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# Taxavvy

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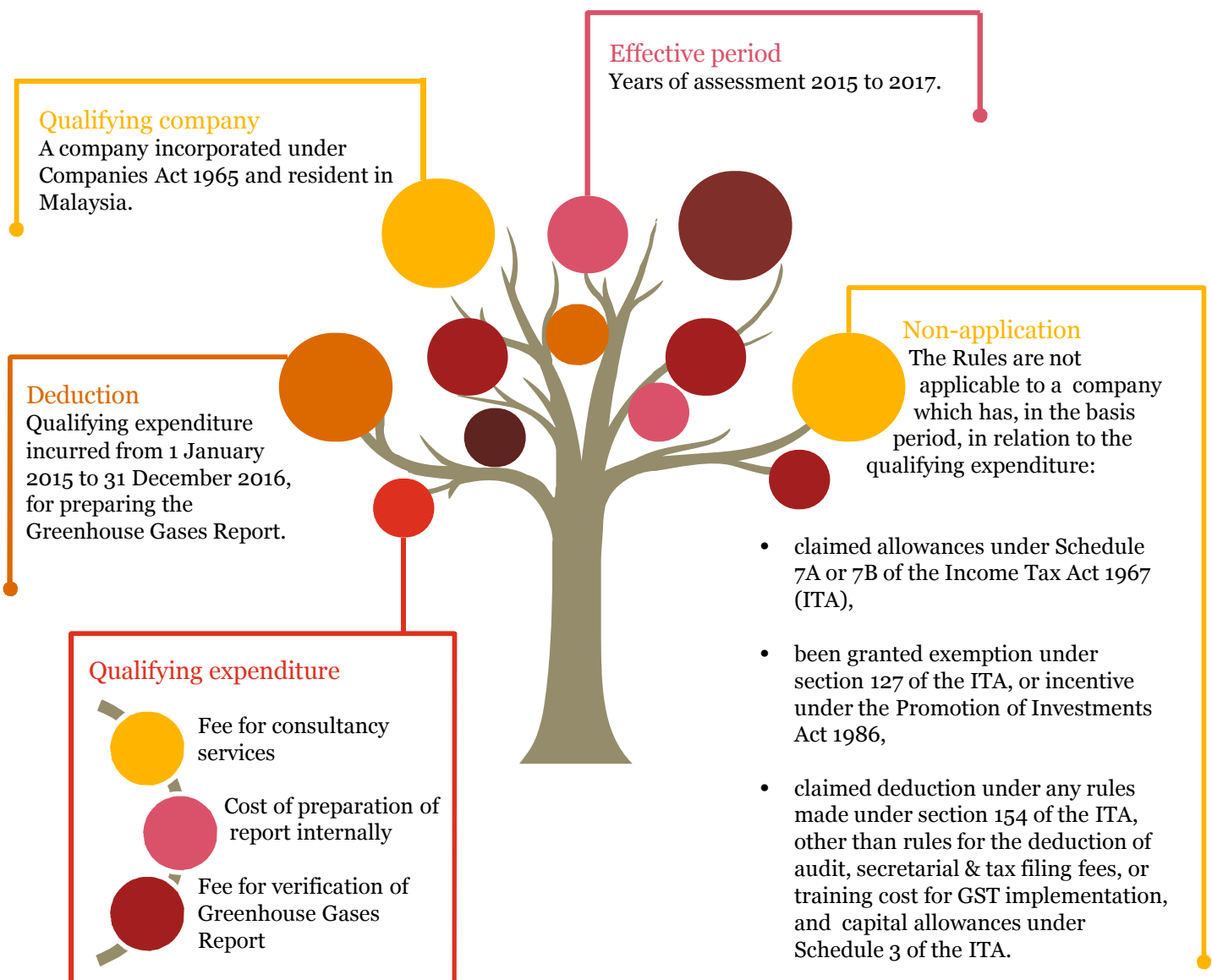
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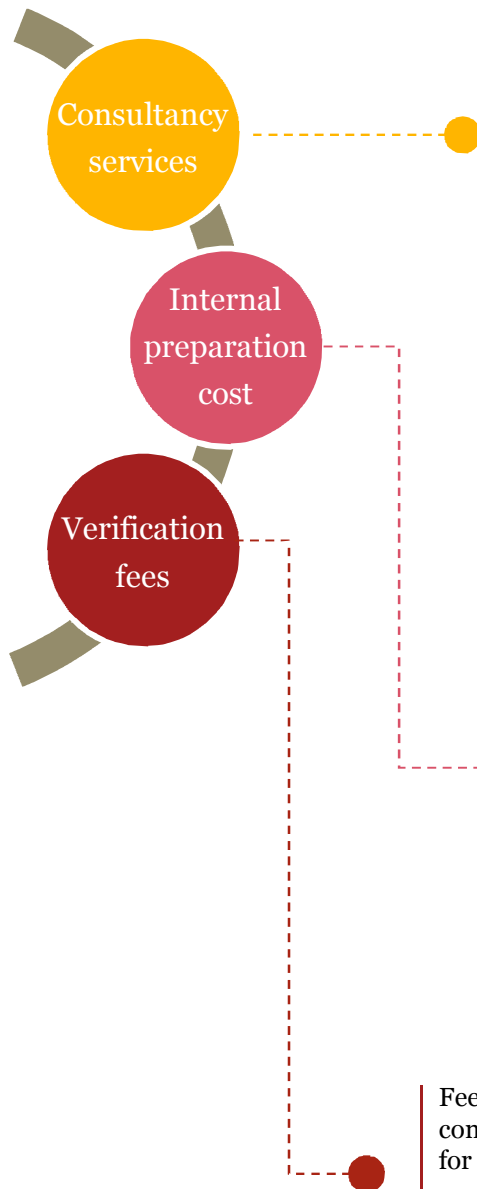
## ***Income Tax (Deduction for Expenses in Relation to National Greenhouse Gas Reporting Programme) Rules 2016***

