

INCOME TAX (ACCELERATED CAPITAL ALLOWANCE) (INFORMATION AND COMMUNICATION TECHNOLOGY EQUIPMENT) RULES 2014

PU (A) 217

4 July 2014

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) (Information and Communication Technology Equipment) Rules 2014**.
- 1(2)** These Rules have effect from the year of assessment 2014 until the year of assessment 2016 except rule 8.
- 1(3)** Rule 8 has effect from the year of assessment 2014 until the year of assessment 2018.

INTERPRETATION

- 2(1)** In these Rules—

"information and communication technology equipment" means information and communication technology equipment as specified in the Schedule;

"purchase of any information and communication technology equipment" includes the installation of such equipment.

APPLICATION

- 3** These Rules apply to a resident in Malaysia, in respect of capital expenditure incurred by such person in the basis period for a year of assessment from a source consisting of his business in relation to the purchase of any information and communication technology equipment used for the purpose of that business.

DEEMING PROVISION RELATING TO HIRE PURCHASE AGREEMENT

- 4** Where the person referred to in rule 3 incurs capital expenditure under a hire purchase agreement for the purchase of any information and communication technology equipment for the purposes of his business—
- (a) such person shall be treated to be the owner of such information and communication technology equipment; and
- (b) the capital expenditure incurred by such person in the basis period for a year of assessment shall be taken to be the capital portion of any installment 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 capital expenditure incurred for the purchase of any information and communication technology equipment.

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 four-fifths of the capital expenditure incurred for the purchase of any information and communication technology equipment.

NON-APPLICATION

- 7 These Rules shall not apply to a person if in the basis period for a year of assessment—
- (a) the person has been granted any incentive under the Promotion of Investments Act 1986 [Act 327];
 - (b) the person has been granted a reinvestment allowance or an investment allowance under Schedule 7A or 7B to the Act respectively;
 - (c) the person has been granted any exemption under section 127 of the Act; or
 - (d) the person has qualified for a deduction under any other rules made under section 154 of the Act.

WITHDRAWAL OF CAPITAL ALLOWANCE

- 8 Where a person sells, conveys, transfers, assigns or alienates an information and communication technology equipment with or without consideration at any time within two years from the date of the purchase of such information and communication technology equipment, the allowances referred to in rules 5 and 6 in respect of such information and communication technology equipment shall be withdrawn in the basis period for the year of assessment in which such person sells, conveys, transfers, assigns or alienates the information and communication technology equipment with or without consideration.

SCHEDULE

[Rule 2]

1. Access control system
2. Banking systems
3. Barcode equipment
4. Bursters/decollators
5. Cables and connectors
6. Computer Assisted Design (CAD)
7. Computer Assisted Manufacturing (CAM)
8. Computer Assisted Engineering (CAE)
9. Card readers
10. Computers and components
11. Central Processing Units (CPU)
12. Storages
13. Screens
14. Printers
15. Scanners/readers
16. Accessories
17. Communications and networks
18. Software systems or software packages