

INCOME TAX (DEDUCTION FOR PRE COMMENCEMENT EXPENSES IN RELATION TO REFINERY AND PETROCHEMICAL INTEGRATED DEVELOPMENT) RULES 2013

PU (A) 43
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IN exercise of the powers conferred by paragraphs 154(1)(b) 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 Pre-Commencement Expenses in relation to Refinery and Petrochemical Integrated Development) Rules 2013**.
- 1(2) These Rules shall be deemed to have effect from the year of assessment 2010.

INTERPRETATION

2(1) In these Rules—

"**qualifying activity**" means any of the following activity carried out by a qualifying person in RAPID Complex—

- (a) blending, processing or cracking of crude, condensates, feedstock or intermediate feedstock;
- (b) production, manufacturing or product development of petroleum, petrochemical, chemicals, intermediate, final products or its related by-products;
- (c) storing, formulating, blending, distributing or marketing of petroleum, petrochemical, chemicals, intermediate, final products or its related by-products;
- (d) re-gasification of LNG to gas and relevant distribution; or
- (e) generation, distribution or sales of all forms of utilities including but not limited to electricity, water, steam, gases, hydrogen, air or waste treatment;

"**RAPID Complex**" means a complex which consists of liquid cracker plants, refinery plants, petrochemical or chemical production plants and all support and auxiliary facilities including but not limited to liquid natural gas (LNG), Receiving and Re-gasification Terminal (RGT), COGEN power plant, storage facilities or waste disposal facilities, and located in Pengerang, Johor;

"qualifying person" means—

- (a) Petroliam Nasional Berhad;
- (b) any other company incorporated under the Companies Act 1965 [Act 125] where Petroliam Nasional Berhad holds at least 51 per cent paid up capital in respect of ordinary shares; or
- (c) any other company incorporated under the Companies Act 1965 which carries out qualifying activity within the RAPID Complex where Petroliam Nasional Berhad holds, either directly or indirectly, ordinary shares in that company.

2(2) For the purpose of this Rules, "RAPID" is an abbreviation for Refinery and Petrochemical Integrated Development.

DEDUCTION

3(1) Subject to subrule (2), in ascertaining the adjusted income of qualifying person from its qualifying activity in the basis period for a year of assessment, there shall be allowed as deduction on expenses incurred by that person prior to the commencement of that qualifying activity.

3(2) The expenses referred to in subrule (1) as specified in the Schedule shall be incurred within four years prior to the date of commencement of the qualifying activity and that date shall not be earlier than 1 October 2010.

3(3) The expenses incurred under these Rules in relation to a qualifying activity prior to the commencement of that qualifying activity shall be deemed to be incurred on the day such activity commences.

SCHEDULE

[Rule 3(2)]

- (a) Manpower costs
 - Employees emoluments and recruitment of employees including fees paid to recruitment agencies
- (b) Travelling costs
 - Accommodation
 - Air fare
 - Meal allowance
 - Mileage claim
- (c) Lease and rental
 - Lease
 - Rental
 - Utilities
- (d) Staff training
 - Pre-employment training in relation to the qualifying activity

- (e) Fees for information technology and financial services
 - Provision and procurement of services which includes consultancy, in relation to design, engineering, technical, commercial, financial, legal, project management services or information technology
- (f) Detailed Feasibility Studies, Front End Engineering Design and feasibility studies
 - Detailed Feasibility Studies
 - Pre-Front End Engineering Design
 - Site Survey
 - Preparation or Environment impact Assessment
 - Feasibility studies
- (g) Fees for licensing and engineering
- (h) Interest during construction
 - Interest during construction of building or factory
- (i) Insurance premium for employees, assets and goods