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### PR No. 7/2014 – Unit Trust Funds Part II – Taxation of Unit Trusts

The Inland Revenue Board has recently issued the Public Ruling [“PR”] No. 7/2014 – Unit Trust Funds Part II – Taxation of Unit Trusts. This PR is to replace the PR No. 6/2013 issued on 23<sup>rd</sup> May 2013 with minor changes.

Among others, it is noteworthy of the changes made to the prescribed formula for computation of the special deduction for permitted expenses under Section 63B of the Income Tax Act 1967 which is allowable in ascertaining the total income of a unit trust for the basis period for a year of assessment. The formula to determine the special deduction is as follows:-

$$A \times \frac{B}{4C}$$

or 10% of A, whichever is greater.

## Hyperlinks

- [Moore Stephens Malaysia](#)
- [Moore Stephens International](#)
- [Inland Revenue Board](#)

- [PR No. 7/2014](#)

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Where

- A is the total permitted expenses incurred for the basis period.
- B is the gross income (dividend, interest and rental) chargeable to tax.
- C is the aggregate gross income consisting of dividend and interest (**whether such dividend and interest is exempt or not**), and rent and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period.

In the denominator 'C', changes have been made to include interest which is exempt as proposed in the 2014 Budget announcement, effective year of assessment ["YA"] 2014. Prior to YA 2014, interest which is exempt was not included therein.

**Note:** For further information relating to taxation of unit trust, kindly refer to our *Tax Flash – June 2013 issue*.

#### **Tax Exemption on Income Derived from PETRONAS Marginal Field**

Pursuant to the Petroleum (Income Tax) (Exemption) Order 2014, Petroleum Nasional Berhad ["PETRONAS"] is exempted from payment of income tax in respect of its statutory income derived from petroleum operations in a PETRONAS marginal field, determined based on a prescribed formula.

"PETRONAS marginal field" means a field operated solely by PETRONAS which has potential crude oil reserves not exceeding 30 million stock tank barrels or natural gas reserves not exceeding 500 billion standard cubic feet.

PETRONAS is to maintain a separate account for its income derived from a PETRONAS marginal field.

The above Order is deemed to come into operation on 30<sup>th</sup> November 2010.

#### Hyperlinks

➤ [Tax Flash – June 2013](#)

➤ [Petroleum \(Income Tax\) \(Exemption\) Order 2014](#)

## Hyperlinks

### GST – Draft Guides

The Royal Malaysian Customs Department [“RMCD”] has recently issued the following draft/revised guides on Goods and Services Tax [“GST”] to provide an understanding of GST and its implications on various businesses/matters:-

- Industry Guides
  - Government, Local Authority and Statutory Body (draft as at 10.11.2014)
  - Healthcare Services (revised as at 19.11.2014)
  - Petroleum Upstream (revised as at 17.10.2014)
  - Valuers, Appraisers and Estate Agents (revised as at 31.10.2014)

### GST – Frequently Asked Issues

The RMCD has recently issued the following panel decisions to provide clarification on GST frequently asked issues:-

- Panel Decision 1/2014
- Panel Decision 2/2014

- [RMCD's Panel Decision 1/2014](#)
- [RMCD's Panel Decision 2/2014](#)

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