The *Income Tax (Deduction for Expenses in relation to National Greenhouse Gas Reporting Programme) Rules 2016* ('the Rules') was gazetted on 17 November 2016. The Rules provide a special tax deduction for expenses incurred in relation to the preparation of the Greenhouse Gases Report for implementation of the National Greenhouse Gas Reporting Programme. This incentive is for companies participating in the National Greenhouse Gas Reporting Programme, also known as MYCarbon programme, which is regulated by the Ministry of Natural Resources and Environment.

The following are the salient points of the Rules.



## Qualifying expenditure



Fee paid to a consultant company for the preparation of the Greenhouse Gases Report relating to the scope of the report, collection of data, determination of method of computing reduction of discharge of greenhouse gases, and advice on the reduction of greenhouse gases.

The consultant company must be approved by the Ministry of Natural Resources and must not be a related company of the claimant company.

This expenditure is mutually exclusive from the cost of internal preparation of the report. The maximum amount claimable is:

- 1) Platinum report – RM150,000
- 2) Gold report – RM100,000
- 3) Silver report – RM50,000

Cost incurred for preparing the report internally, that is, the wages for full-time and part-time employee directly involved in the preparation. This expenditure is mutually exclusive from the fees paid for the consultancy services mentioned above.

The maximum amount claimable is:

- 1) Platinum report – RM70,000
- 2) Gold report – RM50,000
- 3) Silver report – RM30,000

Fee paid for the verification of information used in and method of computing the discharge, and preparation and issuance of the verification for the Greenhouse Gases Report.

The company providing the verification must be approved by the Ministry of Natural Resources and must not be related to the consultant company preparing the report, or to the claimant company.

The maximum amount claimable is:

- 1) Platinum report – RM150,000
- 2) Gold report – not applicable
- 3) Silver report – RM100,000

### **Public Ruling 8/2016 – Industrial Buildings Part I**

- 1 This new ruling explains the types of buildings that would qualify as industrial building (IB) under Schedule 3 of the ITA.
- 2 The buildings explained include:
  - Buildings that house machinery / plant
  - Building within the same compound/curtilage
  - Dock, wharf, depot or jetty
  - Buildings for employee facilities
  - Certain buildings treated as IB
- 3 The public ruling can be downloaded from the IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Internal Link > Public Ruling).

