tony.chua@my.pwc.com	+60(4) 238 9118
<b>Johor Bahru</b>	Benedict Francis	benedict.francis@my.pwc.com	+60(7) 222 4448
<b>Melaka</b>	Teh Wee Hong Au Yong	wee.hong.teh@my.pwc.com paik.hup.au@my.pwc.com	+60(3) 2173 1595 +60(6) 283 6169
<b>Labuan</b>	Jennifer Chang	jennifer.chang@my.pwc.com	+60(3) 2173 1828

Our services	Name	Email	Telephone
<b>Corporate Tax Compliance &amp; Planning</b>			
▪ Consumer & Industrial Product Services	Theresa Lim Margaret Lee	theresa.lim@my.pwc.com margaret.lee.seet.cheng@my.pwc.com	+60(3) 2173 1583 +60(3) 2173 1501
▪ Emerging Markets	Fung Mei Lin	mei.lin.fung@my.pwc.com	+60(3) 2173 1505
▪ Energy, Utilities & Mining	Lavindran Sandragasu	lavindran.sandragasu@my.pwc.com	+60(3) 2173 1494
▪ Financial Services	Jennifer Chang	jennifer.chang@my.pwc.com	+60(3) 2173 1828
▪ Technology, InfoComm & Entertainment	Heather Khoo	heather.khoo@my.pwc.com	+60(3) 2173 1636
<b>GST / Indirect Tax</b>	Raja Kumaran Wan Heng Choon	raja.kumaran@my.pwc.com heng.choon.wan@my.pwc.com	+60(3) 2173 1701 +60(3) 2173 1488
<b>International Tax Services / Mergers and Acquisition</b>	Frances Po	frances.po@my.pwc.com	+60(3) 2173 1618
<b>Transfer Pricing, Tax Audits &amp; Investigations</b>	Jagdev Singh	jagdev.singh@my.pwc.com	+60(3) 2173 1469
<b>International Assignment Services</b>	Sakaya Johns Rani Hilda Liow	sakaya.johns.rani@my.pwc.com hilda.liow.wun.chee@my.pwc.com	+60(3) 2173 1553 +60(3) 2173 1638
<b>Corporate Services</b>	Lee Shuk Yee	shuk.yee.lee@my.pwc.com	+60(3) 2173 1626
<b>Japanese Business Consulting</b>	Junichi Fujii	junichi.fujii@my.pwc.com	+60(3) 2173 1480

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