

▶▶ Tax Flash



December 2013

PR No. 11/2013 – Pre-Operational Business Expenditure

The Inland Revenue Board ["IRB"] has recently issued the Public Ruling ["PR"] No. 11/2013 – Pre-Operational Business Expenditure which explains the deductions allowed for certain expenditure incurred prior to the commencement of a business. This PR supersedes the PR No. 2/2010 issued on 3rd June 2010 with inclusion of additional examples, renumbering and rephrasing of paragraphs/examples and minor changes.

Among others, it is noteworthy that a new paragraph is added in the abovementioned new PR as follows:-

- Expenditure on Franchise Fee (Paragraph 14 of the PR)
 - Effective year of assessment ["YA"] 2012, franchise fee paid to the franchisor by a franchisee who is a resident in Malaysia prior to the commencement of his franchise business shall be allowed in ascertaining the adjusted income of his franchise business pursuant to the Income Tax (Deduction for Expenditure on Franchise Fee) Rules 2012.
 - The franchise business should be using a local franchise brand and the franchise fee shall not be refundable.
 - The franchise fee shall be deemed to be incurred in the basis period for a year of assessment in which the franchise business commences.

Note : For further information relating to PR No. 2/2010, kindly refer to our Tax Flash – June 2010 issue.

Hyperlinks

Advent Consulting Group
Inland Revenue Board

References

PR No. 11/2013

Tax Flash – June 2010



Double Deduction for Cash Contribution Made to *Bantuan Pelajar Miskin* 1Malaysia Fund

Pursuant to Income Tax (Deduction for Cash Contribution to *Bantuan Pelajar Miskin* 1Malaysia Fund) Rules 2013, a double deduction for cash contribution made to the *Bantuan Pelajar Miskin* 1Malaysia Fund is granted to the following persons in ascertaining their adjusted income from business sources:-

- a resident in Malaysia who has income from business source only or a combination of income from business and other sources;
- a locally incorporated company;
- a limited liability partnership; or
- a co-operative society

The above Rules are deemed to have effect from the YA 2012 until YA 2017.

GST – Draft Guides

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

- i. Industry Guides
 - Guide on Construction Industry (draft as at 18.11.2013)
- ii. Specific Guides
 - Guide on Export (revised as at 04.11.2013)
 - Guide on Import (revised as at 04.11.2013)

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Income Tax (Deduction for Cash Contribution to *Bantuan Pelajar Miskin* 1Malaysia Fund) Rules 2013

Guide on Construction Industry

Guide on Export
Guide on Import