

INCOME TAX (DEDUCTION FOR EXPENDITURE ON INDUSTRY4WRD READINESS ASSESSMENT) RULES 2020

PU (A) 272

4 September 2020

IN exercise of the powers conferred by paragraphs 154(1)(b) and 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 on Industry4WRD Readiness Assessment) Rules 2020**.
- 1(2)** These Rules are deemed to have come into operation from the year of assessment 2019 until the year of assessment 2021.

APPLICATION

- 2** These Rules applies to a company which fulfills all of the following qualifications:
 - (a) a company which is incorporated under the Companies Act 2016 [Act 777] and resident in Malaysia;
 - (b) a company which is engaged in a manufacturing activity in compliance with the Industrial Co-ordination Act 1975 [Act 156] or manufacturing related services activity;
 - (c) a company which holds a business license issued by the relevant local authority;
 - (d) a company which has been in operation for a period of at least thirty-six months; and
 - (e) a company which has not been approved an incentive by the Government in relation to the Industry4WRD Readiness Assessment program, of which such incentive is subject to the Income Tax (Exemption) Order (No. 22) 2006 [P.U. (A) 207/2006].

DEDUCTION

- 3(1)** For the purpose of ascertaining the adjusted income of a qualifying company from its business in the basis period for a year of assessment, an amount equivalent to the total amount in respect of the fee expenditure on the Industry4WRD Readiness Assessment program incurred by the qualifying company shall be allowed as a deduction subject to the following conditions:
 - (a) the fee expenditure on the Industry4WRD Readiness Assessment program shall be incurred not earlier than 2 January 2019 but not later than 31 December 2020;
 - (b) an application for deduction shall be made to the Minister through the Malaysia Productivity Corporation on or after 2 January 2019 but not later than 31 December 2021; and
 - (c) the total amount of the deduction allowed shall be an amount not exceeding twenty seven thousand ringgit.

3(2) In these Rules—

- (a) **"Industry4WRD Readiness Assessment"** means a program implemented by the Malaysia Productivity Corporation for the purpose of assessing the gap and level of readiness of the companies to adopt Industry 4.0;
- (b) **"Malaysia Productivity Corporation"** means the Malaysia Productivity Corporation established under subsection 3(1) of the Malaysia Productivity Corporation (Incorporation) Act 1966 [Act 408]; and
- (c) **"qualifying company"** means a company which fulfills the qualifications under rule 2.