

INCOME TAX (ACCELERATED CAPITAL ALLOWANCE) (MACHINERY AND EQUIPMENT INCLUDING INFORMATION AND COMMUNICATION TECHNOLOGY EQUIPMENT) RULES 2021

PU (A) 268
15 June 2021

IN exercise of the powers conferred by paragraph 154(1)(b) of, and paragraphs 10 and 15 of Schedule 3 to, the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

CITATION AND COMMENCEMENT

- 1(1)** These rules may be cited as the **Income Tax (Accelerated Capital Allowance) (Machinery and Equipment including Information and Communication Technology Equipment) Rules 2021**.
- 1(2)** This Order has effect from the year of assessment 2020.

INTERPRETATION

- 2** In these Rules –

“information and communication technology equipment” means information and communication technology equipment as specified in Schedule;

“qualifying plant expenditure” means a capital expenditure incurred under paragraph 2 of Schedule 3 to the Act in relation to provision of machinery and equipment including information and communication technology equipment except motor vehicle.

APPLICATION

- 3** These Rules apply to a person, in respect of qualifying plant expenditure incurred by such person in the basis period for a year of assessment from 1 March 2020 until 31 December 2021 and used for the purpose of his business subject to the prescribed condition.

DEEMED PROVISION RELATING TO HIRE PURCHASE

- 4** Where the person referred to in rule 3 incurs qualifying plant expenditure under a hire purchase agreement for the purchase of machinery and equipment including information and communication technology equipment for the purpose of his business –
- (a)** such person shall be treated to be the owner of such machinery and equipment including information and communication technology equipment; and
- (b)** the qualifying plant expenditure incurred by such person in the basis period for a year of assessment shall be taken to be the capital portion of any instalment payment or, where there is more than one such payment, of the aggregate of those payments made by such person under such hire purchase agreement in that basis period.

INITIAL ALLOWANCE

- 5** The person referred to in rule 3 qualifies for an initial allowance as provided for in paragraph 10 of Schedule 3 to the Act which shall be equal to one-fifth of the qualifying plant expenditure incurred.

ANNUAL ALLOWANCE

- 6** The person referred to in rule 3 qualifies for an annual allowance as provided for in paragraph 15 of Schedule 3 to the Act which shall be equal to two-fifth of the qualifying plant expenditure incurred.

NON-APPLICATION

- 4** These Rules shall not apply to a person who has incurred qualifying plant expenditure in a basis period for a year of assessment where during that basis period the person is eligible and has claimed in respect of the same qualifying plant expenditure –
- (a)** a claim for deduction under Income Tax (Accelerated Capital Allowance) (Automation Equipment) Rules 2017 [*P.U. (A) 252/2017*]; or
 - (b)** an exemption under Income Tax (Exemption) (No. 8) Order 2017 [*P.U. (A) 253/2017*].

SCHEDULE [RULE 2]

Access Control System

Banking Systems

Barcode Equipment

Bursters / decollators

Cables and connectors

Computer Assisted Design (CAD) Computer

Assisted Manufacturing (CAM) Computer

Assisted Engineering (CAE) Card readers

Computers and components

Central Processing Units (CPU)

Storages

Screens

Printers

Scanners/readers

Accessories

Communications and networks