### **Public Ruling 10/2016 – Industrial Buildings Part II**

- 1 This new ruling explains the types of buildings that are prescribed as IB under paragraph 80 of Schedule 3 of the ITA, through income tax rules made under section 154 of the ITA.
- 2 The buildings explained include buildings constructed or purchased used:
  - as an old folks care centre, kindergarten, or childcare centre, or
  - by a MSC status company, BioNexus status company, or a Tun Razak Exchange Marquee status company.
- 3 The public ruling also explains buildings constructed under a privatisation project and private financing initiatives.  
  
The public ruling can be downloaded from the IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Internal Link > Public Ruling).

## Public Ruling 9/2016 – Gratuity

1

This ruling sets out the circumstances and tax treatment of gratuity, including:

- Determination of elements of gratuity and compensation
- Tax treatment of gratuity payment credited to Employees Provident Fund, death gratuities and retirement benefits

2

The public ruling reflects the tax treatment following Budget 2016 changes to the law, whereby gross employment income will be treated as gross income in the year of receipt, regardless of the period to which the income is attributed.

This new tax treatment is effective from year of assessment 2016.

3

Public Ruling 9/2016 - Gratuity replaces Public Ruling 8/2013 – Gratuity, dated 25 June 2013.

The public ruling can be downloaded from the IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Internal Link > Public Ruling).

## Public Ruling 11/2016 – Tax Borne by Employers

1

This ruling explains the tax treatment for tax borne by employers, including:

- When to bring tax borne by employers to tax
- Tax from revised assessments
- Penalties from additional assessments

2

Similar to Public Ruling 9/2016, the IRB replaces an existing public ruling to reflect changes to the law following Budget 2016, whereby gross employment income will be treated as gross income in the year of receipt. Tax computation examples have also been updated to reflect tax exemptions for certain perquisites pursuant to an exemption order gazetted in 2009.

3

Public Ruling 11/2016 – Tax Borne by Employers, replaces Public Ruling 2/2006 – Tax Borne by Employers, dated 17 January 2006.

The public ruling can be downloaded from the IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (Internal Link > Public Ruling).

## Public Ruling 12/2016 – Taxation of Income from Employment on Board a Ship

1

Key treatments set out by the IRB in this ruling include the following:

- Vessels considered as a ship
- Types of jobs considered as employment abroad a ship
- Tax exemption of income from employment on board a ship under Paragraph 34 of Schedule 6 of the ITA

2

Ship is essentially defined as a vessel that sails on international waters from a port in one country to a port in another country for transporting passengers or cargo. Certain vessels are specifically excluded, such as, ferry, barge, tug-boat, supply vessel, crew boat, lighter, dredger, fishing boat, oil exploration and drilling vessels, Government employed or owned ships, etc.

3

Only employment of “seafarer”, i.e. persons engaged aboard ships who are directly employed for the normal manning of such ships within their deck, engine or catering department are treated as employment abroad ships. Jobs specifically excluded include: auditors, inspectors, scientists, repair and maintenance technicians, etc.

4

The IRB sets out that income from employment abroad a ship is deemed derived from Malaysia where the ship operator is a resident.

Where the ship operator is a non-resident, the IRB states that such employment income is deemed not derived from Malaysia

5

The IRB clarifies under Example 6 that tax exemption on income from employment abroad a ship is applicable so long the ship operator is a registered owner of any one ship under the Merchant Shipping Ordinance 1952.

6

The IRB sets out its treatment for income from paid leave and from exercising duties in shore-based office under Example 7 which are exempted from tax and not exempted from tax respectively.

7

The public ruling can be downloaded from the IRB’s website [www.hasil.gov.my](http://www.hasil.gov.my) (Internal Link > Public Ruling).

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