

INCOME TAX (DEDUCTION FOR EXPENDITURE IN RELATION MINIMUM WAGES) RULES 2014

PU (A) 206
14 July 2014

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of 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 (Deduction for Expenditure in relation to Minimum Wages) Rules 2014**.
- 1(2)** These Rules have effect from the year of assessment 2014.

DEDUCTION

- 2(1)** For the purposes of ascertaining the adjusted income of a qualifying person from his business in the basis period for a year of assessment, there shall be allowed to that qualifying person a deduction on the expenditure incurred by that qualifying person, which is equal to the amount specified in subrule (2), to pay minimum wages to his employee between the months of January 2014 until December 2014 in that basis period for that year of assessment.
- 2(2)** The amount referred to in subrule (1) is the amount of the difference between the amount of minimum wages paid by a qualifying person to his employee for the month of January 2014 and the amount of wages paid by that qualifying person to the same employee for the month of December 2013.
- 2(3)** A qualifying person referred to in subrule (1) is—
- (a) a small and medium enterprise in the manufacturing sector which is resident in Malaysia, which at the end of the basis period for a year of assessment—
 - (i) has not more than two hundred full-time employees; or
 - (ii) has achieved annual sales of not more than fifty million ringgit;
 - (b) a small and medium enterprise in the services sector and other sectors which is resident in Malaysia, which at the end of the basis period for a year of assessment—
 - (i) has not more than seventy five full-time employees; or
 - (ii) has achieved annual sales of not more than twenty million ringgit;
 - (c) a co-operative society established under the Co-operative Societies Act 1993 [Act 502] and resident in Malaysia; or
 - (d) a society established under the Societies Act 1966 [Act 335] and resident in Malaysia.

2(4) An employee referred to in subrule (1) is—

- (a) a full-time employee;
- (b) an employee whose contract of service with a qualifying person commences prior to 1 January 2014 and the employee works for the qualifying person between the period of 1 January 2014 until 31 December 2014;
- (c) an employee whose amount of wages received prior to 1 January 2014 is less than the minimum wages; and
- (d) an employee who is not a domestic servant as defined under section 2 of the Employment Act 1955 [*Act 265*], section 2 of the Sabah Labour Ordinance [*Cap. 67*] and section 2 of the Sarawak Labour Ordinance [*Cap. 76*].

2(5) The deduction referred to in subrule (1) is additional to the deduction in relation to the payment of wages to the employee which is allowable under section 33 of the Act.

2(6) For the purposes of this rule—

"wages" has the same meaning assigned to it under the National Wages Consultative Council Act 2011 [*Act 732*];

"minimum wages" means the amount of monthly minimum wages provided under the Minimum Wages Order 2012 [*P.U. (A) 214/2012*];

"contract of service" has the same meaning assigned to it under the National Wages Consultative Council Act 2011;

"employee" has the same meaning assigned to it under the National Wages Consultative Council Act 2011.